



STATE OF NEBRASKA  
DEPARTMENT OF BANKING AND FINANCE

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**Nebraska Department of Banking and Finance (NDBF)**  
**Examination Practices**  
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Threats presented by the COVID-19 pandemic have required NDBF to modify financial institution (FI) examination procedures while continuing to provide strong financial regulation. Our top priority is the safety of agency staff, FI employees, and fellow Nebraskans. Beginning June 1, 2020, NDBF will move forward with FI examinations using the following procedures:

- Until further notice, FI examinations will be conducted solely offsite, with no examiners going to an FI. NDBF will reevaluate this approach throughout the duration of the COVID-19 pandemic and beyond, and will notify FIs of any changes in examination procedures.
- Examiners will continue to conduct full scope examinations that adhere to routine examination standards with the exception that information will be collected digitally and reviewed without examiners onsite.
  - Examiners will continue to use discretion when determining the depth and scope of specific procedures that are commensurate with each FI's risk profile and examination findings. At a minimum, examinations will include the following procedures:
    - Scoping a sample of assets for offsite review;
    - Completing core component analysis;
    - Conducting discussions with management and staff regarding local economic conditions and recent impacts;
    - Assigning examination ratings;
    - Conducting exit meetings held by telephone, WebEx, or other virtual method; and
    - Producing a Report of Examination.

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- Communication will be a key component during offsite examinations. In order to facilitate that communication, NDBF will operate with the following procedures:
  - NDBF will contact FIs prior to an examination to discuss the timing of requests, staffing, and resources. Timing of this notice may vary greatly with each examination; however, NDBF will strive to provide as much notice as possible to give FIs ample notice and flexibility to comply with documentation requests. Pre-examination calls will include discussion of:
    - Delivery and timing requirements of all digitally requested information;
    - Loan and Asset Scoping sample and digital submission of relevant documentation;
    - Preferred FI contact (name, method, and frequency) during the examination;
    - Examiner participants; and
    - Examination exit meeting with management and the Board of Directors.
  - The Examiner-in-Charge and FI management will arrange periodic calls throughout the examination to communicate examination progress and findings.
- Offsite Examinations will require loan documentation be obtained digitally from the FI.
  - FIs that currently have imaged credit files will need to provide examiners with a means to access documentation from the specific credit files within the scope, with read-only access.
  - FIs that do not currently have imaged credit files will need to provide examiners digital images of pertinent credit file documents within the scope.
- NDBF recognizes that an FI's Pandemic Plan may affect the FI personnel's availability, schedules, and workloads, and will attempt to accommodate such circumstances throughout the examination process where possible.
- Despite all challenges, NDBF is confident we will return to the 12 to 18 month examination cycle in 2020 with the implementation of offsite examinations.