

Sample Bank
Anywhere, U.S.A.



Funds Management
Statement of Policy

Section Two

Simulation Modeling,
Valuation,
Quality Control & Back Testing,
and
Board Reporting

Effective Date: December, 2017

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Hybarger & Associates

Overview of Services

Funds Management Policy Comprehensive Funds Management & Reporting Systems

BankLink SolutionsSM Forecasting & Reporting Systems

InvestWiseTM Investment Management Systems & Strategies

Annual Budget & Baseline Forecast
Current Year Budget
Next Year Baseline Forecast
Third Year Baseline Forecast

Directors' Financial Digest
Executive Management Level
Account Level Forecasting Series

Monthly Forecasting Reports
Performance Analysis
Current Year Forecast
Next Year Forecast
Third Year Forecast

Portfolio Management Series
Financial Management Series
Econometric Series

Financialytics SeriesSM Liquidity & Contingency Funding

Liquidity Risk Management and Funding Assessment Plan
&
Contingency Funding Plan

Board of Directors Suite of Reports

Quarterly Interest Rate Risk Analysis

Capital Connections Capital Analysis & Assessment Systems

Directors' Financial Digest
Directors' Commentary
Medallion Series
Selected InvestWiseTM Reports
Portfolio Manager's Report
Security Inventory Report
Risk Profile Analysis
Stop Loss Analysis
InvestWise Performance Trend Analysis
Investment Transaction Analysis
Securities Purchased Report
Securities Disposition Report

Quarterly Interest Rate Risk Schedule of Scenarios
Quarterly Interest Rate Risk Analysis & Assessment
Earnings at Risk
Capital at Risk
Performance at Risk
Balance Sheet Basic Assumptions
Value at Risk (Mark-to-Market)
Net Economic Value of Equity (NPV) Computations
Interest Rate Risk Assessment & Validation of Results

Directors' Summary
Executive Summary
Computations Summary
Capital Plan

Liquidity & Contingency Funding Matrix
General Market Funding
C.D. Inventory Report

MacroLink SeriesSM (Three Year - Dynamic Strategic Plan)

Quarterly General Bank Condition Profile
Quarterly Funding Utilization & Validation Report

Historical Perspectives
Statement of Objectives
Balance Sheet & Performance Analysis
Capital Analysis
Asset Quality
Management
Earnings
Liquidity
Sensitivity to Interest Rate Risk

Contingency Funding Scenarios (As Needed)

Enterprise Analysis ~ Branch Reporting ~
Forecasting by Branch
Enterprise Branch Summary

Quarterly "Reg F" Correspondent Bank Assessment & Compliance Report

MasterLinkSM
~ Holding Company Accounting & Forecasting ~
Monthly & Yearly Reports

Examiners' Reporting Series

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

Elements of this Statement of Policy

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.