

# Bank Directors Workshop

Hosted By:



**National Association of Corporate Directors**



**American Association of Bank Directors**

**April 8, 2008  
Sheraton Fort Lauderdale**

## Workshop Co-Chairman

- **David Baris – Executive Director: American Association of Bank Directors**

*David serves as Executive Director of the AABD. David is a Partner with the banking law firm of Kennedy & Baris, LLP, Washington, DC, Bethesda, MD and San Antonio, TX.*

*David served as a director of Mutual of Omaha and was a member of the company's Executive, Audit and Investment Committees. He was previously Regional Counsel to the Comptroller of the Currency.*

- **Charles J Thayer – Chairman: American Association of Bank Directors**

*Charles was named Chairman of the AABD in 2007. He is Chairman of Chartwell Capital Ltd. and serves as a board member of the National Association of Corporate Directors – Florida, the Louisville Community Development Bank and a trustee for the national Cystic Fibrosis Foundation.*

*Charles previously served as a board member of Republic Bancshares of Florida, BB&T Bank (Florida), CogenAmerica and Sunbeam Corporation. Prior to organizing Chartwell Capital in 1990 he served as EVP-Finance of PNC Financial Services and CFO of Citizens Fidelity Bank.*

# National Association of Corporate Directors



[www.NACDonline.org](http://www.NACDonline.org)

The NACD, founded in 1977, is the only not-for-profit membership organization dedicated exclusively to serving the corporate governance needs of directors and boards.

NACD members represent boards of both public and private businesses ranging from Fortune 100 companies to smaller public and private companies, as well as nonprofit organizations.

## NACD Florida Chapter

The NACD Florida Chapter was founded in May 2005 to deliver educational and networking value to Florida board members by hosting breakfast meetings and special workshops.

# American Association of Bank Directors



Founded in 1989, AABD is the national non-profit devoted to serving the information, educational and advocacy needs of individual bank and savings institution directors.

Outside directors make up 95% of AABD membership.

## Institute for Bank Director Education

The IBDE is a clearinghouse for bank director education. The IBDE reviews courses offered by various institutions, government regulatory agencies, and businesses for their applicability to financial institution directors, and evaluates both the course material and the qualifications of instructors.

Today's Program Qualifies for the Following Credits:

Institute for Bank Director Education	8 Hours
Florida Office of Financial Regulation	7 Hours
NACD – Corporate Director Institute	8 Hours
ISS Director Education Program	8 CGQ

## Workshop Sponsors



**Thank You!**

# Today's Program

Our morning will focus on the oversight responsibilities of board members and three important board committees.

- 8:00 AM Update on Bank Regulatory Issues
- 8:30 AM Credit Committee > Asset Quality Trends & Board Oversight
- 10:00 AM Audit Committee > Audit & Compliance Update for Board Members
- 11:00 AM Compensation Committee > Selection, Retention & Compensation

## Lunch Keynote

**Alex Sink, Chief Financial Officer, State of Florida**

Our afternoon panels will discuss the availability of capital for independent growth and the environment for merger & acquisition activity.

- 1:30 PM Capital Markets: Financing Alternatives in Difficult Markets
- 2:45 PM M & A Trends & Issues: Nationwide & Florida



## Report on AABD Regulatory Meetings

- **Key Risks > When a Bank Gets in Trouble**
  - ✓ **Bank & Holding Company Financial Risk**
  - ✓ **Board Risk > Add Experienced Qualified Board Members?**
  - ✓ **Management Risk > Add Experienced Qualified Management?**
  - ✓ **Board Role Expands > Increased Time Commitment**
  - ✓ **Recruiting Risk > New People Resign Prior to Regulatory Approval**
  - ✓ **Bank Reputation Risk > C&D Publication (News Reports)**
  - ✓ **Bank Liquidity Risk > Negative Publicity**
  - ✓ **Holding Company Liquidity Risk > Bank Dividend Restrictions**
  - ✓ **Increased Deposit Insurance Premium > Risk Rated**
  - ✓ **Increased Regulatory Reporting > Time & Paperwork**

## **AABD's Message to Bank Regulators**

- **Be Sensitive – Don't Make Things Worse Than They Otherwise Would Be By:**
  - ✓ **Taking Precipitous Enforcement Actions**
  - ✓ **Requiring Premature Write Downs**
  - ✓ **Taking Actions that Tarnish the Reputation and Weaken Liquidity Positions**
  - ✓ **Restrict Funding Sources (Force the Sale of Good Assets)**
  - ✓ **Restrict New Lending – Banks Need to Serve Credit Worthy Customers**
  
- **Do Take Actions That Will Help Problem Banks Recover**
  - ✓ **Expedite Approval of New Executives (If Required)**
  - ✓ **Upgrade CAMELS to Recognize Progress – FDIC is 'Risk' Rated**

# **AABD's Message to Bank Directors**

## **Be Proactive – But Oversight is Not a Management Role**

- **Ask Questions of Both Your Management & Bank Regulators > Follow-Up**
- **Anticipate – Address Major Issues Prior to Next Regulatory Exam**
  - ✓ **Management Updates on Regulatory Guidance**
  - ✓ **Management Updates on Asset Concentrations & Quality**
  - ✓ **Management Updates on Loan Loss Reserve Methodology**
  - ✓ **Document Board & Committee Actions**
- **Listen & Respond to Your Bank's Regulators, CPAs & Lawyers**
- **Look Ahead – Ask Management about Future Trends**
  - ✓ **Capital > Bank & Holding Company?**
  - ✓ **Asset Quality > Exposure to Economic Trends?**
  - ✓ **Management > Qualified People in All Key Positions?**
  - ✓ **Earnings > Exposure to Market & Economic Changes?**
  - ✓ **Liquidity > Volatility of Deposits & Borrowings?**
  - ✓ **Sensitivity > Impact of Rapidly Changing Interest Rates?**
- **Retain Focus on Serving Your Depositors & Credit Worthy Customers**