



Director's Role In The New Environment August 4, 2020

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**Thank you for joining CCBN at the Director's Roundtable.
To better manage this call, please:**

- Use the **Q&A** button as your primary method for asking questions.
- The **CHAT** function is for communicating with the speakers, the group, or the organizers.
- This call is being recorded.

VIRTUAL
Directors
ROUNDTABLE

Session 1: August 4 Session 2: August 11



CALIFORNIA COMMUNITY
BANKING NETWORK

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Today's Agenda

- ▶ Session A – 1:00 p.m. to 2:15 p.m.
Director's Role in the New Environment
- ▶ Break – 2:15 p.m. to 2:30 p.m.
- ▶ Session B – 2:30 p.m. to 4:00 p.m.
The Bank's Role and Board's Role
Chairman's Panel

The New Environment

- COVID – 19
- Working Remotely
- NIM Compression
- Concerns with Bottom Line
- What Can Happen Next?

The Role of Bank Directors has Changed Over the Years and Will Continue to Change.

- Setting some basic foundations for Directors of Exceptional banks!
- Four Important Questions & Principles

Critical Question #1

Why Are You a Director?

What is Your Motive?

Reward Centered vs. Responsibility Centered

Critical Question #2

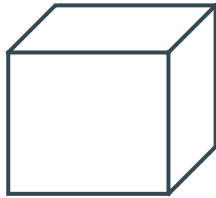
Are We In The Box or Out Of The Box?

People vs Objectives

Avoiding Self Betrayal & Self Justification

How We Build The Team!

Getting Out of the Box



Out of the Box

See myself & others more or less as we are - -
“People.”



In the Box

See myself & others in a systematically distorted way - -
others are mere
“objects.”

When I Enter Box - - Self Deception

- Inflate others' faults
- Inflate own virtue
- Inflate the value of things that justify my self betrayal
- Blame

When I Have Their Behavior

Impacts

- Communication
- Teamwork
- Motivation
- Alignment
- Trust

Critical Question #3

Do We Have SOUL?

- Selflessness
- Ownership
- Unity
- Larger Purpose

What Does This Mean?

Selflessness – Putting Individual Needs Aside
For Good of the Team.

Humble, Integrity, Caring

Ownership – Fulfilling Your Role by Learning It
Thoroughly and By Consistently Giving 100%

Present, Positive, Proactive, Prepared

Unity – Understanding and Rallying Around Your Team’s Mission, Philosophy and Culture Through Open Communication and Positive Conflict Resolution.

Understanding, Communication and
Celebrate [CECAR}

Larger Purpose – Contributing to the Wider Community
In A Lasting and Significant Way

Larger Purpose Must Capture Imagination of Our Team
[Partners] No Matter What Role

What Is Our Larger Purpose?

Why Is This Important?

Do Our Partners Believe? --
Are We Capturing Their Imagination?

Critical Question #4

Do You Follow the Platinum Rule?

“Doing Unto Others as They Would Want Done
Unto Them”

- Must Understand Them!

What Are The Essentials Of A Good Director?

1. Connection With Other Directors.
2. Understand Duties and Responsibilities.
3. Understand Bank's Culture.
4. Stay Informed and In the Know.
5. Be Present and Prepared.
6. Be Constructive and Part of the Team.
7. Be Discrete and Maintain Confidentiality.

Essentials Of A Good Director *(cont.)*

8. Understand and Report Conflicts.
9. Maintain Bank's Integrity.
10. Complete the Work.
11. Respectful and Responsive.
12. Understand and Protect Shareholders' Rights.
13. Have a Meaningful Share Ownership.
14. Advocate and Business Development for Bank.

THE HABITS OF HIGHLY EFFECTIVE BOARDS

Eight Characteristics and Habits that Form the Foundation from High Performance Boards.

1. Create a Culture of Inclusion;
2. Uphold Basic Fiduciary Principles;
3. Cultivate a Healthy Relationship with the CEO;
4. Select an Effective Board Chair;
5. Establish Strong Corporate Governance Committees;
6. Delegate Appropriate Decision-Making Authority to the Committees;
7. Consider Strategic Risk Factors; and
8. Focus on Accountability.

Critical to Understand the Expectations of the Partners!

- Shareholders
- Directors
- Officers/Staff
- Borrowers
- Depositors
- Regulators
- Vendors / Professionals
- Community

By Understanding Expectations
Can Effectively Direct & Plan

Trying For a Win/Win Scenario
Directorship is Balancing the Needs of All

Expectations Have and Will Continue to Change

What is Effective Strategic Planning?

- What is the Board Role?
- Engagement
- Discussion & Dialogue
 - Avoid Too Many Things
- Look at Expectations of Partners
- Strategic Not Tactical
- Revisit & Discussion on Regular Basis

What is an Effective Board Meeting?

- Minutes
- Financials
- Loan Reports
- Corporate Matters
- Policies/Procedures
- Risk Assessment
- Strategic Discussion
- Education
- Executive Session

Directorship vs. Management

- ▶ Most Know Board's Role and Lines of Authority
- ▶ Critical to have a Strong Corporate Code and Directors Roles & Responsibilities

Board Membership & Succession Planning

- Board Membership is Incredible Honor & Responsibility
- Size Matters a Lot
- Engagement, Chemistry and Diversity is Good
- No One Can be Fully Objective About Their Own Contribution
- Have to Evaluate Fellow Board Members
- Expectation About Service Needs to be Clearly Established
- Too Much of One Thing or One Discipline – Not Good
- New Members Bring Skills & New Perspective
- Transparency is Essential
- Age is not Sole Determination

Five Steps to Effective Succession Planning

1. Align Long Term Vision and Core Value
2. Building Leadership Profile
3. Identification and Selection Process
4. Reviewing Development and Coaching
5. Annual Review and Refinement

Top Down Approach

Lots to Think About as a Bank Director

Director's Role is Changing but Most Directors Possess Capability to Meet Challenges and Expectations

Q & A

Thanks for joining us today!

SAVE THE DATE FOR OUR 6th ANNUAL
CCBN TOP BANKER PANEL (live streamed)
NOVEMBER 4 -5, 2020





The Bank's Role & Board Role Chairman Panel August 4, 2020

Gary Steven Findley
*President of Gary
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Ruth Razook
*Founder/CEO, RLR
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Today's Panelists

- Dan West –
*Chairman of Plumas Bancorp/Plumas Bank,
Quincy, California*
- Bill Gallagher –
*Chairman of Big Poppy Holdings/Poppy Bank,
Santa Rosa, California*
- Ken Cosgrove –
*Chairman of Pacific Coast Bankers' Bancshares/
Pacific Coast Bankers' Bank
Walnut Creek, California*



Agenda

- What Does the New Normal Look Like?
- Board Interaction
- Management Interaction
- Board Additions/Succession Planning
- Board Strategic Planning
- Board Meeting/Management
- Expansion and New Initiatives
- Regulatory Interaction
- Shareholder Interaction
- What Keeps You Up at Night

What Does the New Normal Look Like?

- Do you expect a change in your bank's direction with recent changes in country and economy?
- What role does your board play in strategic planning?

Board Interaction

- What do you see as the role of a director within your bank?
- How do you deal with directors who are not prepared or engaged?
- How do you deal with directors who are disruptive?

Management Interaction

- As a Chairman, how much do you interact with the CEO?
- Do you interact with other management members or is there a clean line of authority?
- How do you evaluate the CEO's performance?

Board Additions / Succession Planning

- How have you dealt with director succession and finding new directors?
- Do you focus on diversity within your board?
- Do you have a code of conduct and statement of roles and responsibilities?

Board Meeting / Management

- How are your board meetings handled – how much time is spent on the past and how much is strategic?
- How often are you meeting?
- Do you require a certain level of ownership?
- What are the basic committees within your board and general responsibilities?

Expansion and New Initiatives

- What role does the Board provide in marketing and business development?
- What role do you play in expansion?

Regulatory and Shareholder Interaction

- What kind of interaction do you have as Chairman with the regulators?
- What interaction do you have with shareholders as Chairman?
- What are you most proud of at your bank?

What Keeps You Up at Night?

Q & A

Thanks for joining us today!
See You Next Week for Session 2
Tuesday, August 11th
You will be sent the materials and
Zoom link tomorrow.