

BANK POLICY REVIEW JOB AID - EXAMPLE

Using Copilot to Support BANK's Internal Policy Governance Process

Applies to: All Bank and Bank Holding Company policies

Audience: Policy Owners, Risk Management, Compliance, Legal, Audit

Asset Size Context: \$10–\$20B Community Bank / Bank Holding Company

Objective: Support consistent, regulator-ready policy reviews aligned with BANK governance standards

1. Purpose

This job aid establishes a standardized approach for using Copilot to support BANK's internal policy governance process, ensuring policies:

- Align with regulatory expectations (FDIC, OCC, CFPB, FFIEC, DFPI, SEC, as applicable)
- Support effective Board and management oversight
- Are defensible during regulatory examinations
- Are reviewed consistently across the enterprise

Copilot is a **decision-support tool** and does not replace professional judgment or established BANK approval processes.

2. Where This Fits in BANK's Policy Governance Process

Copilot may be used at the following points:

1. Annual policy review or refresh
2. Material policy updates or new policy development
3. Pre-examination readiness
4. Audit, exam, or issue remediation
5. Board or committee-level policy updates

Copilot output should be retained as supporting documentation (e.g., prompt text, key inputs, outputs, and reviewer notes) in the policy review workpapers repository, not as a formal approval artifact.

3. Recommended Copilot Usage Standard (BANK Minimum)

For **policy and program review**, the following minimum standard applies:

Minimum required evidence (pass/fail):

- Core prompt output completed and saved to workpapers (Exhibit A).
- At least one specialty prompt output completed and saved to workpapers (Exhibits B–F, as applicable).
- Human review performed and documented, including what was accepted, revised, or rejected and why.

Do not proceed with routing for approval or representing the review as complete if any item above is missing or if high-risk gaps remain unresolved without documented disposition.

4. Required Core Prompt

All policy reviews must use:

→ Exhibit A – Core Regulatory Alignment Review

This establishes baseline regulatory defensibility and consistency across BANK.

5. Select One Specialty Prompt (Based on Need)

Review Objective	Required Prompt
Upcoming regulatory exam	Exhibit B – Pre-Examination Readiness Review
Board-approved policy update	Exhibit C – Board-Level Sufficiency & Governance Review
Addressing findings or gaps	Exhibit D – Regulatory Gap-to-Action Mapping
Reviewing policy suites	Exhibit E – Consistency & Enterprise Alignment Check
Program uplift or benchmarking	Exhibit F – Policy Maturity & Leading Practices Benchmark

6. How to Evaluate Copilot Output (BANK Expectations)

Policy Owners and reviewers should assess output through these lenses:

1. Governance Clarity

- Board vs. management roles clearly defined

2. Risk Management Soundness

- Risk identification, escalation, and oversight are explicit

3. **Regulatory Credibility**

- Aligns with examiner expectations for a \$10–\$20B institution

4. **Enterprise Consistency**

- No conflicts with ERM, Compliance, or Issue Management frameworks

5. **Practical Executability**

- Policy can be implemented as written

7. **Documentation & Examiner Support**

- Save Copilot workpapers with the policy review package (prompt text, key inputs, outputs, and reviewer disposition/notes).
- Store workpapers in the designated repository (e.g., GRC/policy governance tool or approved SharePoint location) and reference them in the policy memo, governance summary, or exam prep materials as needed.
- Apply document retention and access controls consistent with BANK requirements, and do not include confidential supervisory information or other restricted data in prompts or saved outputs.

8. **Important Guardrails**

Copilot **may** be used to:

- Identify regulatory gaps
- Anticipate examiner questions
- Draft improvement ideas

Copilot **may not**:

- Replace legal, compliance, or risk judgment
- Introduce confidential supervisory information
- Drive changes without appropriate approval

EXHIBITS

Exhibit A.1

Core Regulatory Alignment Review (Required) – Baseline Prompt #1

Copy/paste prompt from the next line through the last line above the divider.

You are a senior U.S. bank regulatory compliance and risk management expert with deep experience advising California state-chartered, FDIC-insured banks and publicly traded, SEC-reporting bank holding companies in the \$10–\$20B asset range.

Review the attached policy for alignment with applicable regulatory expectations, supervisory guidance, and material statutory obligations, including but not limited to:

Federal and Interagency:

- Federal Deposit Insurance Corporation (FDIC)
- Federal Financial Institutions Examination Council (FFIEC)
- Consumer Financial Protection Bureau (CFPB), as applicable
- Securities and Exchange Commission (SEC), as applicable to the publicly traded bank holding company

State of California:

- California Department of Financial Protection and Innovation (DFPI)
- Material requirements arising under applicable California Codes, to the extent relevant to the policy's subject matter, including:
 - Financial Code
 - Civil Code
 - Commercial Code
 - Corporations Code
 - Labor Code
 - Unemployment Insurance Code
 - Welfare & Institutions Code
 - Code of Civil Procedure
 - Penal Code
 - Probate Code

- Insurance Code
- Government Code
- Public Contract Code
- Revenue & Taxation Code

Institutional Context

- Charter: California state-chartered, FDIC-insured bank
- Holding company: Publicly traded, SEC-reporting bank holding company
- Asset size: \$10–\$20B
- Policy status: In force
- Intended audience: Bank Board, BHC Board (if applicable), and Senior Management

Review Objectives

1. Assess whether the policy aligns with current federal, state, and SEC-related regulatory expectations applicable to institutions of this size and complexity.
2. Identify gaps, weaknesses, or ambiguities that could result in:
 - Examiner criticism (e.g., MRA/MRIA)
 - DFPI or FDIC supervisory concern
 - Governance, compliance, or disclosure misalignment
3. Evaluate whether the policy appropriately considers material California statutory obligations relevant to its subject matter, without providing legal interpretation.
4. Assess clarity regarding:
 - Applicability to the bank, the holding company, or both
 - Board and management oversight at the appropriate legal-entity level
 - Risk identification, escalation, and reporting across entities

Deliverables

Provide a structured response that includes:

****1. Executive Summary****

- Overall assessment of regulatory and statutory alignment
- Key themes likely to draw examiner or regulator focus

****2. Detailed Gap Analysis****

For each identified gap:

- Policy section reference
- Applicable regulator(s) or California Code(s), as relevant
- Description of the issue
- Supervisory or governance risk level (Low / Moderate / High)

****3. Legal Entity & Governance Observations****

- Bank vs. BHC applicability clarity
- Governance or accountability ambiguities

****4. Practical Recommendations****

- Clear, actionable remediation steps
- Distinguish between baseline regulatory/statutory expectations and leading practices

****5. Examiner & Regulator Readiness Perspective****

- Areas likely to generate follow-up questions from DFPI, FDIC, or SEC reviewers

Tone & Constraints

- Be concise, practical, and examiner-focused
 - Do not provide legal advice or statutory interpretation
 - Avoid citing confidential supervisory information
 - Where applicability depends on policy subject matter, clearly explain that limitation
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Exhibit B – Pre-Examination Readiness Review

Copy/paste prompt from the next line through the last line above the divider.

Assume this policy will be reviewed during an upcoming regulatory examination.

Review the attached policy from an examiner’s perspective for a \$10–\$20B community bank or bank holding company.

Focus Areas

- Likely examiner questions or challenges
- Areas that could lead to MRA/MRIA
- Consistency with recent supervisory trends
- Adequacy of governance, escalation, and accountability

Deliverables

1. Top 5 examiner risk areas
2. Policy language likely to draw scrutiny
3. Recommendations to strengthen examiner defensibility
4. Documentation examiners may request

Be direct, candid, and realistic.

Exhibit C – Board-Level Sufficiency & Governance Review

Copy/paste prompt from the next line through the last line above the divider.

Review the attached policy for adequacy from a Board of Directors oversight perspective at a \$10–\$20B community bank or bank holding company.

Evaluate Whether the Policy:

- Clearly defines Board vs. management responsibilities
- Provides sufficient oversight, reporting, and escalation mechanisms
- Supports effective challenge and accountability
- Is written at an appropriate level for Board approval

Deliverables

1. Assessment of Board-level sufficiency
 2. Governance gaps or ambiguities
 3. Recommendations to enhance Board oversight
 4. Misalignment with regulatory governance expectations
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Exhibit D – Regulatory Gap-to-Action Mapping

Copy/paste prompt from the next line through the last line above the divider.

Using the attached policy, identify regulatory gaps and map them to clear remediation actions appropriate for a \$10–\$20B community bank or bank holding company.

Deliverables

For each gap:

- Policy section reference
- Regulatory expectation or guidance
- Risk severity (Low / Moderate / High)
- Recommended policy changes
- Required vs. leading practice remediation

Focus on pragmatic, regulator-credible fixes.

Exhibit E – Consistency & Enterprise Alignment Check

Copy/paste prompt from the next line through the last line above the divider.

Review the attached policy for consistency with enterprise risk management and governance expectations at a \$10–\$20B community bank or bank holding company.

Evaluate:

- Alignment with the three lines of defense
- Consistency with risk appetite and issue management
- Overlaps or conflicts with other policies
- Clarity of ownership and accountability

Deliverables

1. Identified inconsistencies or overlaps
 2. Risk of fragmented governance
 3. Recommendations to improve enterprise alignment
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Exhibit F – Policy Maturity & Leading Practices Benchmark

Copy/paste prompt from the next line through the last line above the divider.

Benchmark the attached policy against regulatory expectations and leading practices for \$10–\$20B community banks and bank holding companies.

Deliverables

1. Policy maturity assessment (Foundational / Satisfactory / Strong)
2. Peer and industry comparison
3. Enhancement opportunities
4. Clear distinction between required fixes and optional improvements
5. Avoid unnecessary gold-plating.