



**RISK
MANAGEMENT
TRAINING**

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

Interest Rate Risk Management For Mutual ADIs

**1 Day Course
Monday 15 March 2010
Sydney**

Learn now to identify, measure, manage and report 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. In addition, on balance sheet management of lending has become more prominent as off balance sheet alternatives have faded. This practical 1 day course provides you with the essential knowledge to be able to manage the interest rate risk in the balance sheet using best practice techniques.

What you will get out of this course:

- An understanding of interest rate risk and how it can affect your ADI
- A detailed understanding of what the regulator expects including a review of **APS 117**.
- Knowledge of the new APRA quarterly interest rate risk report
- A working knowledge of the measurement techniques to quantify the level of interest rate risk
- The ability to understand and set your Risk Appetite and articulate it in terms of risk limits
- The ability to construct meaningful risk reports and be able to interpret them
- The ability to use interest rate risk information strategically
- An understanding of the alternative techniques to change and manage your interest rate risk profile.
- An appreciation of how to use derivatives (interest rate swaps) to manage your risk and what is required to be able to use these instruments
- The ability to assess the impact of alternative strategies on your level of risk
- The ability to review or develop an interest rate risk policy

AMInstitute members, CPD Accreditation: 6 Hours



Presented by **DAVID TATTAM, Protecht Advisory Pty Ltd.** David is a director and principal trainer with Protecht Advisory. Protecht provides a range of risk management services to the Mutual ADI sector covering interest rate, liquidity and operational risk management. Protecht has developed its own software solution for interest rate risk management "ALARMS" which is used by over 30 Mutual ADIs in Australia. David is an expert in all facets of risk management with special emphasis on interest rate and operational 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.

Interest Rate Risk Management - Sydney - 15 March 2010



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Course Profile

1. The Risk Management Process

- Risk Management in a Mutual ADI
- The Requirements of APRA for Interest Rate Risk
- APS 117—Interest Rate Risk in the Banking Book
- The Risk Management Framework and process
- AU/NZS 4360 Risk Management Standard
- The ICAAP requirements for Interest Rate Risk

2. Interest Rate Risk Identification and Understanding

- Nature of Interest Rate Risk
- Impact of Interest Rate Risk on:
 - Accrual based interest margin
 - Economic Value (Fair Value)
- Outright, basis and curve risk

3. Interest Rate Risk Measurement

- Likelihood and Consequence
- Methods of Risk Measurement
 - Principal Measures
 - Gap Analysis
 - Prepayment Risk
 - “Sticky” rate funds
 - Sensitivity Measures
 - PVBP
 - Accrual Simulation
 - Equivalentents
 - Duration
 - Value at Risk Measures
 - Stress Testing
- Imbedded gains and losses
- Potential Capital requirement under the ICAAP

4. Risk Appetite and setting Interest Rate Risk Limits

- Setting risk appetite
- Translating appetite into interest rate risk limits
- Single vs. multiple limits

5. Controlling and Managing Interest Rate Risk

- Building Risk Reports
- Interpreting Risk Reports
- Changing your risk profile
- New APRA quarterly interest rate risk report

6. Using Derivatives to manage interest rate risk

- What are derivatives?
 - Forward concept
 - Interest Rate Swaps
 - Other interest rate derivatives
- Impact of derivatives on your risk profile and P&L
- Practical considerations of using derivatives
 - Credit Lines
 - Contracts
 - Accounting
 - Regulatory
 - Policy
- Hedging and using derivatives
 - Case Study on hedging

Use of Simulation models

In addition to hands on case studies, the principles learnt will be demonstrated using ALM software to provide a practical demonstration of the concepts

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	