



Asset/Liability Management Seminars

March 5, 2012

**Crowne Plaza Hotel Springfield
3000 South Dirksen Parkway
Springfield, IL 62703
217-585-2882**

Please visit the following website for directions:
www.cpspringfield.com

March 6, 2012

**NIU Naperville
1120 E. Diehl Road
Naperville, IL 60563
815-752-8990**

Please visit the following website for directions:
www.niu.edu/maps/

The Illinois League of Financial Institutions is pleased to announce that it will sponsor its annual **Asset/Liability Management Seminar**. This year's program will be conducted by **Dr. Jim Clarke** of Villanova, PA.

This program will focus on asset/liability management, and the critical issues bank ALCOs will face in 2012. There are a number of regulatory issues that have or will have an impact on community banks, including the resolution of Fannie Mae and Freddie Mac, loan concentration guidelines and capital standards.

The program will include a discussion of the economy focusing on the state of Illinois. We will look at forecasts of both economic variables and interest rates. The weak economic recovery is affecting both loan demand and loan quality – non accruals are stabilizing in many areas of the country, but OREO continues to increase. Short-term interest rates decreased over 500 basis points between September 2007 and December 2008 and have remained at that level. Most forecasts are now into mid 2013 before Fed Funds increase, but we need to also focus on the 2 year to the 10 year segment of the yield curve. The slope of the curve flattened significantly after the August S&P downgrade of U.S. government securities.

Examiners continue to push for balance sheet and income statement stress testing. The program will explore capital planning including stress testing; liquidity management, including a sample stress test, and interest risk management. The program will explore recent examiner concerns with assumptions used in interest rate risk modeling.

The program will conclude with asset and liability decision making in 2012. With loan demand relatively weak investments will continue to be a priority, we will review some of the investment options facing banks. We will also cover recent trends in loan pricing and extension risk. Liability management will focus on deposits and the changing attitudes of customers. Effective deposit management at this stage in the cycle must be focused on both the decrease in cost of funds to stabilize margins and the potential impact of rising rates.

SEMINAR AGENDA

Morning Session - Current Environment

- Industry Issues
- Regulatory Changes Impacting ALM
- Business Cycle Trends & Impact on Community Banks
- Interest Rate Forecast – Will Fed Funds ever increase?

Managing Bank Risk

- Capital Planning – Stress Testing
- A Sample Liquidity Stress Test
- Regulatory Trends in Interest Rate Risk Management

Managing Assets in the Current Environment

- Loan Portfolio Management – Loan Demand is the Problem
- Investment Options in the Current Environment – Agency Steps

Afternoon Session - Managing Liabilities in the Current Environment

- FHLB Strategies for Lengthening Liability Duration
- Deposit Growth – Where is the Hot Money?
- Growth Strategies for 2012 – Leverage Transactions at this Point in the Cycle?
- Deposit Strategies at this Point in the Cycle
- Challenges Facing ALCO in 2012

SCHEDULE

8:30 a.m. - 9:00 a.m.	Registration and Continental Breakfast
9:00 a.m. - 12:00 noon	Program
12:00 noon - 1:00 p.m.	Lunch
1:00 p.m. - 3:00 p.m.	Program
3:00 p.m.	Adjournment

FACILITATOR: JIM CLARKE, PH.D.

Dr. James Clarke is the Principal of Clarke Consulting, a Villanova, PA firm specializing in ALCO issues and strategic planning of community banks. Jim lectures on asset/liability management at the Stonier National School of Banking sponsored by ABA, the Connecticut and Pennsylvania banking schools, the Southwest Graduate School of Banking, and the New England School of Banking. He conducts ALM seminars for many state associations, and for Risk Management Association (RMA) and Financial Managers Society (FMS). Jim also conducts board education programs on ALM for a number of state associations. Jim spoke at the RMA convention, the Connecticut, New York and Louisiana Bankers conventions and ABA's Mutual Conference. Dr. Clarke is on the Board of two community banks and is a Director of an investment company.

WHO SHOULD ATTEND

This program is an annual event; therefore, it is meant to be current and practical, targeted primarily for senior and middle managers, and all members of the ALCO, whether managers or board members. As such, the following individuals from the bank should consider attending; chief executive officers, chief financial officers, investment managers, asset/liability committee members, board members, lenders, risk managers and any other interested bank personnel.

HOW TO REGISTER

To register for the seminar of your choice, please complete and return by mail or FAX (217) 789-9115 the enclosed registration form. Checks should be made payable to the Illinois League of Financial Institutions. Early registration is encouraged. Space is limited.

REGISTRATION FEE

The registration fee for the seminar for **ILFI members** is **\$245 per registrant** and for **non-members** the fee is **\$295 per registrant**. The registration fee includes: cost of instruction, all training materials, continental breakfast, morning and afternoon breaks and group lunch.

CANCELLATION POLICY

The registration fee will be fully refunded if the League is notified by FAX or letter no later than 4 business days prior to the seminar. Fifty percent of the fee will be refunded thereafter to cover administrative costs. "No shows" will not be refunded. Substitutions are welcome at anytime.

REGISTRATION FORM

Asset/Liability Management Seminar

Please register the person(s) listed below for the following seminar (please check one):

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Name of Registrant(s):

Institution _____

Address _____

City, State, Zip _____

Telephone Number _____ Fax Number _____

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Please return this form with your check payable to the **Illinois League of Financial Institutions** to:

**Meetings Department
Illinois League of Financial Institutions
133 South 4th Street, Suite 206
Springfield, IL 62701**

Registrations may be faxed to the League at (217) 789-9115. **Please pay in advance or at the door.**

Questions: Questions concerning the seminar should be directed to *Jane Stone* at the **Illinois League of Financial Institutions** (217) 522-5575, Ext. 214.

Name & e-mail address of person making registration(s): _____