



Course enquiries contact:  
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Presented in association with the Australasian Mutuals Institute

# CAPITAL & TREASURY MANAGEMENT FOR MUTUAL ADIs

**2 Day Course**

**Wednesday 16 and Thursday 17 June 2010  
Sydney**

## Maximise the benefits from an effective treasury function

As Mutual ADIs find themselves working through the global credit and liquidity crunch and a more volatile and challenging post Basel II period, the role of treasury has become increasingly important. The demands for more refined management of margin, liquid funds, wholesale borrowings and risk demands a more sophisticated approach to the treasury function. In addition, the importance of capital management both from an APRA ICAAP and a risk / reward perspective has never been greater. This course will address how a Mutual ADI can develop and maintain an effective treasury and capital management function in 2009 and beyond.

### You will get out of this course an understanding of:

- The functions and objectives of treasury in a Mutual ADI
- The main financial instruments and how they are used in a treasury activity
- How treasury activity is processed from deal creation, through settlements, to accounting.
- How to account for and report on treasury transactions under AASB 7, 132 and 139
- How to identify and manage market, credit and liquidity risk relating to treasury instruments
- The key risks facing your NIM in the current environment including credit spread, portfolio repricing, lack of fixed rate lending and short term margin squeeze.
- A knowledge of the key operational risks and related treasury controls
- How to obtain / calculate the fair value of treasury instruments
- An appreciation of the benefits of an effective treasury function within a mutual ADI
- The essential components of a capital management process
- How to carry out a comprehensive ICAAP process and how to quantify each risk
- How to manage capital and utilise capital usage as a key management tool

**AMInstitute members, CPD Accreditation: 6 Hours**



Presented by **DAVID TATTAM, Protecht Advisory Pty Ltd.** David is a director and the principal lecturer with Protecht Advisory and presents a range of risk management and treasury courses, many in conjunction with AMInstitute. Protecht provides a range of risk management services to Mutual ADIs. Protecht has developed its own Interest rate and operational risk management software tailored to Mutual ADIs. David is an expert in all facets of risk management and has worked with a range of financial institution treasuries.

**Course Location:** The Course will be held at: in the Sydney CBD, close to Town Hall Station.

**Course Times:** Registration: 8.30 am—9.00 am, Course: 9.00 am—5.00 pm

**Terms and Conditions:** Protecht and AMInstitute reserves the right to cancel or postpone this program due to circumstances outside of their control. Where this occurs delegates who have already paid will receive a full refund. For participant cancellations, a full refund less a \$150 administration fee will be made for any cancellation received no later than 2 weeks prior to course commencement. For cancellations received after this time, no refund will be given. A replacement delegate is acceptable however please notify us of the change as soon as possible.



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## Course Profile

### 1. Capital and Treasury challenges facing Mutual ADIs

- The treasury challenges: Credit spread, Pricing, Funding, Liquidity
- The capital challenges: ICAAP, Optimal Capital, Cost of capital
- Market update and current treasury hot spots

### 2. Objectives of the Treasury and Capital Management Process

- Managing liquidity, HQLA and investing surplus funds
- Borrowing wholesale funds
- Executing interest rate hedges
- Acting as an internal banker
- Determining and managing the optimal capital level
- Linking treasury and capital management

### 3. Treasury and Capital Instruments

- Characteristics and uses of treasury instruments
- Investment Instruments: 11 a.m, REPOs, Bills, Bonds, FRNs, Other
- Investment selection criteria to fit risk appetite
- Funding Instruments: Term and Bill facilities, Securitisations
- Hedging Instruments—Derivatives. Interest Rate Swaps, FRAs, Other
- Capital Instruments and sources of capital

### 4. External Credit Rating

- The case for and against, and the process of, obtaining a rating

### 5. Using Treasury and Capital Instruments

- Investing, Funding, HQLA and the liquidity portfolio, Hedging
- The risk / reward equation incorporating risk appetite
- Raising eligible capital

### 6. Transaction Flow and Operations

- Processing a treasury transaction
- Importance of "Front, Middle and Back" offices and Seg of duties

### 7. Accounting and reporting for Treasury

- Accounting for treasury instruments and hedging under AASB 139
- Presentation and Disclosure requirements of AASB 7 and 132

### 8. Calculating Fair Value and Amortised Cost

- Fair Value of bills and bonds
- Fair Value of an interest rate swap

### 9. Treasury Risk Management

- The components of Risk Management: Inherent Risks, 3 Lines of Defence, Liquidity, Capital

- Managing Interest Rate Risk: Current risks to your Net Interest Margin (Credit Spread, Repricing, Lack of Fixed Rate Lending, Short term margin squeeze). Use of swaps and extending liquids
- Managing Credit and Liquidity Risk

### 10. Operational Risk Management in Treasury

- Identifying the main operational risks and related controls
- Where things have gone wrong and why
- Treasury Policy

### 11. Regulatory Treatment of Instruments

- Capital Adequacy: Credit Risk: Inter CU Lending, Securitisations
- Capital treatment
- Qualifying for HQLA

### 12. Components of Capital Management

- Objectives of Capital Management
- Levels of capital: Pillar 1 – PCR, Pillar 2 - ICAAP
- The Capital Management Plan

### 13. Pillar 1—Capital Adequacy and the PCR

- Risks covered under Pillar 1 and how they are quantified in the PCR
- APRA's setting of your Mutual's PCR

### 14. Pillar 2 – Capital Adequacy and ICAAP

- Requirements for a Mutual ADI for ICAAP
- Comparison of ICAAP between small and large ADIs

### 15. Defining and assessing the risks under ICAAP

- Process for identifying non pillar 1 risks
- Risks not covered under Pillar 1
- Alignment with APRA's PAIRS model
- Calculating the capital requirement for ICAAP

### 16. Defining an overall ICAAP model for a Mutual ADI

- Systems and procedures for risk identification, measurement, monitoring, managing, and reporting
- Determining, Documenting and Maintaining target capital levels

### 17. The ICAAP output

- Conduct and document a comprehensive ICAAP process
- Link to overall strategic and capital plan
- Subject ICAAP process to effective and comprehensive review
- Develop ICAAP policy

### 18. Making it all work

- Benefits of an effective treasury
- Where to next ?

## Enrolment

**How to Register:** Either visit [www.protecht.com.au](http://www.protecht.com.au) to register on-line or complete the details below and fax to (02) 9283 0430. You will be sent an email confirmation and mailed a tax invoice. If you do not receive the email within 5 days please contact us.

**Cost (including GST):** The cost of the program is \$1,760 (AMInstitute members), \$1,936 (non AMInstitute members). This fee includes all materials, lunch, morning and afternoon refreshments but excludes your travel, accommodation, breakfast and evening meals. Where two or more delegates attend from the same organisation, a 5% discount will be given.

First Name	Mr/Mrs/Ms	Last Name	
Email Address			
Telephone		Facsimile	
Mutual Name		Address	
Position		City / State / Postcode	
Special dietary requirements		AMInstitute Member	Yes <input type="checkbox"/> No <input type="checkbox"/>
Signature		Date	