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The BakerGroup

MD|DC Credit Union Association

September 26, 2016

MD|DC Credit Union Association - 8975 Guilford Rd., Suite 190, Columbia, MD 21046

CPE Credits Available

8:30 - 9:15 am	**Networking and Breakfast –** *Sponsored by Doeren Mayhew*
9:15 - 10:15 am	**Steve Arbaugh and Bill Kennedy CUNA Report and Open Session Administration**

10:15 am - 12:15 pm

Robin Hoag

Navigating the New CECL Model

Getting the green light from the Financial Accounting Standards Board (FASB), the Current Expected Credit Losses (CECL) model is here to stay. Arguably the largest accounting change the financial institutions industry has seen in decades, the new model will have widespread implications on credit unions' operations, allowance for loan and lease losses, and regulatory capital, among other things.

Join us for an engaging roundtable where our accounting experts will go beyond the headlines to bring to the surface what matters the most to navigate the road ahead and put your institution on the fast-track to CECL success.

Topics of Discussion

- Final standard transition rules and guidance
- Differences between an incurred loss model and an expected loss model
- Major changes to accounting for impaired loans, acquired loans with deteriorating credit, and investment securities
- Tips for a smooth transition, including forming an implementation committee, and prepping the leadership team and board
- What historical loss, current economic and future data is critical to build a successful CECL model and ways to obtain it
- Forecasting method options and how to determine the right one for your institution to measure expected credit losses
- Practical examples of the different models' impact on a credit union
- Hurdles to expect in the process and how to overcome them

12:15 - 1:00 pm **Lunch –** *Sponsored by The Baker Group*

1:00 - 3:30 pm

Ryan Hayhurst

Managing Interest Rate Risk, Liquidity and The Bond Portfolio

With margins under continued pressure from the extended low rate environment and the flat yield curve, managing liquidity while also maximizing performance has never been more critical. Should you hold more short-term liquidity to feed the loan portfolio and prepare for the possibility of rising rates in the future? Or should you deploy that liquidity in the bond market to earn a better return?

(continued)

This session will attempt to answer these questions and more as we discuss strategies for managing IRR, liquidity, and the bond portfolio. We will begin with a discussion of a range of interest rate risk related issues facing credit unions today and provide you with specific examples of the types of analysis necessary to comply with heightened regulatory scrutiny on IRR and ensure you are prepared for the next rate cycle. To ensure the session is as relevant as possible and to provide actionable takeaways, each attendee will receive a customized financial packet with their own credit union's data that will include a peer group comparison, non-maturity share analysis, surge balance study, and NMS beta regression analysis. Attendees will then learn how to develop a forward looking and dynamic liquidity management system that will allow them to better manage liquidity and maximize earnings. Case studies will be performed with various strategies to analyze the impact on earnings and net worth at risk. Finally, we will turn our attention to the bond portfolio and examine what high performance portfolio managers do to get to the top and stay there. We will focus on strategies and advanced security selection to manage cash flows and minimize risk to achieve outperformance.

Topics include:

- Credit union industry trends (each member will receive a customized peer/NMS analysis)
- How to develop a forward looking dynamic liquidity management system
- ALM case studies: NMS stress tests and migration analysis
- What portfolio managers do to achieve outperformance within their risk parameters
- Minimizing MBS/CMO prepayment risk and cash flow volatility with the right loan attributes
- How to manage extension risk and price volatility without sacrificing all of your return

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Speakers

Robin D. Hoag, CPA, CGMA, CMC is a shareholder and practice leader of the firm's Financial Institutions Group. Drawing on more than 35 years of industry experience, he has provided insight to more than 300 financial institutions nationwide. Designing the original concepts of Doeren Mayhew's AREST™ methodology, Robin has dedicated his time to providing risk management services to credit unions, community banks, mortgage companies, and CUSOs. These services include audits, internal audits, compliance reviews, fraud investigations, lending reviews and the development of enterprise risk management programs.

Adept in all facets of financial institution operations, Robin also focuses on the overall financial and business goals of clients. Throughout his career he has guided more than 100 merger and valuation transactions, forecasted project feasibility and product profitability, developed policy manuals and provided vision through strategic plans.

Ryan W. Hayhurst joined The Baker Group in 1991 and is now a managing director and member of the board of directors. Ryan serves as Manager of the Financial Strategies Group and oversees the design and implementation of investment and asset/liability strategies for financial institutions. He is also integrally involved in the continued development of the firm's proprietary software designed to assist clients in the management of their investment portfolio and their overall interest rate risk profile. Ryan regularly develops and presents educational seminars nationwide with a focus on investment and interest rate risk management. He is a frequent speaker at financial institution conventions and investment conferences and has served as a faculty member of several national and regional banking schools.