



Adapting to... Uncertain Times

2022 Community Bankers Workshop

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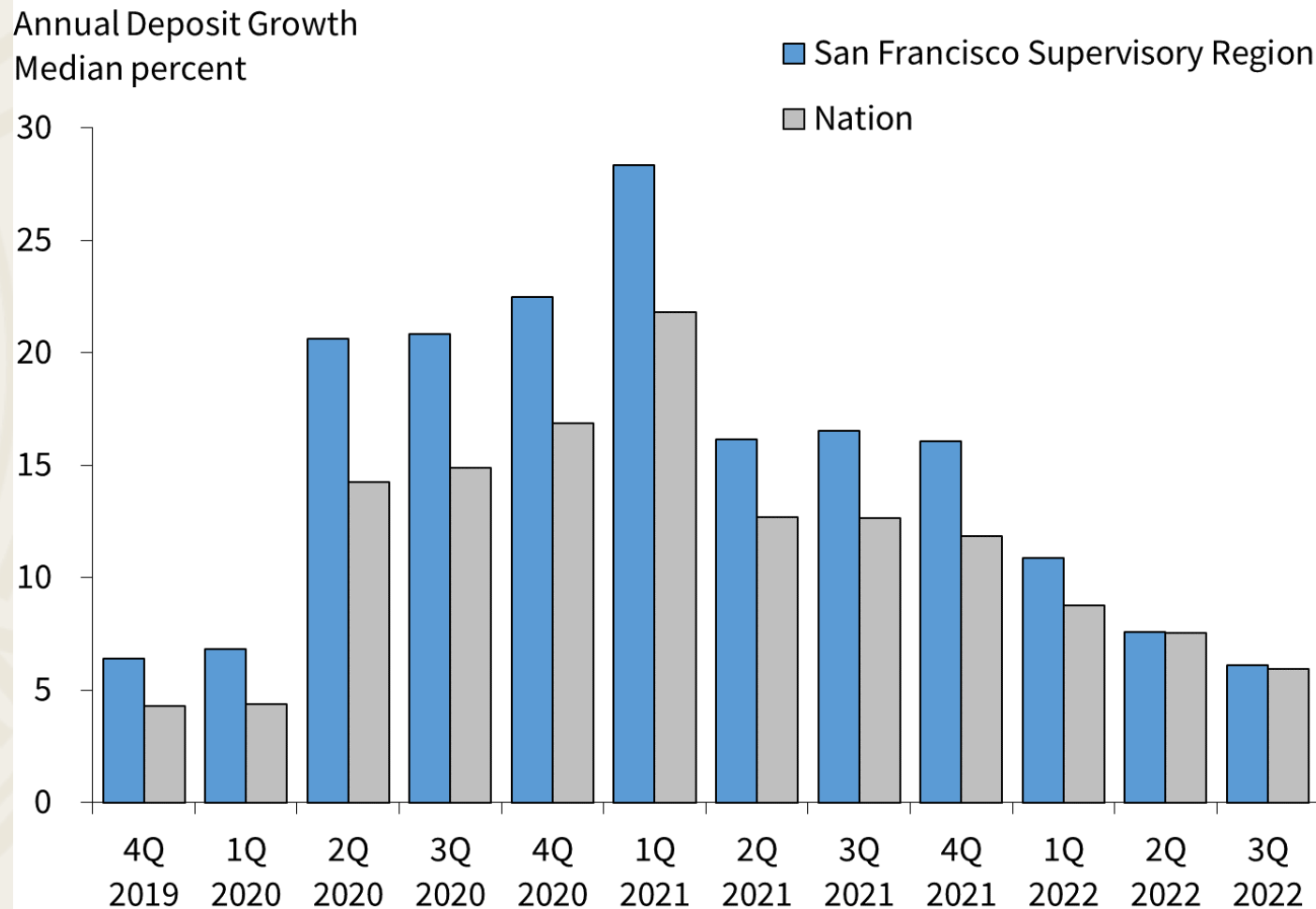
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Objectives:

- Industry trends
- Corporate governance
- Normalization of deviance
- Layering of risk
- Table top exercise

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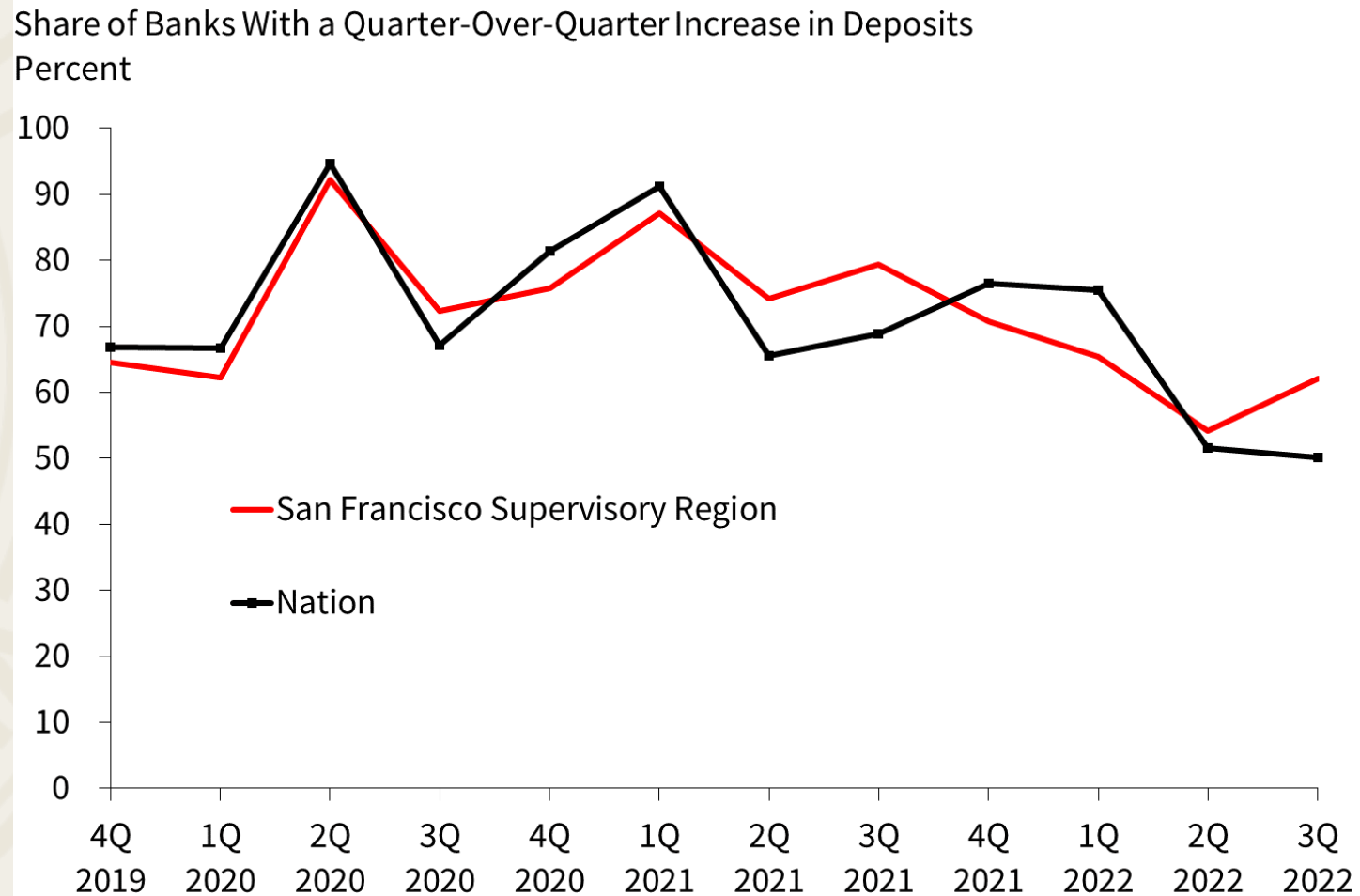
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Source: FDIC (data among insured depository institutions).

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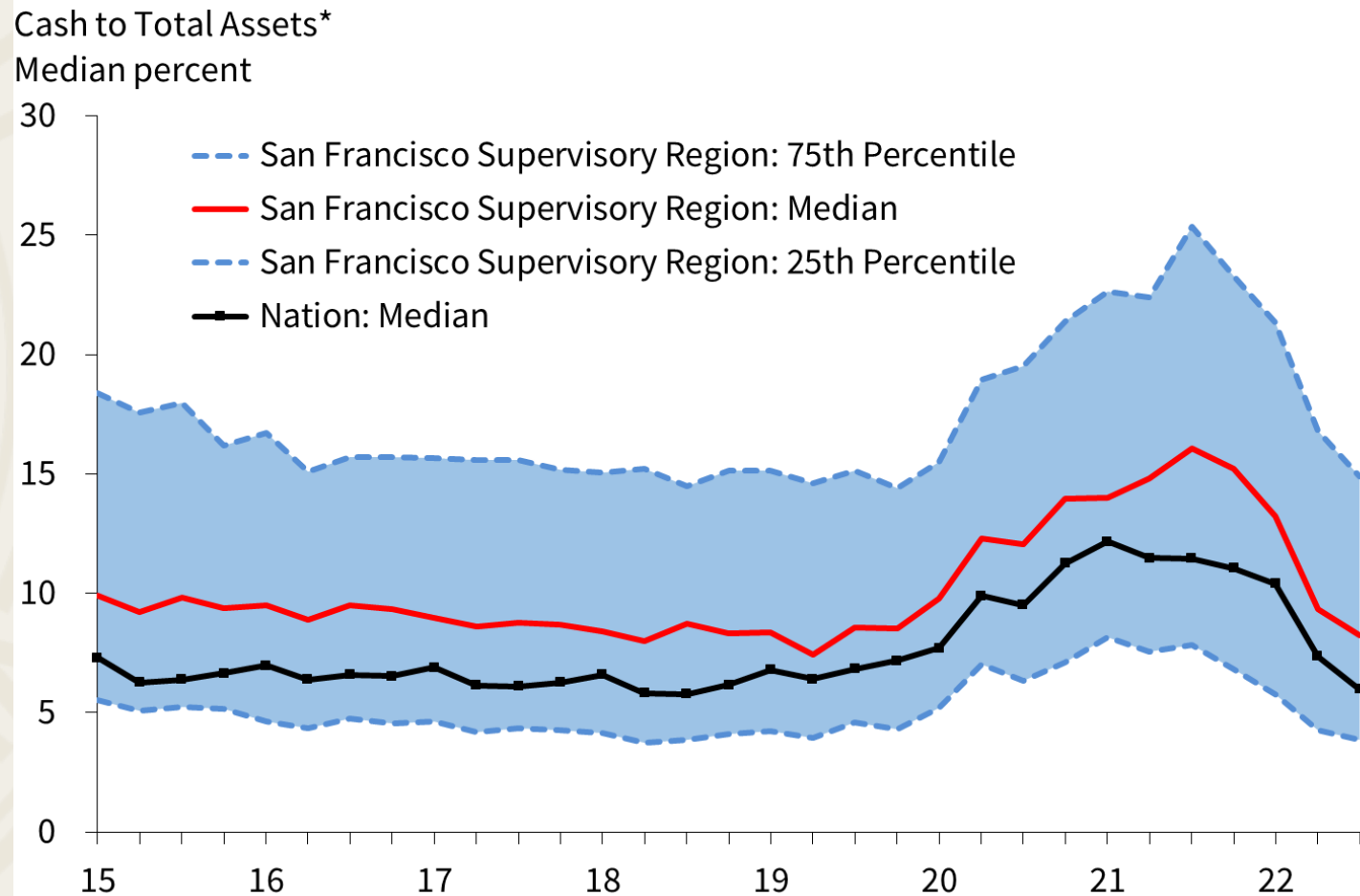
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Source: FDIC (data among insured depository institutions).

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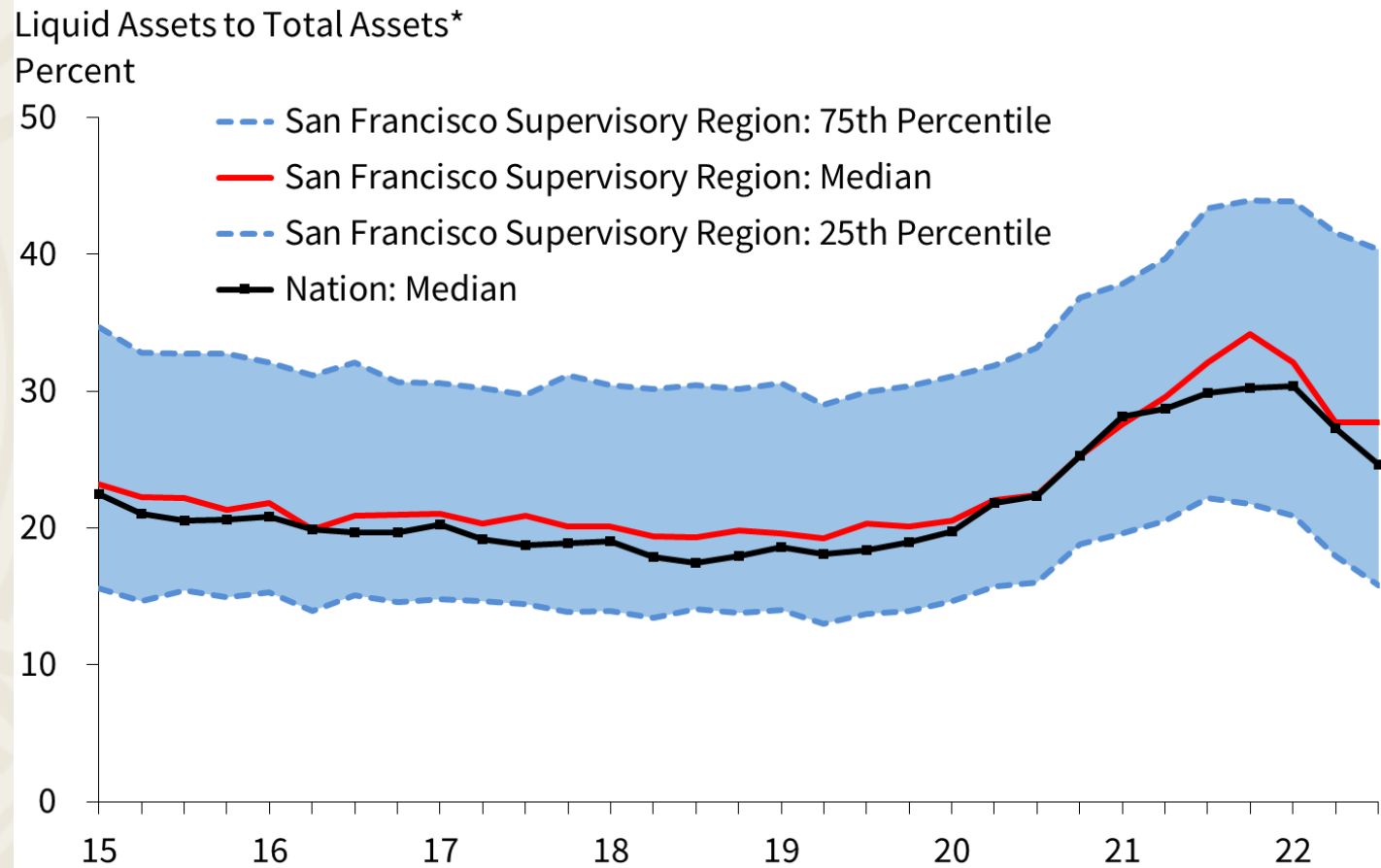


Source: FDIC (quarterly data among insured depository institutions through third quarter 2022).

* The numerator includes cash and balances due from depository institutions and Federal Reserve Banks.

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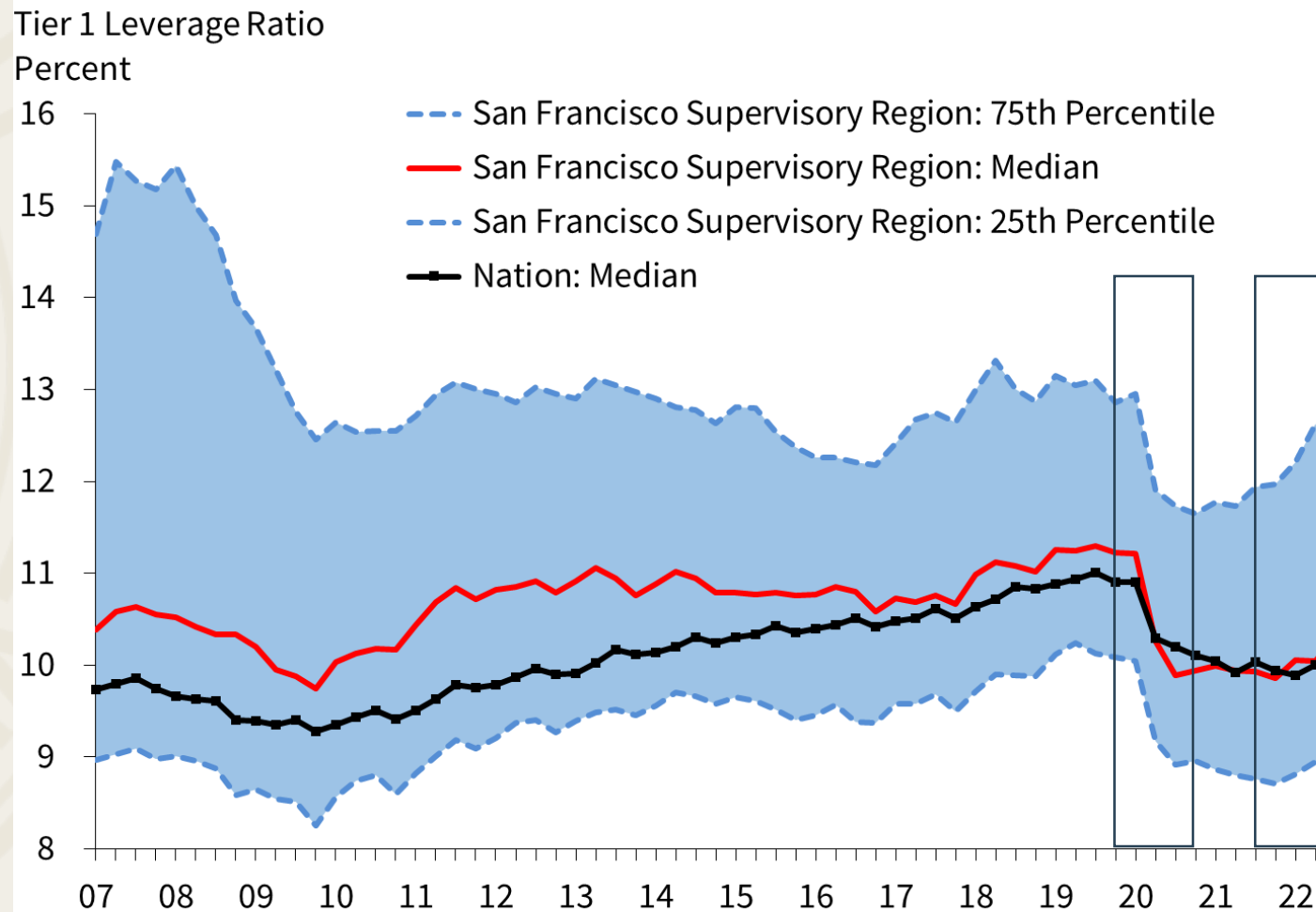


Source: FDIC (quarterly data among insured depository institutions through third quarter 2022).

* Liquid assets are defined as cash, federal funds sold, and securities including unrealized gains on held-to-maturity securities less pledged securities.

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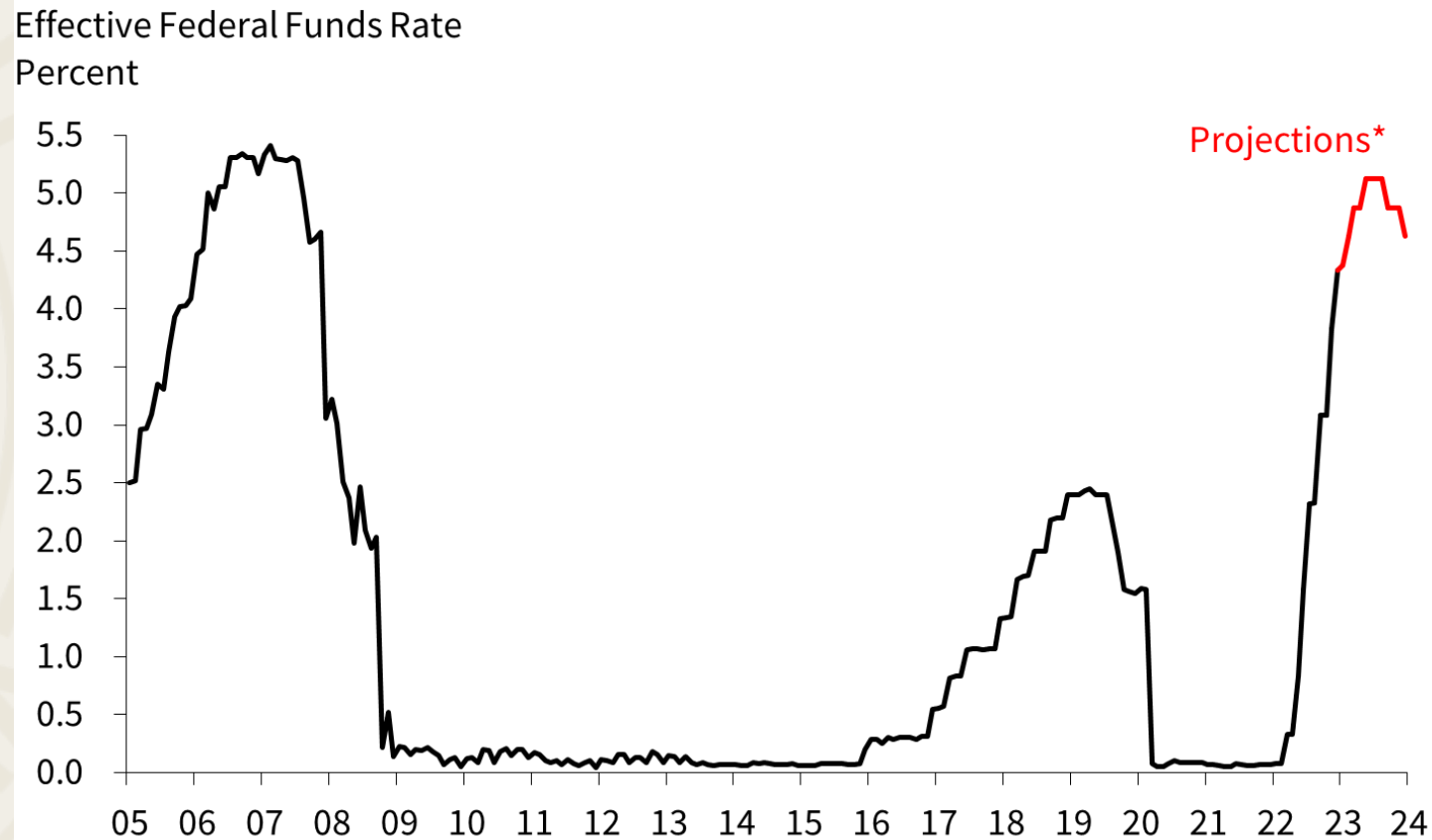
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Source: FDIC (quarterly data among insured depository institutions through third quarter 2022).

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Sources: Federal Reserve Bank of New York and CME Group.

Note: Historical effective federal funds rate data is end of period through December 2022.

* Projections from the CME Group's FedWatch Tool as of January 5, 2023, which analyzes futures contracts on federal funds to calculate rate hike probabilities at upcoming Federal Open Market Committee meetings.

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Directors Owe Their Institution

- **DUTY of CARE:** Maintain reasonable supervision of the activities and affairs of the institution
- **DUTY of LOYALTY:** Ensure decisions are not governed by self-interest



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Three Pillars of Corporate Governance

- Planning
- Organizing
- Controlling



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GOALS & STRATEGIES

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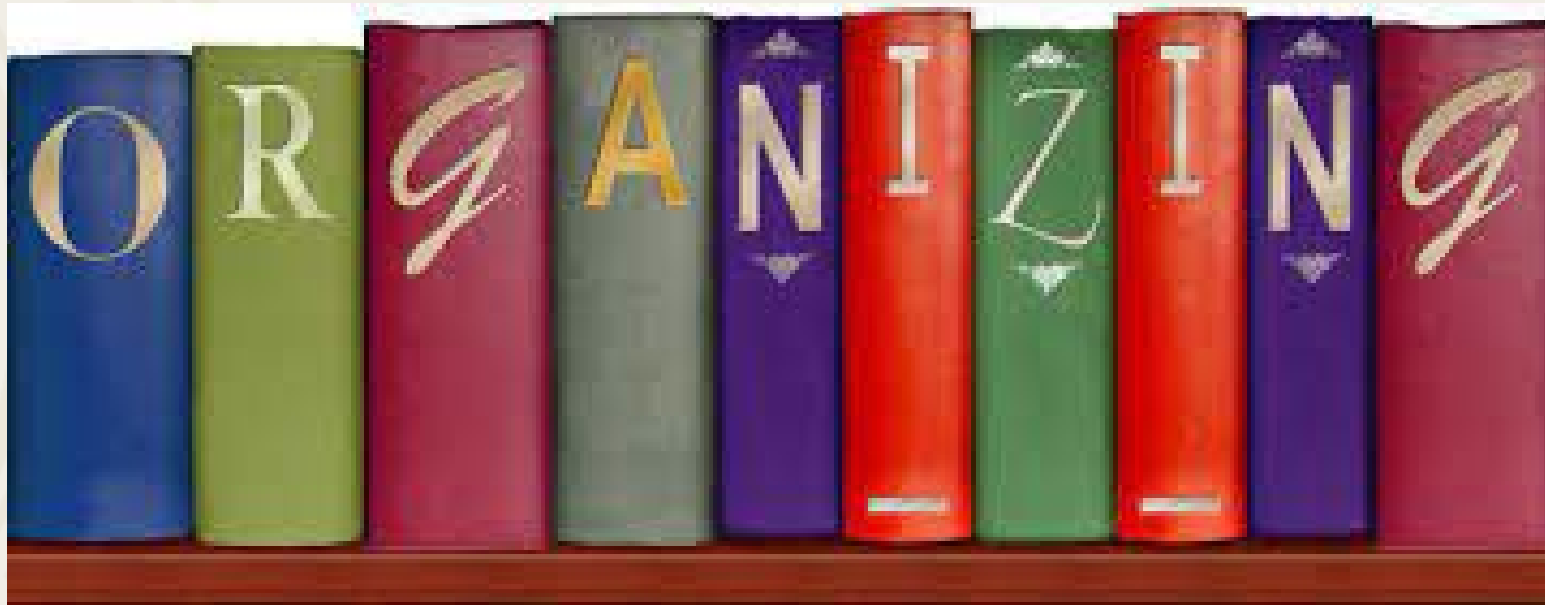
STRATEGIC PLANNING

Three Basic Steps:

1. Identify Goals
Are goals realistic?
2. Commit Resources
Are goals feasible?
3. Measure Performance
What defines success or failure?



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POLICIES & PROCEDURES

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Board Policy Responsibilities

- Review core policies annually
- Communicate to employees
- Approve before new activity begins
- Respond to changing business conditions



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OVERSIGHT OF INSTITUTION

15



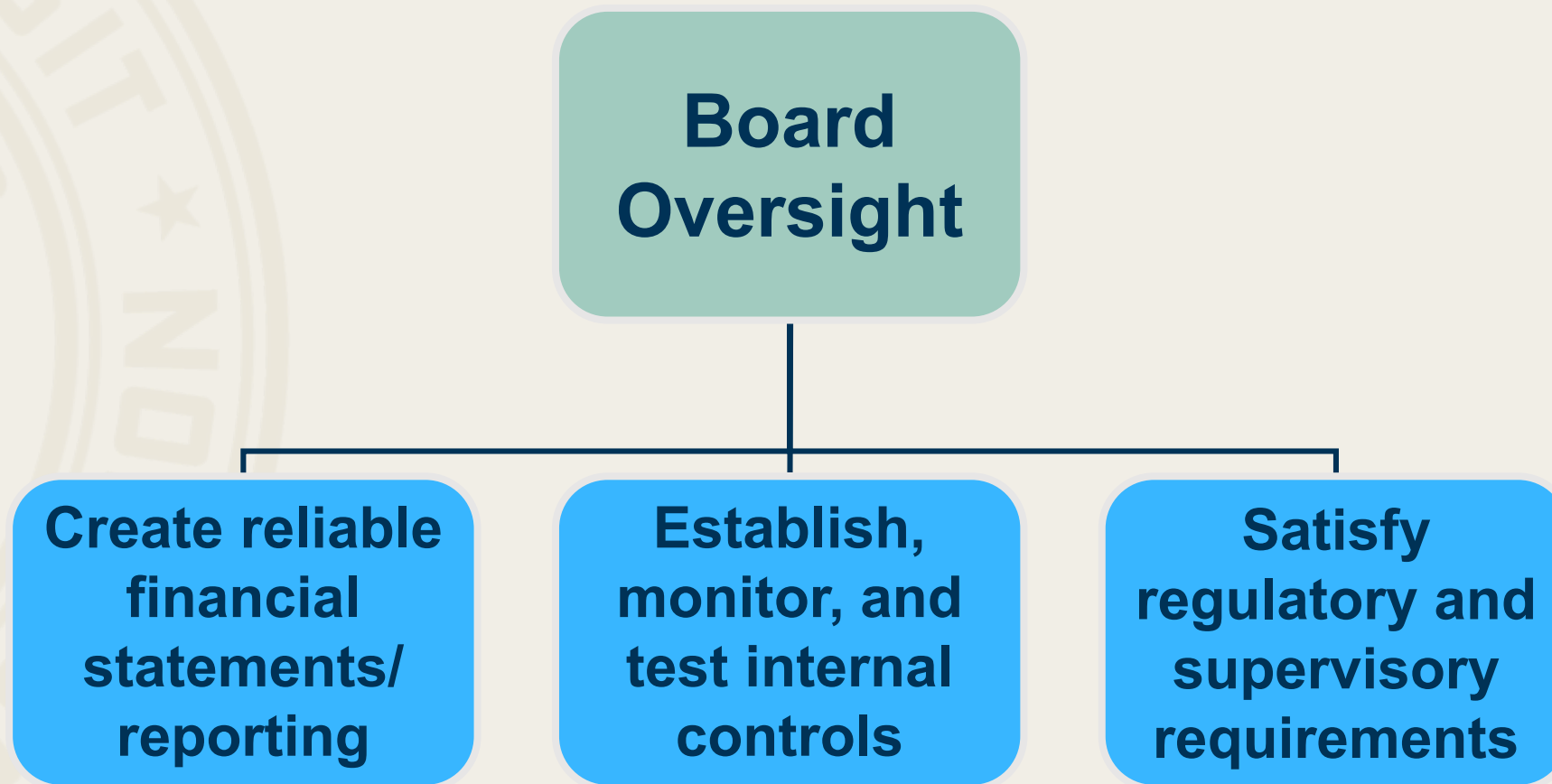
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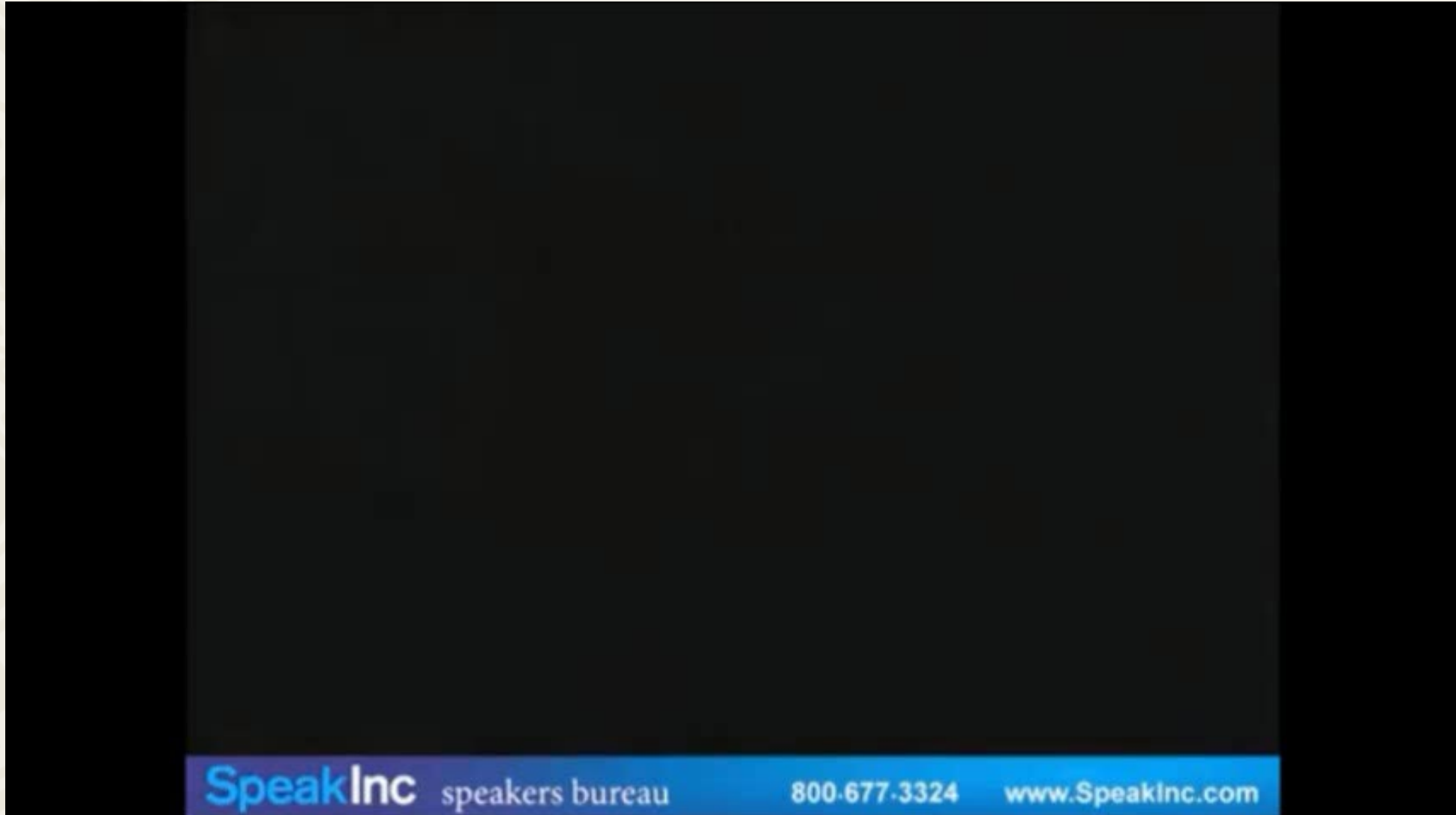


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What is it?

**How it
applies to
banking?**

**How to
avoid it?**



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A close-up photograph of a hand placing a light-colored wooden block on top of a stack of other similar blocks. The background is slightly blurred, showing more blocks and a dark surface. Overlaid on the image in large, white, sans-serif font is the text "Risk Layering: What is it?".

**Risk Layering:
What is it?**

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And now...a tabletop exercise



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Questions?

