

Sample Bank
Anywhere, USA



Funds Management
Statement of Policy

Section One

Introduction
&
Scope of Policy

Effective Date: December, 2017

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Funds Management is the process by which the Bank seeks to maximize the profit potential which is derived from the Spread between the rates earned on Earning Assets and the rates paid on Interest Bearing Liabilities, through the management of various Balance Sheet components. It involves virtually every aspect of the Bank's management and decision-making process.

1.01 Statement of Purpose

The Board of Directors is committed to achieving the maximum possible return from the management of our Balance Sheet, without incurring an unreasonable degree of risk. This comprehensive Statement of Policy has been prepared for the purpose of describing the various systems, controls, and strategies through which we propose to accomplish this important goal.

1.02 Elements of this Statement of Policy

For the purposes of this document, the following definitions apply:

Policy: *Shall be a standard or principle which has been deemed by the Board of Directors as necessary for the proper conduct of the Bank's business activities. It is the express intent of the Board that no Policy of the Bank should ever be violated.*

Procedure: *Shall be defined as a detailed course of action, which is to be followed in the normal conduct of business activities. It is important to note that a failure of the Bank to follow a Procedure constitutes a violation of Bank Policy unless an exception, as defined in Section 1.06, has been approved by the Bank's Board of Directors.*

Resource: Will be the "Report" in which the information can be referenced within the Bank's various Reporting Suites. The ***Resource*** will be shown as a shaded bar, and will contain the name of the Report, the name of the Suite, and the name of the Series in which it can be found. Please see the example below:

Resource: *Report Name* ■ *Report Suite* ■ Report Series

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1.02 Elements of this Statement of Policy

(Continued)

Amplifications of Policy

- Objective:** Will be a goal toward which the Bank's business activities are directed. *It is important to note that a failure of the Bank to achieve a stated Objective does not constitute a violation of any Bank Policy.*
- Strategy:** Will be a *Plan* or *Methodology* which may be used, at the discretion of Management, to pursue or achieve the Bank's stated Objectives. *It is important to note that a failure of the Bank to follow a particular Strategy described herein does not constitute a violation of any Bank Policy.*
- Guideline:** Will be a useful point of reference which may be used, at the discretion of Management, to conduct the Bank's business activities. *It is important to note that a failure of the Bank to follow a stated Guideline does not constitute a violation of any Bank Policy.*
- Discussion:** Will be information which is provided for the purpose of explaining or clarifying a stated Policy, Objective, Strategy, or Guideline. *It is important to note that the information presented as Discussion should in no way be construed as a statement of, or an amendment to, the Policies, Objectives, Strategies, or Guidelines of the Bank.*
- Definition:** Will be an explanation or amplification of a "key term" as it relates to a *Policy, Objective, Strategy, Guideline, or Discussion.*
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In order to facilitate a clear understanding of this Statement of Policy, text which describes the Bank's Policies, Objectives, Strategies, and Guidelines, as well as any corresponding Discussion information, has been explicitly identified. Only text which has been clearly identified as Bank Policy has been deemed to be Bank Policy by the Board of Directors. All other text, including that which has been labeled as relating to Bank Objectives, Strategies, Guidelines, Discussion points, or Definitions, should in no way be construed as Bank Policy, but rather as support systems for amplifying Bank Policy.

Furthermore, no interpretation, as to rank order of importance, should be assigned to the order in which we address the Policies presented in this document, as we deem all to have an important status.