



BANK DIRECTORS INSTITUTE Thunderbird Global Financial Services Center

INTRODUCTION

Progress has no finish line. That is only one of many reasons why the material contained within this program is valuable to the bank director. Whether a newly appointed director or years of experience setting on the bank's board, directors have the same responsibility and liability, to ensure the financial health of their bank. Directors have the fiduciary responsibility to ensure the safety of the bank's assets, protect the depositor's money and maintain the safety of the stockholders investments.

The purpose of the "**Bank Directors Institute**" is to assist bank director's approach their position with a clear definition of responsibilities, an understanding of governance, industry knowledge and effectiveness.

PROGRAM DESCRIPTION

This 6 hour, interactive program presents the fundamental duties, responsibilities, procedures and effective actions of a bank director. The curriculum focuses the director's attention to expand their knowledge and skill of bank management, conscientious attention to their duties, understanding of banking laws and regulations, and expanded awareness of their inherent fiduciary and governance responsibilities.

The program focuses on the principles of review, assessment, critical decisions and executing the appropriate steps to drive desired results through out the bank. With emphasis on: management systems and techniques, policies and procedures regarding credit, loan portfolio management, funding and asset/liability management, monitoring risk and risk mitigation policies, and management information systems and performance reports. The program will: offer ideas for director consideration, suggest matters of concern, facilitate discussions of common concerns, and propose tools to guide the direction of the bank.

PROGRAM OBJECTIVE:

The course objective is to create a concentrated interactive learning experience designed to provide an in depth understanding of how to successfully meet the duties and responsibilities of a member of the board of directors. The program encourages active participation & involvement and is designed to provide every participant the opportunity to actively share and contribute their knowledge and experience.



Participating bank directors will have the opportunity to interact, examine and discuss management issues with other executives from various commercial banks through a broad interbank perspective. This program will create an experience that allows the director to use the functional knowledge and skills previously learned and to develop a broadened view and expanded perspective of the banking industry.

BOARD ADVANCEMENT

Heightened competition from aggressive, experienced, well-organized banking professionals and an ever-changing business climate require continued skill development. This course is essential for bank directors who desire to improve their skills and advance their board contribution. A solid understanding of commercial banking industry is just the first step. The curriculum offers the participant the opportunity to cultivate creative solutions to the challenges; market forces and issues faced by community banking industry every business day.

Given the expanded regulatory scrutiny and greater legal liability, the “**Bank Director Institute**” offers unique training opportunities to forward thinking bank directors concerned with expanding their commitment to board service.

AUDIENCE:

- Bank Directors
- President/CEO
- Prospective new board members

EXPECTED UNDERSTANDING & RESULTS:

- Interpret & evaluate current business objectives and performance strategies
- Build a team committed to supporting and driving the board vision and mission
- Determine the status of current-to-desired activities of the Strategic Plan
- Monitoring bank performance- Identify the most important ratios and performance measurements while explaining how the numbers are derived and what they mean
- Expanded knowledge of Credit Governance
- Focus on what is most important...growing your bank and building your bottom line.
- Enhance risk management policies and procedures



PROGRAM OUTLINE

DIRECTOR LEADERSHIP & RESPONSIBILITY

To service as a bank director carries with it a strong sense of duty and responsibility. In times of intensified financial stress, like today, it is very important that a bank have the advantage of passionate directors whose experience and talents enable them to exercise astute and vigilant judgment.

- **Individual director responsibilities**
- **Board duties & responsibilities**
- **Governance**
- **Strategic bank direction**
- **Succession planning**
- **Bank board assessment**
- **Establishing the bank's future**

BANK FINANCIAL PERFORMANCE

Solid financial performance is the board's primary objective. The bank's mission is to offer various financial services to its patrons and generate shareholder value in the process. The bank's objective is to deliver consistent quality earnings. To achieve quality earnings the bank must have quality assets, reliable sources of funding and managed expenses. To adequately evaluate financial performance the board must have a clear understanding of the reliability and interrelationships of the bank's overall operations.

- **Financial planning**
- **Monitoring financial progress**
- **Financial statements**
- **Portfolio reports**
- **Audit reports**
- **Key performance reports**

CREDIT GOVERNANCE

Experiencing unprecedented chaos in the financial markets is stressing the risk management systems of most community banks as never before. How is your bank coping? The board must allocate risk management responsibilities to executive management to ensure management accountability for risk mitigation. Considering frequent financial institution failures, there is growing concern regarding directors' understanding of the risks inherent to their bank. Management's unqualified commitment to installing and maintaining a robust control system must be reflected in the resource allocation and demonstrated attitude to risk assessment, control and mitigation.

- **Loan policy & procedures**
- **Control systems**



- **Director credit skills**
- **Loan Committee responsibilities**
- **Directors role in measuring and managing risk**
- **Techniques to strengthen risk oversight and cooperation between directors and executive management**
- **Loan portfolio Stress Testing**
- **ALL**

STRATEGIC OPTIONS

There should be little doubt that, in the near future the bank will receive a phone call from an interested suitor. Ideally there should be a written strategy reviewed and approved by the Board to follow when that phone call comes. Consider the options. The directors can just say no! Nothing to discuss, just no! If that is the Board's position, to stay independent, then "no" is the right answer. However, is it possible that the Board is short-changing the bank and the other investors by not having a more flexible and open position? After all, what is the downside to at least listening to the offer and then making a more informed decision?

- **Stay the course-Remain independent**
- **Add additional investors and capital**
- **Merger of Equals**
- **Out right sale**
- **Become a purchaser**