

CONSUMERS BANCORP, INC.
AUDIT/RISK COMMITTEE OF THE BOARD OF DIRECTORS
CHARTER

I. PURPOSE

The primary function of the Audit/Risk Committee of Consumers Bancorp, Inc. (the "Corporation") is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: the financial reports and other financial information provided by the Corporation to any governmental body or the public; the Corporation's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Corporation's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit/Risk Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit/Risk Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.
- Review and appraise the audit efforts of the Corporation's independent accountants and internal auditing department.
- Provide an open avenue of communication among the independent accountants, financial and senior management, Internal Audit personnel, and the Board of Directors.
- The Committee is responsible for oversight of the risk management process, including Enterprise Risk Management.

The Audit/Risk Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter. In carrying out the general responsibilities set forth above and the specifically enumerated responsibilities described below, the Audit/Risk Committee may consult or retain, at the Corporation's expense, its own outside legal, accounting or other advisors and shall have unrestricted access to the Corporation's personnel and documents and will be given all resources the Committee determines are necessary to discharge its responsibilities. This Committee also serves as the Audit/Risk Committee of Consumers National Bank.

II. COMPOSITION

The Audit/Risk Committee shall be comprised of three or more directors as determined by the Board. Each member of the Committee shall be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934

and the rules of NASDAQ, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit/Risk Committee. The Audit/Risk Committee members may receive no compensation from the Corporation other than director's fees. All members of the Audit/Risk Committee shall have a working familiarity with basic finance and accounting practices, including the ability to read and understand financial statements, and at least one independent member of the Audit/Risk Committee shall have accounting or related financial management expertise. Audit/Risk Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

The members of the Audit/Risk Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless an independent Chair is elected by the full Board, the members of the Audit/Risk Committee may designate an independent Chair by majority vote of the full Audit/Risk Committee membership. In order to establish a quorum, a member of the Board of Directors may be asked to serve as substitute member of this committee to act in the absence of one or more committee members.

III. MEETINGS

The Audit/Risk Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit/Risk Committee will invite members of management, auditors, and others to attend meetings and provide pertinent information, as necessary. The Audit/Risk Committee should meet at least annually with management, Internal Audit personnel and the independent accountants in separate executive sessions to discuss any matters that the Audit/Risk Committee or each of these groups believe should be discussed privately. In addition, the Audit/Risk Committee or at least its Chair should meet with the independent accountants and management quarterly to review the Corporation's financial statements consistent with IV.4 below.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

Documents/Reports Review

1. Review and reassess the adequacy of this Charter periodically (but at least annually) as conditions dictate and perform an evaluation of the Audit/Risk Committee's performance.
2. Review the Corporation's annual financial statements and any reports or other financial information submitted to any governmental body or the public, including any certification, report, opinion or review rendered by the independent accountants.

3. Review the regular internal reports to management prepared by the internal auditing department and management's responses.

4. Review with financial management and the independent accountants each Form 10-Q prior to its filing or prior to the release of earnings. The Chair of the Audit/Risk Committee may represent the entire Committee for purposes of this review.

5. Recommend to the Board of Directors that the audited statements be included in the bank's annual report.

Independent Accountants

6. Approve and engage the independent accountants after discussions with management, considering independence and effectiveness and approve the fees and other compensation to be paid to the independent accountants. On an annual basis, the Audit/Risk Committee should review and discuss with the accountants all significant relationships the accountants have with the Corporation to determine the accountants' independence.

7. Review the performance of the independent accountants, discuss management expectations and determination, and discharge the independent accountants when circumstances warrant.

8. Review and approve in advance all non-audit services the independent accountant may perform for the Corporation and disclose such approved non-auditor services as required by applicable law in periodic reports to shareholders. Review all hours performed by any persons other than the independent accountant's full-time permanent employees.

9. Periodically consult with the independent accountants and approve any proposed changes in internal controls and review the accuracy of the Corporation's financial statements.

Financial Reporting Processes

10. In consultation with the independent accountants and the internal auditors, review the integrity of the Corporation's financial reporting processes, both internal and external.

11. Consider the independent accountants' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

12. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent accountants, management, or the internal accounting department.

Internal Audit

13. Review with management, the internal auditor, and/or outsourced internal audit firm the charter, plans, activities, staffing and organizational structure of the internal audit activity.

14. Ensure there are no unjustified restrictions or limitations, and review and concur with management in the appointment, replacement or dismissal of the internal auditor.

15. Review the effectiveness of the internal audit activity, including compliance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

16. On a regular basis, meet separately with the internal auditor, and/or outsourced internal audit firm to discuss any matters that the committee or internal audit believes should be discussed privately.

Process Improvement

17. Establish regular and separate systems of reporting to the Audit/Risk Committee by each of management, the independent accountants and the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.

18. Following completion of the annual audit, review separately with each of management, the independent accountants and the internal auditing departments any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

19. Review any significant disagreement among management and the independent accountants or the internal auditing department in connection with the preparation of the financial statements.

20. Review with the independent accountants, the internal auditing department and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit/Risk Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.)

21. Establish and maintain free and open means of communication between employees and the Audit/Risk Committee for the processing of complaints received by the Corporation regarding questionable accounting or auditing matters, including suspicions of fraudulent activity. The Audit/Risk Committee shall assure that such complaints are treated confidentially and anonymously.

Ethical and Legal Compliance

22. Prepare the Audit/Risk Committee Report required by the rules of the Securities and Exchange Commission to be included in the Corporation's annual proxy statement.

23. Review the Code of Ethics (the "Ethical Code") and ensure that management has established a system to enforce the Ethical Code. Review the process for communicating the code of conduct to company personnel.

24. Review management's monitoring of the Corporation's compliance with the Corporation's Ethical Code and ensure that management has the proper review system in place to ensure that the Corporation's financial statements, reports and other financial information submitted to any governmental bodies or the public satisfy legal requirements.

25. Review, with the Corporation's counsel, legal compliance matters including corporate securities trading policies.

26. Review, with the Corporation's counsel, any legal matter that could have a significant impact on the Corporation's financial statements.

27. Perform any other activities consistent with this Charter, the Amended and Restated Articles of Incorporation, Code of Regulations, the Ethical Code or governing law, as the Audit Committee or the Board deems necessary or appropriate.

28. Annually review and update this charter for consideration by the Board of Directors.

Compliance Oversight Responsibilities

29. Review reports from management with respect to the Company's compliance with laws and regulatory requirements.

30. Review the findings of any examinations by regulatory agencies, and any auditor observations.

Risk Management Responsibilities

31. Consider and recommend to the Board of Directors the Corporation's risk management framework, including risk categories, policies, processes and procedures.

32. Receive and review reports from the Chief Risk & Compliance Officer regarding the Corporation's risk profile and assessment, including supporting data, summaries and analyses of the various risk categories. The Chief Risk & Compliance Officer shall coordinate the Corporation's Enterprise Risk Management in consideration

of the firm's risk appetite, capacity, strategy, objectives, operating environment and return goals. (Annual review of the Risk Appetite).

33. Ensure any significant initiatives of the Corporation are included in the Corporation's Enterprise Risk Management and Audit Program.

34. Provide oversight of management through receipt and review of reports pertaining to Capital, Liquidity, Interest Rate Risk, Legal, Insurance, Investment, Credit, Information and Physical Security, Products, Services and Price Risk, Operational, Transactional, Reputational, Compliance Risk and evaluate risk associated with strategic plans and tactics.

35. Monitor risks inherent in the loan portfolio through the review of portfolio management reports which may include, but not limited to, loan exceptions and concentration reports and shall request portfolio risk profile report as it deems necessary in response to portfolio growth in changing economic conditions.

Limitation of Roles

While the Audit/Risk Committee has the responsibilities and powers set forth in this Charter, the Committee relies on the expertise and knowledge of Management, any internal audit, compliance or risk staffing, external contractors, and the independent accountants in carrying out its oversight responsibilities. Management of the Company is responsible for determining that the Company's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. The independent accountants are responsible for auditing the Company's financial statements. It is not the duty of the Committee to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with general accepted accounting principles, to conduct investigations, or to ensure compliance with laws and regulations of the Company's internal policies, procedures and controls.