
Oversight by the Board of Directors

Questionnaire

Yes No

General Questionnaire

Board of Directors - General Requirements

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| 1. Does the board implement policies and procedures to ensure an effective system of corporate governance? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the board ensure that executive officers appropriately manage and supervise day-to-day activities? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is the composition of the board within the guidelines of § 563.33a)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Have all directors regularly attended directors' meetings during the year? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the board of directors regularly review reports from the executive committee, audit committee, loan committee, other committees of the board, compliance personnel, and outside experts at board meetings? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Has each director had the opportunity to review and modify all minutes of board and committee meetings during the period prior to approval? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Are the minutes complete? | <input type="checkbox"/> | <input type="checkbox"/> |

Conflicts of Interest - 12 CFR § 563.200

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| 8. Does the board of directors review each director's business and personal interests to ensure that the director does not advance his interests (or interests of others that the director has a personal or business relationship with) at the expense of the savings association? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Do board members furnish written conflict-of-interest representations annually? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Has any director engaged in any transaction with the association or its affiliates where the director received preferential treatment? (Apply particular emphasis to loan terms and instruments.) | <input type="checkbox"/> | <input type="checkbox"/> |
| • Has any director engaged in any transaction with the association or its affiliates that give the appearance of a conflict of interest? | <input type="checkbox"/> | <input type="checkbox"/> |

Reporting of Loans from Correspondent Banks - 12 CFR Part 215, § 563.43, FIL-82-2000 (FFIEC-004)

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| 9. Does the board of directors review the reports of indebtedness to correspondent banks that executive officers and principal shareholders and their related interests must annually submit to the board? | <input type="checkbox"/> | <input type="checkbox"/> |
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Oversight by the Board of Directors

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Yes No

Safety and Soundness Standards - 12 CFR Part 570, Appendix A

10. Does the board of directors and senior managers ensure that the system of internal control operates effectively?
11. Does the association have an internal audit function that is appropriate to its size and the nature, scope, and risk of its activities?

Standards for Safeguarding Customer Information – 12 CFR Part 570, Appendix B

12. Did the board of directors approve and oversee the implementation of a written information security program, as required by the Gramm-Leach-Bliley Act (GLBA), Section 501(b)?
- Does the board receive annual reports regarding the status of the information security program, and the institution's compliance with § 501(b) of GLBA?

Annual Independent Audits and Reporting Requirements - 12 CFR Part 363

13. This section only applies to associations where total assets at the beginning of the fiscal year are \$500 million or more:
- Has the board of directors established an independent audit committee?
 - Does the committee review with management and the independent public accountant the basis for the reports that 12 CFR Part 363 requires?

Sarbanes-Oxley Public Reporting Requirements

This section only applies to public institutions that are subject to SEC reporting requirements.

14. Has the institution included in its SEC filing a management report on the company's internal control over financial reporting? *Note: Savings association and savings association holding companies may choose to prepare a single management report that satisfies both the SEC requirement and Part 363 rather than prepare two separate management reports.)*
15. Has the institution included an attestation report by the registered public accounting firm regarding management's assessment?

Exam Date: _____

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Interest Rate Risk Management Procedures - 12 CFR § 563.176

16. Does the board of directors (or a designated committee of the board) review the savings association's interest rate risk exposure? Yes No
17. Has the board of directors formally adopted a policy for the management of interest rate risk? Yes No
18. Does the board of directors periodically receive reports from management regarding implementation of the interest rate risk policy? Yes No
19. Does the board of directors review the results of operations at least quarterly and make adjustments as necessary, including adjustments to the authorized acceptable level of interest rate risk? Yes No

Financial Derivatives - 12 CFR § 563.172

20. Has the board of directors established written policies and procedures governing authorized financial derivatives? Yes No

Supervisory Policy Statement on Investment Securities and End-User Derivatives Activity

21. Has the board of directors approved major policies for conducting investment activities, including the establishment of risk limits? Yes No
22. Does the board of directors review portfolio activity and risk levels, and require management to demonstrate compliance with approved risk limits? Yes No

Interbank Liabilities - 12 CFR § 206.3

23. Does the board of directors annually review and approve the association's interbank liability policies and procedures? Yes No

Payment Systems Risk - 12 CFR § 210.25

24. Does the board of directors control the risks of participation in the systems by establishing caps and reviewing policy compliance? Yes No

Real Estate Lending Standards - 12 CFR § 560.101

25. Does the board of directors, at least annually, review and approve lending policies for extensions of credit secured by real estate? Yes No
26. Do the lending policies reflect risk levels that are acceptable to the board and provide clear and measurable underwriting standards? Yes No

Oversight by the Board of Directors

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- | | Yes | No |
|--|--------------------------|--------------------------|
| • Do the institution's lending policies require that higher-risk credit extensions and unusual loans (as specifically defined in the policies) be presented to the board for final approval? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Were unusual loans and those exceeding ordinary risk presented to the board during the period, and did the board record their approval or disapproval in the minutes? | <input type="checkbox"/> | <input type="checkbox"/> |
| • In reviewing higher-risk loans, did the board explore efforts to minimize risk and limit the amount invested, and did the directors document their review in the minutes? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does the board review the status of all high-risk loans on a regular basis? | <input type="checkbox"/> | <input type="checkbox"/> |

Appraisal Policies and Practices of Savings Associations and Subordinate Organizations - 12 CFR § 564.8, TB 55a

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| 27. Has the board of directors developed, implemented, and maintained appraisal policies to ensure that appraisals reflect professional competence and reliable market value of the collateral? | <input type="checkbox"/> | <input type="checkbox"/> |
| 28. Has the board of directors developed and formally approved written appraisal policies? | <input type="checkbox"/> | <input type="checkbox"/> |
| 29. Does the board of director's annually review and approve appraisers for compliance with association policies, procedures and reasonableness of estimates? | <input type="checkbox"/> | <input type="checkbox"/> |
| 30. Has the board of directors designated one or more persons as the association's environmental risk analyst and assisted in the development of the association's environmental risk policy? | <input type="checkbox"/> | <input type="checkbox"/> |

Classification of Assets - 12 CFR § 560.160

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| 31. Does the board of directors ensure that management evaluates and classifies the association's assets on a regular basis in a manner consistent with or reconcilable to OTS's asset classification system? | <input type="checkbox"/> | <input type="checkbox"/> |
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Written Security Programs - 12 CFR Part 568

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| 32. Has the board of directors developed and implemented written security programs for the association's physical locations? | <input type="checkbox"/> | <input type="checkbox"/> |
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Report of Condition - 12 USC § 1817(a)(3), TFR Instructions

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| 33. Do two or more members of the board of directors attest to the report? | <input type="checkbox"/> | <input type="checkbox"/> |
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Yes No

Report of Examination - ROE Instructions

34. Do the directors review the report of examination and sign the Director's signature page for review during the next examination?

Information Technology

35. Has the board of directors developed, adopted and implemented appropriate policies, practices, procedures, and controls to identify, manage, and mitigate information technology risks within the association's environment?

Business Continuity Planning - CEO Memo No. 176

36. Has the board of directors developed a comprehensive, institution-wide business continuity plan, appropriate to the size and complexity of the institution that clearly defines how the association can maintain, resume, and recover its operations after disruptions?

- Is the association's business continuity plan tested annually?
- Are the results of the annual testing presented to the board for review and documented in the corporate minutes?

37. Has the board of directors developed and implemented a program to oversee and manage its technology outsourcing relationships?

- Does the vendor management oversight program ensure that contracts with outsourced technology vendors contain language that the service providers implement security programs designed to meet the objective of § 501(b) of GLBA?

Third Party Arrangements – TB 82a

38. For significant contracts, does the board of directors regularly receive:

- Risk management reports, including contingency plans?
- Performance reports?
- Oversight activity reports?

39. Does the board have a policy that it must approve the third party vendor selection process, and have access to critical information with regard to the third party's activities?

40. Does the board have policies that require management to develop business plans for significant new lines of business or products that identify the planning process, decision making, and due diligence activities in selecting a third party vendor?

41. Does the board adequately document their decisions regarding third party vendors?

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Executive Compensation and Employment Contract Oversight - 12 CFR § 563.39

42. Does the board of directors annually review and approve all employment contracts and compensation arrangements for senior officers and directors? Yes No
43. Has the board of directors defined the duties and responsibilities of the institution's managing officer in writing? Yes No
44. For those bonus plans tied to the performance of the institution has the board established controls to prevent management from reporting short-term gains at the expense of long-term profitability? Yes No
45. If the institution uses employment contracts, do they meet the requirements of § 563.39? Yes No

Bond Coverage for Directors, Officers, Employees, and Agents - 12 CFR § 563.190

46. Does the board of directors formally approve and annually review and assess the association's standard and supplemental bond coverage? Yes No

Retail Sales of Nondeposit Investment Products - TB 23-2

47. Only applicable to associations that permit the sale of nondeposit investment products on their premises:
- Does the board of directors ensure that customers receive disclosures about the nature and risk associated with nondeposit investment products? Yes No
 - Did the board of directors adopt and does the board of directors periodically update a written statement that addresses the risks associated with the association's sales program? Yes No
 - If the association uses a third party that sells or recommends its nondeposit investment products, has the board of directors approved the agreement with the third party? Yes No

Compliance Management Program – SMAART – CEO Memo No. 171

48. Has the board adopted and maintained a comprehensive compliance management program predicated on systems, real-time monitoring, periodic self-assessment, organizational accountability, responsiveness to needed improvements, and effective training (OTS' SMAART Compliance Program Components)? Yes No

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- | | Yes | No |
|--|--------------------------|--------------------------|
| • Does the board approve and note in its minutes the establishment and maintenance of a written compliance program designed to assure and monitor compliance with the <i>Bank Secrecy Act (BSA)</i> (31 CFR Part 103 and 12 CFR 563.177 and 563.180)?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did the board ensure that the BSA program includes the following at a minimum?. | | |
| — a system of internal controls? | <input type="checkbox"/> | <input type="checkbox"/> |
| — daily coordination and monitoring by a designated individual? | <input type="checkbox"/> | <input type="checkbox"/> |
| — independent testing of compliance? | <input type="checkbox"/> | <input type="checkbox"/> |
| — training for appropriate personnel? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did the board adopt a policy for implementing the <i>Truth in Lending Act and Regulation Z</i> (12 CFR Part 226)? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did the board adopt a policy and comprehensive procedures for implementing the <i>Real Estate Settlement Procedures Act and Regulation X</i> , including explanation of the coverage of the regulation, exemptions, disclosure requirements, Section 8 prohibitions and other relevant requirements (24 CFR 3500)? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did the board adopt a policy implementing the <i>Home Mortgage Disclosure Act and Regulation C</i> (12 CFR Part 203)? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did the board adopt a policy for implementing the <i>National Flood Insurance Act and OTS regulation</i> (12 CFR 572)? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did the board adopt a policy for implementing the <i>Equal Credit Opportunity Act and Regulation B</i> (12 CFR 202)? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did the board adopt a policy for implementing the <i>Fair Housing Act</i> (42 USC 3601 et seq.) and implementing HUD regulations (24 CFR 100 et. seq.) and OTS's non-discrimination regulations at 12 CFR 528.9? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did the board adopt a policy for implementing the <i>Electronic Fund Transfer Act and Regulation E</i> (12 CFR Part 205)? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did the board adopt a policy for implementing the <i>Expedited Funds Availability Act (Regulation CC at 12 CFR Part 229)</i> ? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did the board adopt a policy for implementing the <i>Truth and Savings Act and Regulation DD</i> and establish procedures addressing relevant activities (12 CFR Part 230)? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did the board adopt a policy for implementing the <i>CRA Sunshine</i> regulations (12 CFR Part 533)? | <input type="checkbox"/> | <input type="checkbox"/> |

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- Did the board adopt a policy ensuring that insurance or annuity sales activities meet enumerated regulatory obligations, institutional standards, and customer service (12 CFR 536)?

Comments

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