

## INTERNET RESOURCES...

- Federal Reserve Bank of St. Louis,  
*Insights for Bank Directors:*  
[www.stlouisfed.org/col/director](http://www.stlouisfed.org/col/director)
- Federal Deposit Insurance Corporation,  
*Director's College:*  
[www.fdic.gov/regulations/resources/directors\\_college/sfcb/index.html](http://www.fdic.gov/regulations/resources/directors_college/sfcb/index.html)
- Federal Reserve Bank of Kansas City,  
*Training for Bank Directors:*  
[www.kansascityfed.org/bs&s/PUBLICAT/PDF/dirbasics.pdf](http://www.kansascityfed.org/bs&s/PUBLICAT/PDF/dirbasics.pdf)
- Office of the Comptroller of the Currency,  
*Internal Controls: A Guide for Directors:*  
[www.occ.treas.gov/IntCtrl.pdf](http://www.occ.treas.gov/IntCtrl.pdf) &  
*Detecting Red Flags in Board Reports:*  
[www.occ.treas.gov/rf\\_book.pdf](http://www.occ.treas.gov/rf_book.pdf)
- Federal Deposit Insurance Corporation:  
[www.fdic.gov](http://www.fdic.gov)
- National Credit Union Association:  
[www.ncua.gov](http://www.ncua.gov)
- Office of Thrift Supervision:  
[www.ots.treas.gov](http://www.ots.treas.gov)
- Nebraska Bankers Association:  
[www.nebankers.org](http://www.nebankers.org)
- Nebraska Independent Community Bankers:  
[www.nicbonline.com](http://www.nicbonline.com)
- Independent Community Bankers of America,  
*Bank Director OnLine University:*  
[www.icba.org/tools/index.cfm?ItemNumber=1347&sn.ItemNumber=1731](http://www.icba.org/tools/index.cfm?ItemNumber=1347&sn.ItemNumber=1731)
- American Association of Bank Directors:  
[www.aabd.org/resources](http://www.aabd.org/resources)
- Nebraska Credit Union League & Affiliates:  
[www.nebrcul.org](http://www.nebrcul.org)
- Heartland Community Bankers Association:  
(785)232-8215

*Note: See disclaimer on back cover.*

## LEARN MORE...

For detailed information on the Nebraska Department of Banking & Finance, visit our website at [www.ndbf.org](http://www.ndbf.org).

*Note: Website disclaimer...*

*The previously listed websites point to information created and maintained by other public and private organizations. The Department does not control or guarantee the accuracy, relevance, timeliness, or completeness of this outside information. Reference in these web sites to any specific commercial products, processes, or services, or the use of any trade, firm or corporation name is for the information and convenience of the public, and does not constitute endorsement, recommendation, or favoring by the Department. The information provided is intended to be general information. It is not intended to take the place of either the written law or regulations.*

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# NDBF

NEBRASKA DEPARTMENT  
OF BANKING AND FINANCE  
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## Financial Institution Directors: Duties & Responsibilities

## The Nebraska Department of Banking & Finance

Nebraska's Banking & Finance  
Regulators since 1890.

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## The need for an educated, prepared, ethical, & independent board of directors has never been greater....

There are few opportunities in life that reflect a more trusted role in your community than that of being elected and approved to serve on a financial institution board. It has long been considered an honor to be chosen to serve as a member of the board of directors, a position which carries important duties and responsibilities.

Financial institutions protect individuals and their community by protecting their money. Today's Bank Director must protect and honor the trust of individuals' decisions in financial matters, as well as insure the security of their personal information or "identity."

As a Financial Institution Director, you will make decisions changing the profitability of the bank, the future of your community, and the financial well being of every customer.



As you contemplate the greater good, weigh risks, assess the future, and direct your financial institution, you will have questions. We want you to contact us with those questions.

Please take the time to closely examine *The Director: Duties and Responsibilities, the official NDBF manual for bank directors. It includes content on: The Director's Role, Mechanics of the Board's Operation, Supervisory Duties, Board Committees, Directors' Examinations, Developing A Lending Policy, Developing An Information Security Policy, Developing An Investment Policy, and Developing A Funds/Asset Liability Management Policy.*

### To Be an Effective Director...

- You must understand that banks, trust companies, building and loan associations, and credit unions are closely regulated
- You need to understand the relationship between the board and its executive management
- You need to understand your functions and legal responsibilities
- You need to evaluate the effectiveness of board policies in accomplishing your objectives

The Department has the responsibility to examine institutions and enforce compliance with laws, rules, and regulations *but* it also is instructed by the legislature to aid and assist institutions in maintaining proper banking standards and efficiency.

The Department willingly devotes a considerable amount of time answering questions and providing information.



### Eleven Areas of Consideration For a Director

1. The director should be well known and respected in the community with an unquestioned reputation for integrity.
2. The director should be a successful individual in his/her own right and a leader in the community, as demonstrated by affiliation with community projects such as economic growth, development, and civic affairs.
3. The director must be capable of making sound, independent decisions based on facts and not on prejudices or personal interests.
4. The director should have a genuine interest in the office, regularly attend all meetings and keep well informed as to the affairs of the institution at all times.
5. The director should gain and maintain a thorough knowledge of the duties and responsibilities of his/her office.
6. The director must be capable of retaining confidences. Confidential information gained through the position is not to be divulged.
7. The director should give undivided loyalty to the institution's charter—not the principal owners, nor have interests adverse to the institution.
8. The director should not use his/her office for personal benefits through information gained by virtue of his/her position.
9. The director should be capable of distinguishing between policy matters and management matters and be willing to refrain from unwarranted involvement in management functions.
10. The director should not lose sight of his/her primary responsibility, which is to safeguard the interests of the shareholders and depositors of that institution.
11. Common sense and fundamentals are of vital importance.