

Examination Work Program
Strategic Planning
As of XXXXXX

1) Development

Is the strategic plan broadly developed? Was the development of the plan a “bottom-up” exercise that solicited and used the input of line managers? Were there active discussions of the strategic plan by staff and the board of directors before the plan was adopted? Was the board of directors fully engaged in the discussions concerning the adoption of the plan? Does the current plan reflect only incremental changes from the previous plan?

2) Benchmarking

Does the plan tie to the FHLBank’s financial statements? Does the plan use the most recent available financial and portfolio information at the FHLBank? Is the format and presentation of the plan such that line managers can compare actual performance to the strategic plan? Does the plan include financial statements more frequent than annually? Does the narrative relate to the financial projections? Are the strategic objectives quantified?

3) Followed

Has the plan been widely disseminated throughout the Bank? Is the strategic plan followed? Does the management of the FHLBank use the strategic plan as a useful roadmap or does management treat the strategic plan as a perfunctory exercise? Does the board of directors use the strategic plan as a useful roadmap or does the board treat the strategic plan as a perfunctory exercise?

4) Reporting

Does management make periodic reports to the board of directors showing progress relative to the strategic plan? Does the board discuss material variances from the strategic plan?

5) Reasonableness

Are the implied growth rates for balance sheet categories in the strategic plan reasonable? Are the implied spreads in the strategic plan reasonable? Does the plan take into account likely as well as worst-case compositional shifts in membership that may affect the attaining of goals set forth in the strategic plan? Are the assumptions underlying the strategic plan supported by historical data or otherwise?

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6) Usefulness

Does the strategic plan present most-likely and alternative scenarios based on business changes? Does the strategic plan present a most-likely interest rate scenario along with alternative interest-rate scenarios that present meaningful shocks? Does the strategic plan present to the board of directors information that shows the likely effect of strategic choices they are making?

7) Assessment of Strategic Planning

Summarize the results of strategic planning examined in a separate memorandum. The memorandum should clearly and specifically describe the basis and analysis for the assessment. The memorandum should discuss the quality and effectiveness of strategic and operational planning within the context of corporate governance (strong, satisfactory, supervisory concern, unacceptable). A memorandum must be prepared irrespective of whether the examiner's assessment is positive or negative.

8) Compliance with laws, regulations and supervisory policies and guidance

Assess the adequacy of the FHLBank's compliance with laws, regulations and supervisory policies and guidance. See 12 CFR 917.5.

9) Items requiring follow-up at the next on-site visitation

Identify key issues that have been communicated to management or the board of directors (written or oral) that require follow-up during the next on-site visitation.