

EMBEDDING RISK MANAGEMENT WITH STRATEGY FOR MUTUAL ADI DIRECTORS

A two day course held on Friday and Saturday

Sydney 12 & 13 March 2010

Builds on your knowledge learned at the level 1 course: Risk Management for Mutual ADI Directors

This course further develops Mutual ADI directors' and managers' capacity to apply risk management principles and techniques across their business in the post Basel II environment. The course includes the latest Regulations, Practices and Developments in Risk Management and Strategy to take your risk management knowledge to the next level. Integrating risk management into your overall business planning and strategy is becoming essential in order to extract true value from your risk management process.

What you will get out of this course:

1. An appreciation of the expectations of Mutual ADI Boards and Senior Management regarding risk management in 2009 and beyond.
2. An understanding of how to integrate risk management into the overall strategy and planning process
3. An update of regulatory requirements and APRA expectations in the post Basel II environment.
4. An appreciation of how the New Basel II regulatory regime has impacted Mutual ADIs and affected the relative positions of Mutuals and the Banks.
5. An update of the changing risks facing Mutual ADIs in the current and future market environment.
6. An understanding of ICAAP and the importance of risk capital assessment and capital planning.

CONDUCTED BY DAVID TATTAM - Protecht Advisory

Course Overview

This course has been designed to take you to the next level from the initial Risk Management for Mutual ADI Directors course that AMInstitute offers. Risk Management is developing rapidly as a discipline and is progressively moving away from being just a compliance function and the meeting of regulations to being truly integrated into the strategic thinking of an ADI's Board and Senior Management.

The course builds on the knowledge gained in the Level 1 Directors Risk Management course and draws on all relevant industry developments in risk management, regulatory environment and standards. The aim of the course is to further develop the risk management knowledge and skills of Credit Union and Building Society directors in order to meet the challenges of APRA's expectations, the changing market environment and the post Basel II era. Given the expected knowledge and experience with risk management techniques amongst participants, this course will allow you to engage in a higher level of group discussion and participant involvement using case studies.

Special Mutual ADI Discount Incentive

AMInstitute & Protecht Advisory are offering a special incentive to all credit unions & building societies to encourage directors and managers to register for this course. Once a mutual ADI has registered two persons for one of these Embedding Risk Management with Strategy courses they become entitled to a **Special Mutual ADI Discount of \$330 (including GST)** per person for all subsequent registrations from that credit union or building society

Positioning within the AMInstitute Education & Professional Development Program

Directors' responsibilities in risk management have been evolving through the prudential standards since the release of APS 310 in September 2001. The expectations for directors' level of expertise in risk management has been significantly elevated through the release of prudential standards APS 510—Governance and APS 520—Fit and Proper, implemented from the 1st October 2006. Basel II has added further complexity since its implementation from 1st January 2008.

The Level 1 course (Risk Management for Mutual ADI Directors Course) first launched in August 2005 continues to provide the core learning into how risk management principles, standards and reporting techniques can be applied to the four key risk areas of an Mutual ADI of market, credit, liquidity and operational risk.

The Level 1 course initially focuses on the risk management process, the inherent risks in the business of a mutual ADI, the regulatory considerations and capital management requirements before then moving to demonstrate how to apply risk management techniques across the four risk areas. The Risk Management for Mutual ADI Directors Course is positioned as a recommended essential core training requirement for all directors alongside the AMInstitute Diploma Course.

This new Level 2 course (Embedding Risk Management with Strategy for Mutual ADI Directors) seeks to further develop and enhance the capacity of directors to apply risk management techniques across the elements of the business to improve the veracity of strategy work employed to sustain the success of the business in its future direction.

The course accepts the raising of the bar by the prudential regulator via the implementation of Basel II from January 2008 and explores the means for applying risk management techniques across all facets of the business in a highly challenging marketplace.

Course participants should use this course as a means to question the veracity of the strategies currently being deployed by their mutual ADI with a view to triggering some rethinking about future strategy and direction.

You will learn about tools that can help your mutual ADI to embed risk management with the development of strategy and ultimately lead to the achievement of an integrated enterprise wide risk management capability.

Course participants would ideally have completed the level 1 course.

About Protecht

Protecht Advisory is Australian based and provides a wide range of accounting and risk related services to the finance industry. Protecht provides the highest quality training which is both comprehensive and practical, so as to achieve the maximum benefit to the participant. Protecht currently services a range of credit unions and building societies with risk management and accounting services and, as a result is fully abreast of the relevant industry matters. This knowledge is factored into the course to make it fully tailored and relevant for the industry.

David Tattam - Course Director



David is a principal of Protecht Advisory. He is a specialist in all facets of financial risk management and in particular, operational risk. He is recognized internationally as an authority on operational risk management. Prior to setting up Protecht, he spent 4 years at WestLB Bank in Australia as Head of Operations and Risk Management. He was responsible for the setting up and running of a number of departments including Middle Office, Settlements, Accounting and IT. He has also developed and presented many courses on risk management including, Treasury Risk Management, Asset and Liability Management and Liquidity Risk Management. David also spent 4 years as Head of Risk Management at IBJ Australia Bank and seven years with PricewaterhouseCoopers. David is a Chartered Accountant and Fellow of the Financial Services Institute of Australia.

Course Profile

1. Introduction

- Linkage to course 1
- Statistics and observations
- The next stage of risk management—embedding and linking with strategy
- The overlap between regulatory and good management requirements

2. Performance Analysis of Mutual ADIs

- Financial and Non Financial KPIs
- Challenges and current strategy
- Risk Management Imperatives

3. Regulatory Update

- Focus on Pillars 1,2&3
- Status of APSs, standards and related guidance
- Focus on APS 110, 310, 510 and 520
- APRA annual declaration

4. Risk update

- Changing risks of financial institutions
- Changes in risk management
- Where are we heading?

5. Clarifying the role and responsibilities of the Board

- ICAAP responsibilities (APS 110 and APRA information paper)
- Defining the risk management role of a Mutual ADI director
- What do directors need to know:
 - High level understanding of Basel II and its impact on your mutual
 - Own assessment of capital adequacy

6. Basel II vs. Basel I

- The changes
- Overall impact on Mutuals and Banks
- New PCR requirements

7. ICAAP

- What is ICAAP?
- What is expected of a Mutual regarding ICAAP?
- What is the directors role in ICAAP?

8. Credit Risk Update

- Current market trends
- The sub-prime issue
- Pillar 2 credit risks—concentration

9. Market Risk Update

- Fixed Rate Lending
- Securitisation vs. On-balance sheet: Re-intermediation vs. Disintermediation
- Managing fixed rate risk and the use of derivatives
- Interest Rate Risk in the Banking book and APS 117—incorporating into a capital measure and ICAAP
- APRA's concern over ADI funding

10. Liquidity Risk Update

- Current market trends
- The increased focus from APRA
- The Northern Rock example
- Securitisation
- Sources and mix of funding—wholesale vs. retail
- Importance of asset and liability matching
- Pillar 2 liquidity risks—concentration

11. Operational Risk Update

- Compliance Risk
- Strategic Risk
- APS 330 — Market Disclosure

12. Other Risks

- Dealing with other risks

13. Capital Management

- Regulatory vs. Economic capital and ICAAP
- Reliance on retained earnings
- Capital planning under ICAAP

13. Embedding Risk Management into the business

- What does “embeddedness” mean
- Incorporating risk management into strategic planning

14. Expectations from APRA

- Principles based prudential supervision
- Responsibilities of the ADI
- Focusing on the process
- The PAIRS and SOARS model

15. Achieving an integrated enterprise wide risk management capability

- Improving risk management reporting
- Where to now

Case Studies

Throughout the course, there will be a range of hands on case studies to illustrate the concepts covered in a practical way, as they relate to credit unions & building societies.

Enrolment Form (Retain a copy for your records)

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Sydney 12 & 13 March 2010

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.

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	

Cost (including GST): The cost of the program is \$1,760.00 (AMInstitute Members), \$1,936.00 (non AMInstitute Members). This fee includes all materials, lunch, morning and afternoon refreshments but excludes your travel, accommodation, breakfast and evening meals. Once a mutual ADI has registered two persons for one of these courses they become entitled to a Special Mutual ADI Discount of \$330 per person for all subsequent registrations from that credit union or building society.

Terms and Conditions:

AMInstitute and Protecht reserves the right to cancel or postpone this program due to circumstances outside of their control. Where this occurs a full refund will be given. For participant cancellations, a \$150 administration fee will be deducted from the refund 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.

AMInstitute CPD accreditation: 18 hours