



**RISK
MANAGEMENT
TRAINING**

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

DERIVATIVES AND HEDGING FOR MUTUAL ADIs

1 Day Course
Tuesday 16 March 2010
Sydney

Learn how to use derivatives to manage your interest rate risk

The recent dramatic increase in interest rate volatility has led to a substantial increase in interest rate risk which can severely impact a Mutual's net interest margin. This, together with the increasing need to be able to offer members the full range of lending products, including fixed rates demands that Mutuals better manage their interest rate risk through the use of derivatives. This 1 day course covers the management of on balance sheet interest rate risk using derivatives as well as all aspects relating to using and controlling derivative activity.

What you will get out of this course:

- A detailed understanding of the nature of interest rate risk in a Mutual ADI's balance sheet
- An in depth knowledge of interest rate derivatives including interest rate swaps
- A knowledge of what is required to commence using derivatives and the related transaction flow including recording deals, deal confirmation, settlement and rate setting
- A knowledge of the key controls required over derivative hedging transactions
- An understanding of the hedge accounting requirements for derivatives under AASB 139, how to document hedges, test effectiveness and create accounting entries
- The knowledge of how to disclose derivative hedging transactions in the financial statements under AASB 7 and AASB 132
- An appreciation of the fair value of a derivative and what it represents
- An awareness of the risks relating to using derivatives and how to control them
- The ability to create a Derivatives and Hedging Policy
- The ability to incorporate derivatives into your risk reporting

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 in conjunction with AMInstitute. Protecht provides a range of risk management and related 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 with specific emphasis on interest rate risk. David is a Chartered Accountant and Fellow of the Financial Services Institute of Australia.

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 reserve 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. Interest Rate Risk

- Review of typical Mutual ADI transactions
- Identification and analysis of interest rate risk in the banking book

2. Interest Rate Derivatives

- Overview of derivative concepts
- Analysis of interest rate swaps
- Analysing the effect of interest rate swaps on the balance sheet and on fixed rate lending
- Other interest rate derivatives

3. Requirements for transacting derivatives

- Counterparties
- Obtaining price quotes and what they mean
- Legal (ISDA) Documentation

4. Requirements to manage derivatives

- Delegated authorities
- Confirmations
- Recording—Deal Tickets
- Rate Setting

5. Accounting for Derivatives and Hedging

- AASB 139 and the accounting requirements
- Hedge accounting principles
- Hedge accounting requirements: Documentation, Effectiveness Testing
- Accounting Entries
- Disclosures and presentation under AASB 7 and AASB 132

6. Regulatory considerations

- APRA approval
- Impact on APRA reports and Regulatory Capital

7. Fair Value of Derivatives

- Fair Value of an Interest Rate Swap
- Obtaining Fair Values

8. Risk Management of Derivatives

- Interest Rate Risk Management techniques and complying with APS 117
- Setting risk appetite and limits for interest rate risk and derivatives
- Credit Risk—calculating the regulatory risk weighted assets
- Operational Risk:
 - Where things can go wrong
 - Key Controls
 - Compliance

9. Reporting

- Incorporating derivatives into risk reports
- Interpreting risk reports

10. Derivatives and Hedging policy

- Contents of the policy document

11. Practical implementation of a derivatives capability

- What things need to be done
- What systems, processes, resources are required

Enrolment

How to Register: Either visit 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 \$880 (AMInstitute members), \$968 (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	