

MEMORANDUM

To: Subscribers to *Chairman's Desk Reference*

From: Ed Pace, Senior Vice President, Sheshunoff Information Services, Inc.

Subject: Highlights

CONTACT THE AUTHOR

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THIS QUARTER'S SUPPORT PAPERS AND NEWSLETTERS

Support papers and newsletters are independent of your manuals and should be filed separately. We are sending you six independent papers this quarter:

- **White Paper: CRE Risk Management.** Most of this white paper was taken from a guidance letter from one of the bank regulatory agencies. We took their guidance paper, made changes so that it was easier to read, and published it as a white paper. If this is the first time you have seen this material you will find it quite illuminating.
- **White Paper: Conducting Fraud Investigations.** All banks occasionally face a need for an internal fraud or theft investigation. When faced with this situation the job absolutely must be done correctly. In this white paper we tell you how to conduct, manage, and control internal investigations.
- **HR Management Newsletter.** This is a semi-annual newsletter that reports on recent issues and happenings that relate to human resources management.
- **Legal and Regulatory Compliance Newsletter.** This is a recurring newsletter that reports on compliance and regulatory matters that cross our desks between updates.
- **Court Cases Newsletter.** This is also a recurring newsletter. It is based on bank court cases that were reported in the literature in the recent past.
- **Recommended Board Activities, Fourth Quarter 2008.** To help you comply with regulatory requirements we send you each quarter recommended agenda topics; then we place supporting papers on the CD. Here is a listing of this quarter's support papers on the CD:
 - Annual Review of Correspondent Banks
 - Strategic Planning Guidance
 - Financial Planning Guidance

THIS QUARTER'S MANUAL CHANGES

- **Identity Theft and Pretext Calling.** This quarter we revised Chapter 17. We made minor changes in the chapter, but mainly we added two exhibits. Exhibit 17.1 is a 15-page paper on identity theft and pretext calling. Exhibit 17.2 is a model ID Theft affidavit form. This affidavit should be executed each time a customer alleges ID theft. The form includes instructions for using it.
- **Model Loan Policies.** In Chapter 19 we added a model policy statement on ACH risk management.
- **Interest Rate Futures.** We updated the material in Chapter 23 that can be used to predict interest rates over the short-term. We also updated the charts in this chapter that report 15 years of historical interest rates.
- **Strategic Planning.** To help you with this year's strategic planning we revised two chapters.
 - First we revised Chapter 27. This chapter explains how a bank's staff goes about developing a strategic plan for a community bank.
 - Then we revised our model strategic plan (see revised Chapter 27A). We suggest a bank officer use a computer to copy this chapter; then save it using a new name; and then continuously modify the sections and paragraphs of the model until the bank has a strategic plan. Done correctly, the first draft is a preliminary strategic plan, each new draft becomes an interim plan, and the final draft is a strategic plan for next year. There is no simpler way to write a community bank strategic plan.
- **Financial Planning.** This quarter we revised Chapter 28. This chapter explains how a bank goes about developing practical financial and capital plans. Whether your bank writes a strategic plan for next year or not, it most assuredly should prepare a financial plan and a budget that are practical and internally consistent. Chapter 29 explains how to develop a budget and required no changes this year. We revised Chapter 28 to show more clearly how to prepare a practical financial plan. The Excel files needed to support financial planning are on the CD.

THE CD

Feel free to copy then customize the files we put on the CD. The files are in Microsoft Word[®] and Excel[®] formats. Among the files are manual chapters, newsletters, and the following support folders:

- The Manual (Every chapter in the manual exists on the disk ready to be copied and used as a bank template for a new bank policy or procedure.)
- White Papers (These papers cover topics of general interest.)
- Board Support Papers (These papers support the board's monthly meetings.)
- Problem Loan Management (These papers contain detailed guidance on this subject.)
- Strategic Planning Discussion Papers (These papers cover topics that potentially have strategic significance to the bank.)
- Compliance Papers (These papers are written in lay language. These papers contain detailed guidance on a wide variety of regulatory compliance topics.)
- Excel Files (These spreadsheets work in conjunction with models that appear either in the manual or on the CD.)