38th Annual Graduate School of Bank Investments and Financial Management

America’s Premier Financial Program for Community Bankers

May 17-21, 2014
The program’s mission is to provide a hands-on educational experience and to deliver product knowledge, quantitative skills and market experience in the dynamic fields of investment portfolio, asset/liability and financial management.

Attendees will gain practical insight and examples from leading financial professionals:
- Understanding of investment instruments and strategies in the current environment
- Realistic assessment of securities pricing
- Effective implementation of ERM and Strategic Planning
- Appreciation of the uses and abuses of Bloomberg information
- Appreciation of interest rate risk and effectiveness of balance sheet management in achieving ALCO goals
- Effective corporate governance practices in risk management

Attendees are primarily community bankers who are new to the finance function, as well as experienced financial specialists. Approximately 1/2 of 2013 attendees were from banks with less than $500 million in assets; 1/2 came from larger institutions or regulatory agencies.

SPECIAL FEATURES

Participants will analyze specific investment products, interest rate risk models, liquidity management, capital strategies and the search for earning assets. An introductory session addresses how brokers use and abuse Bloomberg in their communications with investors. Other sessions emphasize practical applications and case studies including the interpretation and use of information.

Given the difficulties that many community banks face regarding concentrated loan portfolios and limited access to external capital, several classes will focus on strategic planning, enterprise risk management, stress testing to improve risk management practices and capital raising alternatives. The emphasis is on using information to make strategic decisions.

Participants can choose between two levels of Investment Analytics:
1. Introduction to Investment Instruments and Strategies
2. Advanced Investments Analytics

OBJECTIVES

Classes start with the fundamentals of valuation and securities pricing. Classes then develop specific investment portfolio management expertise, comprehensive investment product knowledge and an overview of asset and liability management. Other classes address balance sheet and financial management issues faced by community banks, including funding alternatives, pricing deposits, strategic planning and performance measurement.

Core classes emphasize comprehensive asset/liability and general risk management techniques. Students will operate a bank as part of a team in a competitive simulation (BANKdynamics™) that emphasizes ALM. Participants should gain a clear understanding of mortgage-backed securities, callable agencies, municipal bonds, the optionality in investments and funding and interest rate risk analytics. Topics include liquidity management, capital management strategies, option valuation and OAS analysis, on- and off-balance sheet strategies, as well as timely insight into investment portfolio opportunities. Other classes will analyze current tax and accounting issues, strategies to find earning assets and generate fee income and the effective use of derivatives of community banks.

Participants qualify for approximately 40 hours of Continuing Professional Education (CPE) credits.
### Daily Program Schedule

**SAT, May 17**
- Noon - 1:00 p.m. **Registration**
- 1:00 - 2:00 p.m. **High Performance Community Banking**
- 2:00 - 3:00 p.m. **Introduction to Bloomberg: Uses and Abuses**
- 3:15 - 4:45 p.m. **ELECTIVES:** Investment Instruments I or Bloomberg Analytics I
- 4:45 - 5:45 p.m. **Orientation, Reception and Dinner**
- 6:00 - 7:15 p.m. **Introduction to BANKdynamics**

**SUN, May 18**
- 7:30 - 8:00 a.m. **Continental Breakfast**
- 8:00 - 9:15 a.m. **BANKdynamics I**
- 9:30 - 10:45 a.m. **ELECTIVES:** Investment Instruments II or Bloomberg Analytics II
- 11:00 a.m. - 12:15 p.m. **ELECTIVES:** Investment Instruments III or Bloomberg Analytics III
- 12:15 - 1:15 p.m. **Lunch**
- 1:15 - 2:45 p.m. **The Macroeconomy and Portfolio Management**
- 3:00 - 4:30 p.m. **Asset and Liability Management I**
- 4:45 - 6:15 p.m. **Asset and Liability Management II**

**MON, May 19**
- 7:30 - 8:00 a.m. **Continental Breakfast**
- 8:00 - 9:15 a.m. **BANKdynamics II**
- 9:30 - 10:45 a.m. **Asset and Liability Management III**
- 11:00 a.m. - 12:15 p.m. **Case: Assembling a High Performance Bond Portfolio**
- 12:15 - 1:15 p.m. **Lunch**
- 1:15 - 2:45 p.m. **Analyzing Municipal Bonds**
- 3:00 - 4:30 p.m. **Reactions to Basel III Requirements**
- 4:45 - 6:15 p.m. **Portfolio Analysis I**

**TUE, May 20**
- 7:30 - 8:00 a.m. **Continental Breakfast**
- 8:00 - 9:15 a.m. **Portfolio Analysis II**
- 9:30 - 10:45 a.m. **Current Accounting, Tax and Compliance Issues**
- 11:00 a.m. - 12:15 p.m. **BANKdynamics III**
- 12:15 - 1:15 p.m. **Lunch**
- 1:15 - 2:45 p.m. **Liquidity Management and Funding the Balance Sheet**
- 3:00 - 4:30 p.m. **Swaps, Caps, Floors and Collars**
- 4:45 - 6:15 p.m. **Strategic Opportunities Going Forward**

**WED, May 21**
- 7:00 - 8:00 a.m. **Breakfast**
- 8:00 - 9:15 a.m. **Enterprise Risk Management and Stress Testing**
- 9:30 - 10:45 a.m. **Contingency Funding Plans and Strategic Opportunities**
- 11:00 a.m. - 12:15 p.m. **Strategic Planning and Stress Testing**

*Schedule is tentative and subject to change.*

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**FACULTY LEADERS**

- **Bud Kelly, Jr.**
  ParenteBeard LLC
  Pittsburgh, PA

- **Randy King**
  PNC Bank
  Pittsburgh, PA

- **Tim Koch**
  University of South Carolina
  Darla Moore School of Business
  Columbia, SC

- **Mark Mershon**
  National Penn Bancshares, Inc.
  Boyertown, PA

- **Don Musso**
  FinPro, Inc.
  Liberty Corner, NJ

- **Christopher Nelson**
  Bangor Savings Bank
  Bangor, ME

- **Karl Nelson**
  KPN Consulting
  Roswell, GA

- **Brad Olson**
  Olson Research Associates
  Columbia, MD

- **Todd Taylor**
  Taylor Advisors, Inc.
  Louisville, KY

- **Tommy Warren**
  Pinnacle Bank
  Greenville, SC

- **Randy Woodward**
  Raymond James Financial
  Nashville, TN

*The University of South Carolina is an equal opportunity institution.*
HIGH PERFORMANCE COMMUNITY BANKS
- Financial performance
- Organizational structure
- Business strategy

INVESTMENT INSTRUMENTS*
(Basic/Advanced Sections)
- Introduction & Advanced Analysis
- Money market products
- Treasury securities
- Basic mortgage securities and adjustable rate MBSs
- Collateralized mortgage obligations
- Agency securities: callable vs. non-callable
- Municipal bonds and notes
- Exercises: Understanding the risk/return features of different securities

CASE STUDIES
- Constructing an investment portfolio
- Funding the bank and contingency funding plans
- Deposit strategies
- Fee income alternatives

PORTFOLIO ANALYSIS*
- Regulatory issues
- Using yield curve and duration analysis
- Performance measurement: yield vs. total return
- Sector analysis
- Mix and maturity of the portfolio
- How forward rates influence portfolio decisions
- Bond swaps
- Dealer relationships
- Stress testing the portfolio
- Strategies for community banks

EFFECTIVE PORTFOLIO MANAGEMENT
- Performance measurement
- Stress test methodology
- Scenario analysis
- Holding period analysis
- Portfolio strategies
- Current tax and accounting issues

ASSET AND LIABILITY MANAGEMENT*
- Strategies to maximize earnings
- Identifying and managing risks
- GAP and earnings sensitivity analysis
- Duration and the sensitivity of economic value of equity
- Role of investments in managing profitability vs. risk
- Impact of regulations
- Critique of different ALM models
- Board reporting

LIQUIDITY ANALYSIS
- Brokered CDs and rate boards
- Use of Federal Home Loan Bank advances
- Estimating the bank’s cost of funds
- Pricing core deposits
- CDARs and IDC deposits
- Identifying liquidity needs and sources
- What is a core deposit?
- Pricing, elasticity and the cost of deposits
- Wholesale funding
- Leverage strategies
- Contingency funding plans

INTEREST RATE SWAPS, CAPS AND FLOORS
- Fundamentals of basic off-balance sheet products
- Interest rate scenario evaluation
- Counter party risk
- Regulatory and capital considerations
- Applications: hedging and synthetic balance sheet positions

BLOOMBERG ANALYSIS*
- Role of portfolio management in policy and regulatory issues
- Advanced investment vehicles:
  - Collateralized loan obligations
  - Whole loan mortgages
  - Securitized assets (MBSs, CMOs, ABSs)
  - Major agency ARM programs
- Effective discount margins with floating rate instruments
- Total return management, strengths and weaknesses
- Why price off LIBOR?
- Comparison of index performance
- Review of participants’ investment portfolios

ENTERPRISE RISK MANAGEMENT AND STRESS TESTING
- Conducting a CAMELS self-assessment on your institution
- Identifying potential stressors
- Modeling a stressed balance sheet
- Strategic implications
- How to respond to regulatory directive

STRATEGIC PLANNING AND STRESS TESTING
- Integrating planning with budgeting and enterprise risk management
- Strategies for improved performance

*Core courses. These courses have sessions that build from the basics of more complex topics.
Conference and Registration Information

ACCOMMODATIONS
Hotel reservations, fees and transportation are the responsibility of each participant.

Room blocks have been secured at the following hotels, all of which are in close proximity to the Darla Moore School of Business. Please ask for the “Graduate Banking School” rate.

**Inn at USC**
1619 Pendleton St | Columbia, SC  29201 | 803.779.7779
www.innatusc.com
$112/night – The discounted rate is valid until May 5, 2014.

**Courtyard by Marriott Downtown at USC**
630 Assembly St | Columbia, SC 29201 | 803.799.7800
www.marriott.com/caecd
$109/night – The discounted rate is valid until April 24, 2014.

**Hilton Columbia Center**
924 Senate St | Columbia, SC  29201 | 803.744.7800
www.hiltoncolumbia.com
$129/night – The discounted rate is valid until April 21, 2014.

CANCELLATIONS
All notification of withdrawals and substitutions must be confirmed in writing. Substitutions may be made at any time. Written notification of withdrawal or transfer must be received prior to April 30, 2014. All withdrawals made after this date are subject to the loss of one-half the program fee. If a registered participant does not attend the program, and has not withdrawn or made a submission, the full program fee will be assessed.

Mail cancellations and substitutions to:
Darla Moore School of Business
Daniel-Mickel Center for Executive Education
1705 College Street
Columbia, South Carolina 29201

CURRICULUM DETAILS
For additional information regarding curriculum details, please contact:
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