

Director's Overview

Value, Qualifications and Responsibilities

Value

- Part of the management team
 - Management includes both the board of directors and senior officers
 - **Quality of management** is the most important element in a successful operation
- Ensures the bank's continuing health, viability and vigor

Role

- Board of Directors:
 - Formulate sound policies and objectives
 - Supervise the bank's affairs
 - Promote the bank's welfare
 - Assess and monitor risk
 - Enhance shareholder's value
 - Ensure management accountability
- Senior Management:
 - Implement board's policies and objectives in day-to-day operations

To Whom Are You Responsible?

- Board Shareholders
- Depositors
- The Community

Qualifications

- Integrity
 - Must have without exception
- Skills and Experience
 - Contributes to the board's composite judgment
- Ideas and Opinions
 - Courage to express thoughts and beliefs
- Time and Focus
 - Availability to devote to responsibilities

Other Essentials

- Genuine interest in duties
- Recognize and avoid conflicts of interest or appearance thereof
- Independent approach to decision making

Duties - Loyalty

- Prohibits advancement of the director's personal and business interests or those of others at the expense of the bank
- Administer the affairs of the bank with candor, personal honesty and integrity
- Willful ignorance is not a defense against liability for negligence

Duties - Care

- Act as a prudent and diligent business person in conducting affairs of the bank
- Awareness of the bank's condition
 - attend meetings
 - request and review materials
 - ask questions & seek explanations
 - understand audits and supervisory comments
 - exercise independent judgment

Seven Vital Responsibilities

1. Regulate the manner in which business is conducted
2. Mandate corporate strategies
3. Supervise senior officers
4. Comply with applicable laws and understand liability
5. Avoid self-serving advancement of personal interests
6. Establish internal control systems and adequate auditing program
7. Ensure sound management information systems