

U.S. AGBANK, FCB
COMPENSATION COMMITTEE CHARTER

MISSION STATEMENT

The Compensation Committee (Committee) of U.S. AgBank, FCB (AgBank) is established by, is accountable to, and reports only to, the AgBank Board of Directors (Board).

The mission of the Committee is to assist the Board in fulfilling its responsibilities to prudently manage compensation programs, align compensation practices with sound operations and long-term performance, and provide, in an open and transparent manner, accurate, comprehensive, and understandable disclosures on compensation programs and practices in accordance with regulations promulgated by the Farm Credit Administration (FCA). As part of its mission, the Committee also has the responsibility to ensure that incentives provided do not create risks that could threaten the institution's safety and soundness.

The Committee is responsible for reviewing and approving a recommendation to the Board of the overall compensation package for the Chief Executive Officer (CEO) and other Senior Officers. The Committee is also responsible for reviewing the compensation program for all AgBank employees. In doing so, the Committee's takes into account salary programs, perquisites, short- and long-term incentives, deferred compensation, retirement and/or pension programs, supplemental pension programs for senior officers, executive employment and severance agreements, change-of-control provisions, succession planning and retention bonuses, and employee benefit plans.

The Committee also has responsibilities with respect to Board compensation.

MEMBERSHIP/TERMS OF OFFICE

- Membership.
 - The Board Chair shall determine the number of members of the Committee; provided, however, there must be at least three members of the Committee.
 - Only members of the Board (Directors) are eligible to be members of the Committee.
 - No more than two members of the Committee may be members of the same Association affiliated with AgBank.
 - The Board Chair shall, at the Board meeting in December each year, recommend to the Board which Directors should be appointed to the Committee by the Board.
 - The Board shall appoint the members of the Committee at its meeting in December each year.
 - Only Directors who meet the independence criteria set forth in the AgBank Director Independence Criteria Policy and who are designated by the Board as independent members shall be eligible for appointment to the Committee.

- In appointing members to the Committee for the upcoming year, the Board shall appoint at least one Director who did not serve on the Committee during the current year.
- In the event of a vacancy on the Board of a Director who also serves on the Committee, the Director who fills the departed Director's seat on the Board (i) shall automatically be appointed by the Board as a member of the Committee and (ii) shall serve until the next December, when Committee appointments are made. This appointment is subject to the Director being designated by the Board as an independent member and meeting the independence criteria set forth in the AgBank Director Independence Criteria Policy.
- The Board Chair shall serve as an ex-officio, non-voting member of the Committee.
- Terms of Office. Committee member terms shall commence on January 1 and expire on December 31 of each year. The Board, upon recommendation of the Committee, or otherwise, may remove any Committee member at any time.

OFFICERS

During its meeting in December each year, and after appointing members of the Committee, the Committee will recommend to the Board two members of the Committee, one to serve as Chair and one to serve as Vice Chair for the coming year. The Board will consider the Committee's recommendations and appoint a Chair and a Vice Chair of the Committee.

VOTING AND QUORUM

- Quorum. A majority of the Committee members in attendance at a meeting of the Committee shall constitute a quorum.
- Voting. Voting on Committee matters shall be on a one member-one vote basis. When a quorum is present, the vote of a majority of the Committee members present shall constitute the action or decision of the Committee.

MEETINGS

- Regular and Special Meetings.

The Committee will meet at least three times a year and at such additional times as may be necessary to carry out its responsibilities. Meetings typically will be held in connection with regularly scheduled meetings of the Board, and any Board member may attend any meeting of the Committee. Meetings may be called by the Chair of the Committee or the Chair of the Board.

- Agendas.

Meeting agendas will be prepared in consultation with the Chair and provided in advance to Committee members, along with appropriate briefing materials.

- Minutes.

Minutes of all Committee meetings will be prepared and approved by the Committee. Minutes will be retained for at least three (3) fiscal years. Minutes must provide sufficient detail on reasons for decisions to avoid disputes regarding prior decisions. Committee members should be provided ready access to past minutes of Committee meetings for purposes of reference or review.

- Executive Session.

The Committee may adjourn into executive sessions in order to discuss critical issues without members of management being present.

RESPONSIBILITIES AND AUTHORITIES

In carrying out its mission, the Committee shall have the following responsibilities and authorities:

- Compensation Philosophy.

Annually review and make recommendations to the Board on AgBank's overall compensation philosophy and ensure that this philosophy is conveyed in the annual compensation disclosure. Ensure an appropriate linkage of pay to performance to ensure that total compensation packages are meaningful relative to AgBank's long-term financial outcomes.

- Review of Employee Compensation.

Annually review compensation policy and plan for all employees of AgBank.

- Review and Approval of Overall Compensation Program for CEO and Senior Officers.

- Annually review and approve a recommendation to the Board of the overall compensation program for the CEO and other senior officers.
- Specific recommendations within the overall compensation program for the Senior Vice President-Internal Audit and Quality Assurance (Internal Auditor) on the base salary, annual incentive compensation and retention incentives shall be made to the Audit Committee.

- Executive Incentive Plan.

- Administer the Executive Incentive Plan (Plan).
- Annually, review the Plan and make recommendations to the Board on the overall base salary, annual incentive compensation, and retention incentives included in the plan and any future changes thereto.
- Review and approve the CEO's planned compensation actions with senior officers.
- Review CEO compensation and make recommendations to the Board.

- Carefully evaluate the Plan to ensure that incentive payments are based on AgBank's long-term financial performance, are consistent with prudent risk-taking, and produce safe and sound outcomes. Ensure that the Plan aligns the interests of senior officers with the long-term financial health of AgBank.
- Obtain and review tally sheets on all Plan participants every two years, in the even-numbered years. Review these tally sheets with the Board.
- AgBank Employee Salary and Incentive Plans.

Annually review and make recommendations to the Board on base salary plans and annual and long-term incentive plans for AgBank employees. Carefully evaluate incentive plans to ensure that incentive payments are based on AgBank's long-term financial performance, are consistent with prudent risk-taking, and produce safe and sound outcomes. Ensure that the incentive plans align the interests of employees with the long-term financial health of AgBank.
- Employee Benefits.
 - Annually, or more frequently if necessary, review the health and welfare and retirement benefits approved by the Farm Credit Foundations Plan Sponsor Committee and provided to AgBank employees and executives through Farm Credit Foundations to ensure that AgBank's compensation programs are appropriate in light of competitive benefits of other employers and current AgBank benefits provided through Foundations.
 - Annually review the benefits provided to AgBank employees and executives outside the purview of Farm Credit Foundations and make recommendations to the Board on any changes to these benefits to ensure the compensation programs are appropriate.
- Human Resources.

Oversee policies regarding human resources, including the management succession policy, and annually, or as otherwise appropriate, review and make recommendations to the Board.
- Employment Agreements.
 - Periodically review and make recommendations to the Board regarding CEO or other senior officer employment agreements and any other special or supplemental benefits provided to the CEO or other senior officers.
 - Periodically review employment agreements, severance agreements, retention agreements and any other change in control provisions or special or supplemental benefits with respect to AgBank officers.

- Compensation Disclosure.

Review and approve the compensation disclosure analysis and information that is included in the Annual Report to Stockholders, which is mailed to stockholders or made available by request, to ensure it complies with FCA regulations.

- Liabilities/Metrics.

Fully analyze and justify the long-term liability to AgBank in developing compensation packages and fully understand the financial commitment and total costs to AgBank. Utilize appropriate metrics to fully understand the effects of the compensation package as it pertains to the CEO and individual senior officers.

- Retirement Benefits.

Ensure that retirement benefits are appropriate and not excessive in light of bonus programs and other compensation already paid to executives.

- Pension Programs.

Ensure that pension programs are appropriately structured to attract, retain, and reward staff and that pension programs are appropriately funded. Understand key assumptions used to calculate compensation and pension plan obligations and the sensitivity of AgBank's financial exposure to such assumptions.

- Communication and Collaboration.

Communicate and collaborate effectively with the CEO and other senior officers and managers (particularly those with HR or risk management responsibilities) so that the flow of information between the Committee and management is not impeded.

The Committee Chair is authorized to be the key contact between the Committee and management and between the Committee and the Board. The Committee Chair, in his/her discretion, may brief the Board Chair and advise him/her of any key decisions of the Committee in advance so that the Board is prepared to deal with the issue(s) when the Board meets.

- Outside Professionals.

Consult with, or employ as needed, professionals and/or external legal counsel who (i) report directly to the Committee, (ii) are independent of senior management, and (iii) bring the necessary perspective and expertise to work directly with the Committee on compensation-related issues.

- Access to Advisers, Resources, and Personnel.

Have direct access to any external advisers that management of AgBank uses on compensation programs or practices and to institution resources and personnel, particularly senior officers and managers with HR responsibilities, to obtain needed information and gain the best overall understanding of the compensation program.

- Compensation Committee Training.

It is the Board's responsibility to ensure that Committee members receive adequate training from professionals on compensation trends and updates, including the tax, accounting, and legal implications of compensation programs. Committee members should strive to attend such training.

- Board Compensation.

- Regular Compensation. Review communications from the FCA regarding compensation for Farm Credit System Bank Directors. Annually review and make a recommendation to the Board on regular Director compensation.
- Exceptional Circumstances Compensation. Consider, on a case-by-case basis, exceptional circumstances for which additional compensation would be paid for the contribution of a Board member's extraordinary time and effort in the service of AgBank and its stockholders, and make a recommendation to the Board on any appropriate exceptional circumstances compensation.
- Deferred Compensation Plan for AgBank Directors (Directors Plan). Annually, or more frequently if necessary, consider proposed revisions to the Directors Plan and make recommendations regarding the Directors Plan to the Board.

- Self-Evaluation

Perform an annual self-evaluation of the Committee's performance and communicate the results of this self-evaluation to the Board.

RESOURCES

The Committee shall have the authority to engage and authorize expenses, whether budgeted or unbudgeted, for independent counsel and other external advisors as the Committee deems necessary to carry out its duties. This may include the engagement and/or termination of any compensation consultants utilized to assist in evaluating the compensation, or compensation related issues, of AgBank's CEO, Senior Management, or employees.

The Committee shall have the authority to use reasonable amounts of time of the AgBank staff to assist in the performance of its responsibilities, including the recording and preparation of Committee minutes.

COMMITTEE CHARTER

Annually, or as otherwise appropriate, review, and recommend that the Board reaffirm or amend the Committee Charter.

The Committee Charter will be posted on the "public" area of the AgBank website and copies made available in a printed form upon request.

REPORTING

The Committee will:

- Prepare and furnish meeting minutes and otherwise report to the Board related to the work performed by the Committee in the discharge of its responsibilities and authorities.
- Ensure that the Board is kept informed of substantial or exceptional matters or developments pertaining to major areas of responsibility and, if decision making is involved or a recommendation is developed, report on the process followed, the options considered and the rationale used to support the Committee's decision or recommendation.