

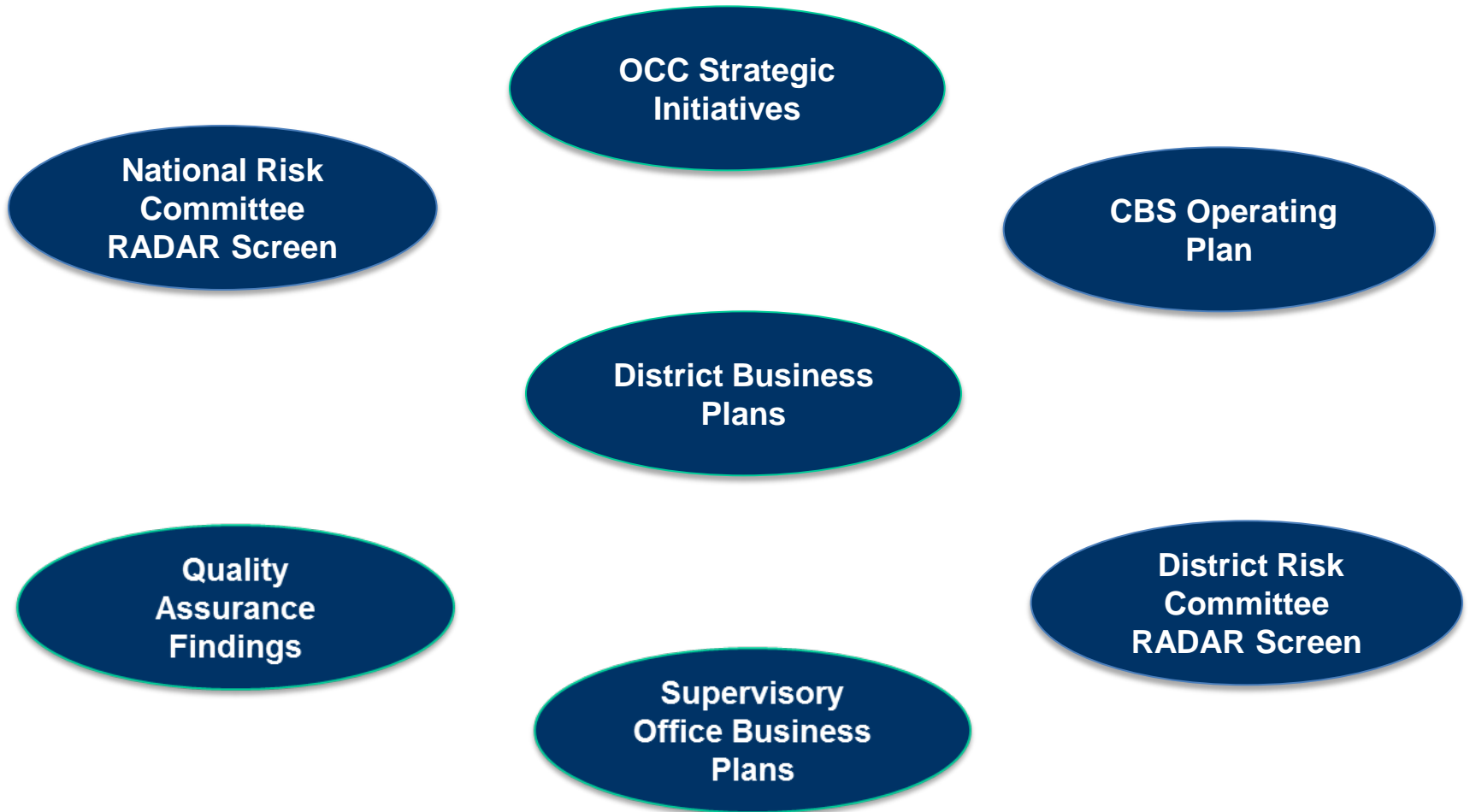
Mutual Savings Association Advisory Committee Meeting

November 18, 2013

OCC District Business Plans

Art Goodhand
Senior Thrift Advisor
Western District

Business Planning Process



TOP RISK AREAS

Major Risk Area	Specific Risk Factors
Strategic	Earnings pressure, competition, new products and services, management continuity/succession
Operational	Impact of strategic and regulatory change on corporate governance, risk management, audit and control systems, increasing complexity in the operations environment, outsourcing, cyber-threats
Credit	Commercial Credit - C&I, CRE, Ag concentrations, low loan demand, pressure on loan terms and underwriting, problem assets, ALLL methodology
Compliance Management BSA/AML	Regulatory reform, product changes and expansion, high costs and resource limitations, vendor reliance, gaps in monitoring and management programs
Asset Liability Management	Low rate environment, duration extension, uncertain deposit assumptions, modeling risk

COMMUNITY BANK - RISK ASSESSMENTS

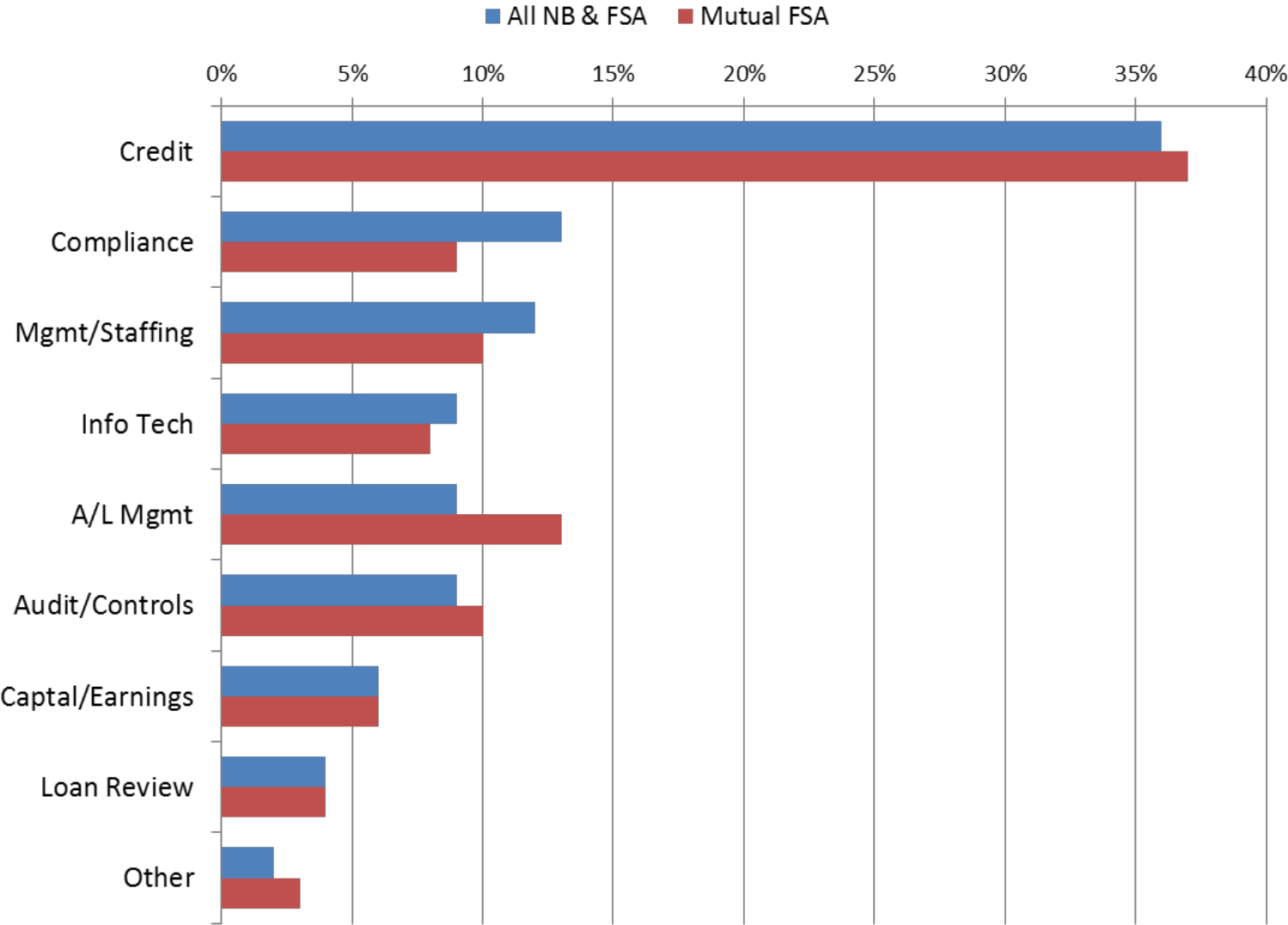
9/30/2013

Charter Type	Risk	Moderate & Increasing	High	Moderate & Increasing or High	Weak Risk Management
All National Banks & Federal Thrifts	Credit	14%	21%	35%	19%
	Strategic	18%	15%	32%	NA
	Compliance	25%	6%	32%	8%
	Operational	22%	6%	28%	10%
	Reputation	8%	12%	19%	NA
	Interest Rate	13%	6%	19%	5%
	Price	5%	8%	13%	3%
	Liquidity	6%	5%	11%	3%

Charter Type	Risk	Moderate & Increasing	High	Moderate & Increasing or High	Weak Risk Management
Federal Mutual Thrifts	Credit	14%	20%	34%	27%
	Operational	20%	6%	26%	18%
	Strategic	12%	10%	22%	NA
	Interest Rate	15%	6%	21%	10%
	Compliance	18%	2%	20%	8%
	Price	6%	7%	13%	3%
	Reputation	6%	6%	12%	NA
	Liquidity	5%	2%	7%	3%

COMMUNITY BANK - MRA ISSUE SUMMARY

FY 2013 (10/1/2012 to 9/30/2013)



Supervision Focus

Strategic Risk

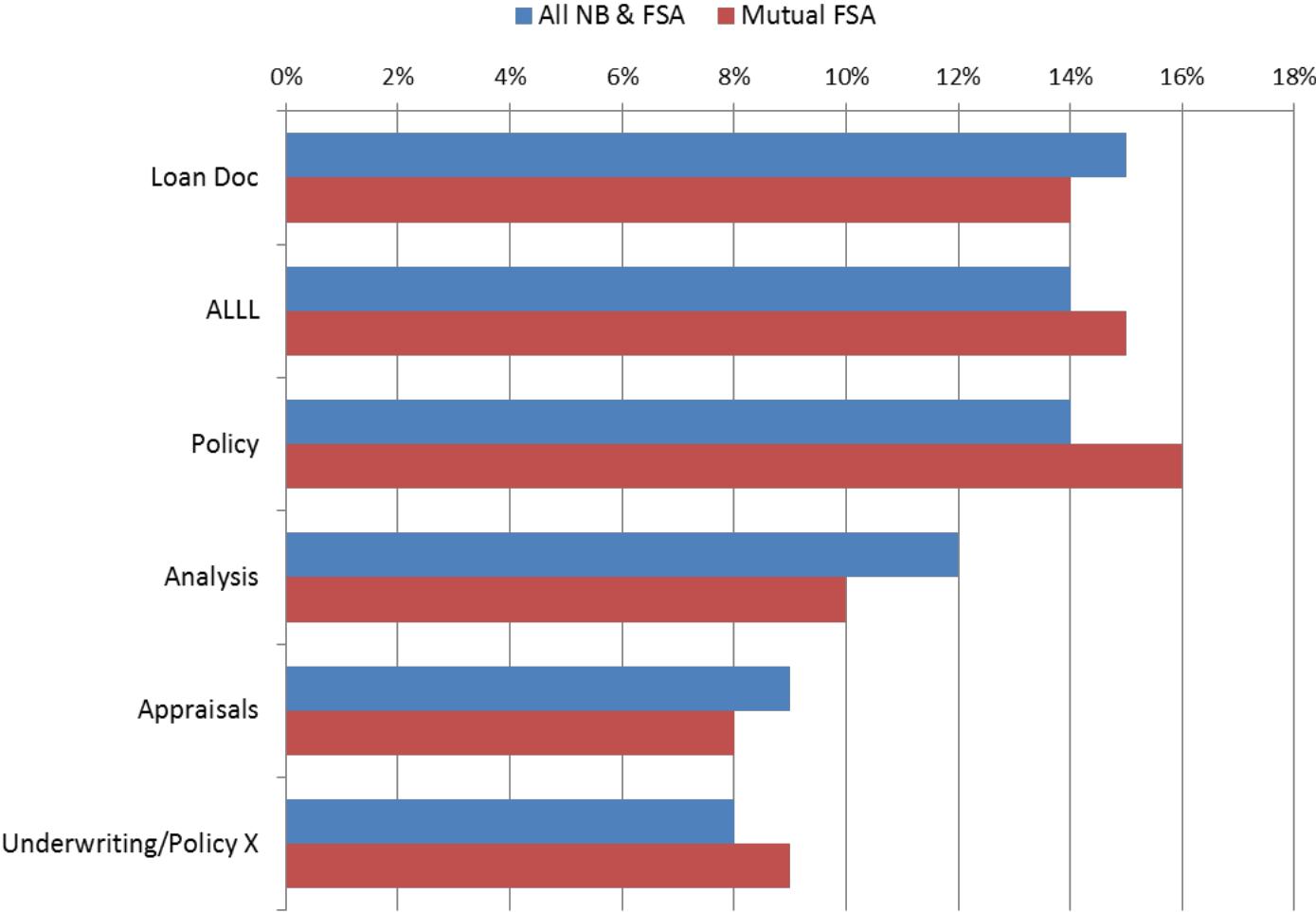
- New Products and Services
- Strategic and Capital Planning
- Bank Processes to Assess Risks and Align Strategies
- Scenario Analysis
- Succession Planning

Operational Risk

- Corporate Governance
- Audit, Controls, Response and Tracking
- Third Party Oversight
- IT Risk Management

COMMUNITY BANK – CREDIT MRA ISSUE DETAIL

FY 2013 (10/1/2012 to 9/30/2013)

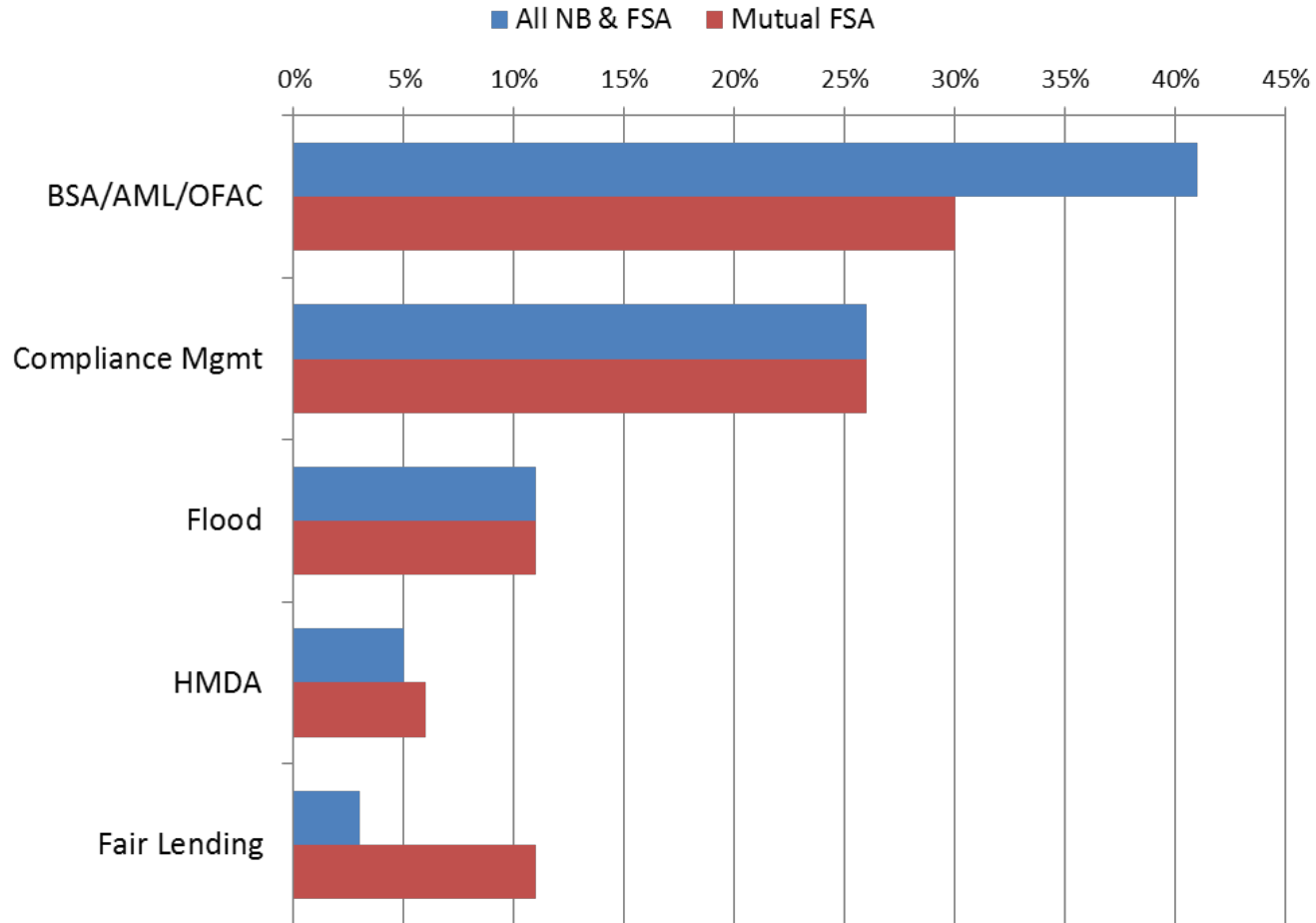


Credit Risk Supervision Focus

- New Loan Products, Markets, and Delivery Channels; Changes in Existing Lending Activities
- Underwriting Trends, Monitoring Processes, Risk Rating and Exception Tracking
- Concentration Risk Management and Portfolio Stress Testing
- ALLL Methodology

COMMUNITY BANK – COMPLIANCE MRA ISSUE DETAIL

FY 2013 (10/1/2012 to 9/30/2013)



Supervision Focus

Compliance Risk

- Compliance Management
- Change Management Process
- Fair Lending
- Flood Protection Act
- Servicemembers Civil Relief Act
- CFPB Mortgage Regulations

BSA/AML Risk

- Risk Assessment
- CDD, EDD and High Risk Customer Identification
- Suspicious Activity Monitoring
- Staffing and Training

Asset-Liability Management Supervision Focus

- Internal Controls
- Rate Scenarios
- Assumptions
- Model Validation
- Risk Mitigation
- Expanded IRR Data Collection

Quality Assurance

Internal Reviews

- Baseline and Data Integrity QA
- District-wide Reviews of Supervisory Strategies
- Real Time Credit QA
- Business Process Reviews
- Lead Expert Reviews

External Reviews

- Corporate Governance Horizontal Review
- IRR Horizontal Review - Expanded Data Collection
- BSA Horizontal Review

External Communications

- Timely Communication of Examination Findings
- Risk Targeted Industry Training and Conferences
- District Outreach
 - Meet the Comptroller Forums
 - CEO and CCO Roundtables
 - Small Group Roundtables
 - Director Workshops
- Supervisory Office Outreach
- Regular Communication with Banks on Emerging Supervisory Issues

Staffing

- Align retention, recruitment and training programs with Agency needs
- Address skill gaps across the Districts through staff development and targeted hiring initiatives
- Use District resource sharing, geographic clusters and horizontal reviews to attain efficiencies
- Promote NBE/FTR cross-credential initiatives (457 NBEs currently certified to lead thrift exams)

Questions?