



GENERAL BULLETIN

CONNECTICUT
BANKERS
ASSOCIATION
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2019 – 56

July 26, 2019

SENT TO:

TO THE CHIEF EXECUTIVE OFFICER
OR INDIVIDUAL ADDRESSED

CEO, CEO+, CFO,
CRO, CLO & ALCO

RE: Best Practices in Asset/Liability Management Seminar 2019

We are pleased to announce a half-day program, **Best Practices in Asset/Liability Management 2019**, to be held on **Tuesday, October 1, 2019** at the **Red Lion (formerly Radisson) Hotel, Cromwell, CT.**

SEMINAR OVERVIEW

This annual program will focus on the critical issues bank ALCOs are facing in 2019, and what we anticipate for 2020. Economic data has been more and more positive in 2019. 1st quarter GDP growth was 3.2%, and forecasters expect continued good growth in 2019. Consumer spending and business investment are need for continued economic expansion. This business cycle is 121 months into expansion in July, and is now the longest expansion in history. Consumer and business confidence are positive, and the unemployment rate was at a 50-year low of 3.6% in April. The housing market is strengthening along with the labor market. All of this activity is not moving inflation rates above 2%, a level desired by the Fed. All of this positive news bodes well for bank lending, and loan demand is very good in most areas of Connecticut. But we should be caution in liquidity management, and commercial lending as the cycle matures.

The most important variable for the ALCO to focus attention on is short-term interest rates. The Fed moved rates up three times in 2017, and four times in 2018, but there is no forecast of an increase in 2019. Deposit pricing became very aggressive in the second half of 2018, and remains relatively aggressive 2019, but with the Fed on hold, deposit rates should stabilize along with the cost of funds by the 4th quarter of 2019. Banks have struggled with internal cannibalization of deposits in 2018, and we are defending our deposits from local and internet competition in 2019.

The seminar will focus on regulatory concerns mainly with commercial lending, and liquidity management. Interest risk management appears to be less of a concern in 2019. Liquidity management will be a major concern for your ALCO through 2019 as retail deposit growth is difficult and costly. The program will conclude with asset and liability decision making in 2019 into 2020. As loan demand has increased, investments have become less of a priority, but investment portfolio strategies continue to be an essential element of ALM. Liability management had not been a significant concern for over nine years, but it became our primary concern in 2018 and is continuing into 2019. Deposits strategies to cope with a changed rate environment need to be discussed in the ALCO meetings. We will also explore wholesale strategies involving the FHLB advances and brokered CDs.

AUDIENCE

This annual program is current and practical, targeted primarily for senior and middle managers, and all members of the ALCO, whether managers or board members (this program would be especially beneficial for board members who serve on ALCO). 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.

SPEAKER

Dr. James Clarke is the Principal of Clarke Consulting, a Villanova, Pennsylvania firm specializing in ALCO issues and strategic planning for community banks. Jim has lectured on asset/liability management at the Stonier National School of Banking sponsored by ABA, The Pennsylvania Bankers Advance School of Banking, the Southwest Graduate School of Banking, the New England School of Financial Studies and Connecticut 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. In 2016 through 2018, Jim spoke at the Connecticut, Maine and Pennsylvania Bankers conventions and number of director conferences. Dr. Clarke is on the Board of a community bank and is a Director of an investment company. Jim is also on the Editorial Board of the RMA.



SCHEDULE

8:00 a.m.	Registration & Refreshments
8:30 a.m. – 10:00 a.m.	Current Environment <ul style="list-style-type: none">• Regulatory Overview• Business Cycle Trends & Impact on Connecticut Banks• Interest Rate Forecast• Liquidity Management – Liquidity is shrinking on bank balance sheets as rates increase
10:00 a.m. – 10:15 a.m.	Refreshment Break
10:15 a.m. – 12:30 p.m.	Managing Bank Risk <ul style="list-style-type: none">• Interest Rate Risk – Examiner comments, and insights from independent reviews• Modeling IRR - Validating assumptions remains a concern of examiners. Managing Assets in the Current Environment <ul style="list-style-type: none">• Funding growth for 2019 – Liquidity Management• Investment Options on a Flattening Yield Curve• Lending<ul style="list-style-type: none">○ Residential lending is a challenge and this will continue. More strategic than ALCO○ Managing concentrations in CRE lending Managing Liabilities in the Current Environment <ul style="list-style-type: none">• FHLB Strategies• Growth in Broker deposits – a trend to watch• Deposit Strategies: Moving customers from large savings pools to CDs. Let's look at changing cost of funds• Preventing internal cannibalization & Defending Deposits• Challenges Facing ALCO In 2019
12:30 p.m.	Adjourn

CONTINUING EDUCATION CREDITS

In accordance with the rules and guidelines of the Connecticut State Board of Public Accountancy, Current Developments in Asset/Liability Management may be worth 3 ½ hours of Continuing Education Credit. **The program has not been pre-approved for credit.** The field of study for this course is Banking. Attendees interested in receiving a confirmation of attendance memo from the CBA should leave their business cards with staff at the registration desk.

INCLEMENT WEATHER POLICY

While we do not know if weather will impact this program, you may check on the status of this program simply by visiting the CBA website www.ctbank.com. When at the site, click on **Seminar Status** located at the top left of the page.

REGISTRATION

The **Best Practices in Asset/Liability Management** seminar will be held on Tuesday, October 1, 2019 at the Red Lion (formerly Radisson) Hotel from 8:30 a.m. until 12:30 p.m. Registering online or utilizing the enclosed registration form should be completed no later than Friday, September 20, 2019. For credit card payments, please register [online](#). If you cannot, you may complete the attached form and fax to our secure fax line (860) 677-5066. **We cannot accept registrations with credit card payments via unsecure emails.** All registrants will be billed regardless of their attendance.

The fee is outlined on the attached registration form and includes all program materials, refreshments and Connecticut State sales tax. Should you have any questions regarding the program or registration procedures, please don't hesitate to contact me at the Association office.

Sincerely,

KIMBERLY M. TUTTLE
Director of Education

REFUND/CANCELLATION POLICY

- REFUNDS:** No refunds will be made for cancellations received within two business days of the program.
- CANCELLATIONS:** A \$45.00 per person cancellation fee will be charged.
- SUBSTITUTIONS:** Registrants may send a substitute to the program without loss of program fees. Please call in advance whenever possible.
- NON-ATTENDEES:** Registrants who do not attend the scheduled program will not receive a refund of program fees, but may request program materials.

DIRECTIONS TO THE RED LION HOTEL, CROMWELL (860) 635-2000

- From Hartford:** I-91 South to Exit 21. Left at end of ramp. After first light, hotel located immediately on left.
- From New Haven:** I-91 North to Exit 21. Left at end of ramp. Hotel located immediately on left.
- From Waterbury/ Danbury:** I-84 East to Route 691 East. Follow to I-91 North to Exit 21. Left at end of ramp. Hotel immediately on left.
- From New Britain:** Route 72 East/Route 9 South to Route 372 East (Berlin/Cromwell). Hotel located approximately 4 miles on left.