



# INSIDE THE ACCOUNTING PRACTICES OF BANKS AND INSURERS

J U N E 9 - 1 1 , 2 0 1 0

Specialized training on effectively interpreting how banks and insurers account for and report their operating results and risk factors.

**Insurance program, June 9, 2010**

**Bank program, June 10-11, 2010**

**Full program, June 9-11, 2010**

Downtown Conference Center  
**New York City**

**“Good balance of theory and practical application.”**

*Sheila Reesor, Director, Credit, Royal Bank of Canada*

# INSTRUCTORS

## Dr. Stephen Ryan (Lead Instructor)

*Professor of Accounting, Peat Marwick Faculty Fellow, Stern School of Business, New York University*

Dr. Ryan is considered one of the leading authorities on financial institutions accounting. In addition to teaching and publishing, he currently serves on the FASB's Liabilities and Equity Resource and Financial Institutions Advisory groups. He is author of the book, *Financial Instruments and Institutions*, published by Wiley Finance.

## Hugh W. J. Guyler (Guest Instructor, Bank Program)

*Industry Professional Practice Director, Banking and Finance Companies, Deloitte*

Hugh Guyler's 25 years at Deloitte include leadership positions advising some of the world's most important banking and securities clients on credit and market risk, regulatory issues, asset securitization vehicles, Sarbanes 404 internal controls, and GAAP and IFRS interpretation.

## Gary Gordon (Guest Instructor, Bank Program)

*Senior Analyst, Portales Partners, LLC*

A stock analyst and investor for over 20 years, Mr. Gordon has a decade's worth of Institutional Investor top-rankings to his credit. At Portales Partners, Mr. Gordon provides independent research to institutional investors. His background includes more than 15 years with PaineWebber/UBS as an equities analyst, and buy-side experience, including running a hedge fund.

### **Plus...timely guidance on fair-value accounting**

You can look forward to exceptionally informed commentary on the status of fair-value, OTTI and OCI accounting guidelines from our guest lecturers and Dr. Ryan.

**"A good primer for analyzing today's accounting issues... a refreshing take on accounting for financial institutions."**

*~ Alex Lopez, Analyst, Portales Partners*

Within the volumes of a bank's or insurer's financial statements lie the keys to a clearer understanding of that institution's true position. ***Inside The Accounting Practices of Banks and Insurers*** shows you how to pry out that essential information and helps you understand the meaning of the numbers and the impact of their associated disclosures.

This program is specifically designed for analysts, regulators, risk managers and investors who want to significantly enhance their knowledge of the complex accounting behind the results reported by banks and insurers. The coursework consists of lectures, problem sets and cases that give participants the opportunity to strengthen their skills under the tutelage of one of financial accounting's most distinguished experts, supported with insight from guest analysts and consultants.

**Select your area of focus:**

**Insurance program:** June 9

**Bank program:** June 10-11

**Full program:** June 9-11

## **WHO SHOULD ATTEND:**

- Corporate finance and financial management professionals at banks and insurers
- Equity and fixed income analysts
- Regulatory staff
- Investment banking analysts and associates
- Accounting and consulting associates who advise financial services clients

## **WHAT THIS PROGRAM DOES:**

- Provides an understanding of the complexities of accounting for financial instruments and institutions
- Highlights the pertinent FASB accounting regulations and their effects on reporting and the marketplace
- Examines financial institutions' application of fair-value accounting and how it applies to risk and sensitivity disclosures
- Explores how banks account for and analyze the risks associated with traditional exposures
- Compares and contrasts GAAP accounting with bank regulatory reporting practices
- Provides an understanding of both P&C and life and health insurance accounting, including GAAP vs. statutory-based reporting
- Analyzes and dissects the ways in which financial reporting is used to manage earnings and loss reserves

## Past Participating Organizations

Ace Limited  
Alberta Revenue  
American Modern Insurance  
Ariel Capital Management  
Aspen Insurance Holdings  
Assurant  
Aviva Capital Management  
Banc of America Securities  
Barack Ferrazzano  
Kirschbaum & Nagelberg  
Barclays Capital  
BNP Paribas  
BOE Securities  
Brandes Investment Partners  
Burke Capital Group  
Capital Group Companies  
Capital One Financial Corp  
Centerview Partners  
Charles Schwab & Co.  
Chatham Financial  
Chubb & Son  
Citadel Investment Group  
Citigroup Global Markets  
Cohen Brothers & Co.  
Columbia Management Grp.  
Commerce Street Capital  
Credit Suisse  
CreditSights  
Davenport & Company  
Deloitte  
Deutsche Bank Securities  
Dodge & Cox  
Dollar Financial Group  
Wachovia Bank  
DuPont Capital Management  
Eaton Vance Corporation  
Elliott Management Corp.  
Ernst & Young  
Fannie Mae  
FDIC  
Federal Home Loan Bank of Atlanta

# INSURANCE PROGRAM

## DAY ONE - WEDNESDAY, JUNE 9

Registration for the Insurance and Full programs opens at 8:00 a.m. Program begins at 8:30 a.m.

**ALL SESSIONS LED BY DR. STEPHEN RYAN UNLESS OTHERWISE NOTED.**

### **Fundamentals of Insurance Accounting and the Analysis of Insurers (part 1)**

Discussion of P&C and life and health products and their risk and return profiles • Policy tail and duration • Reinsurance • Statutory accounting principles • Limitations of accounting to reflect an insurer's economic reality

### **Fundamentals of Insurance Accounting and the Analysis of Insurers (part 2)**

Main accounting standards: FAS 60 Traditional P&C and life insurance • FAS 163 Interpretation for financial guarantee insurance • FAS 97 Investment-oriented life insurance • SOP 03-1 (guaranteed minimum benefits and other contract features) • FAS 133 (policies with embedded derivatives)

## LUNCH

### **An Analyst's Look at the Numbers**

*Guest instructor to be announced*

This session presents an equity research analyst's perspective on decrypting and interpreting an insurer's more complex financial data in order to identify financial stability or financial weakness. Participants will learn how different accounting treatments affect key performance indicators and how adjustments can be made to manipulate these figures.

### **Property and Casualty Loss Reserves**

Accounting for loss reserves and analysis of the loss-reserve triangle • Redundancies and deficiencies • Calendar year vs. accident year • Analysis of loss ratios and profitability • Effects of finite reinsurance on loss ratios and profitability

Insurance program concludes at approximately 5:30 p.m.

Federal Home Loan  
Bank of Des Moines

Federal Housing  
Finance Board

Federal Reserve Bank  
of Atlanta

Federal Reserve Bank  
of Boston

Federal Reserve Bank  
of New York

Federal Reserve Bank  
of San Francisco

Fidelity Management  
and Research

Fifth Third Bancorp  
Fitch Ratings

Fox Asset Management  
FTI Consulting  
Genworth Financial

Goldman Sachs Group  
Hamlin Capital  
Management

Harleysville Group  
Hartford Insurance  
Heron Hill Corporation  
Hiscox Ltd.  
HSBC USA

JPMorgan Chase  
Jacobs Asset  
Management

Jefferies & Company,  
Inc.  
Katten Muchin  
Rosenman

KeyBanc Capital  
Markets

M&T Bank Corporation  
Marathon National Bank  
Margolin & Associates  
Maverick Capital  
McKinsey & Co.

Mercury General Corp.  
MetLife

Morgan Keegan & Co.  
Mutual of America  
Capital Mgmt Corp.  
Nationwide Mutual  
Insurance

NewAlliance Bank  
Noram Management  
Oliver Wyman  
Oppenheimer &  
Company

Oriental Financial  
Group  
PCAOB

Penn Millers Insurance  
Philo Smith & Company  
Popular, Inc.  
Portales Partners

# BANK PROGRAM

## DAY TWO - THURSDAY, JUNE 10

Registration for the Bank program opens at 8:00 a.m.  
Program begins at 8:30 a.m.

**ALL SESSIONS LED BY DR. STEPHEN RYAN UNLESS OTHERWISE NOTED.**

### Identifying Issues in Bank Accounting

Understanding a bank's market risks and how they are mitigated • Managing the balance sheet: asset and liability matching • Fair-value vs. cost-based accounting • Regulatory capital and reporting standards vs. GAAP accounting

### Interest Rate Risk and Net Interest Earnings

Amortized cost-accounting for interest revenue and expense • Analysis of net interest income; looking at bank disclosures • Analyzing maturity, repricing and interest rate sensitivity disclosures

### Credit Risk and Losses

Accounting for loss contingencies (SFAS No. 5) - application to heterogeneous and homogenous loan types - discretion

- Accounting for loan impairments (SFAS Nos. 114 and 118)
- Accounting for transfers of troubled loans (SOP 03-3)

FASB decisions regarding loan commitments (SFAS No. 149) and guarantees (FIN 45)

## LUNCH

### Credit Risk and Losses: A Case Study

Working from published financial statements, participants engage in a detailed analysis of the accounting and disclosures associated with a bank's reporting of its credit risks.

### An Analyst's Look at the Numbers

*Gary Gordon, Senior Analyst, Portales Partners*

Gary Gordon will take you into the research analyst's world of decrypting and interpreting a bank's more complex financial data in order to identify financial stability or financial weakness. Participants will learn how different accounting treatments affect key performance indicators and where management has discretion and latitude in reporting their financial results, with a special focus on distressed assets.

Bank day one concludes at approximately 5:00 p.m.

Prudential Equity Group

QMC Partners

Raymond James  
Financial

RBC Centura Bank

Reed, Conner & Birdwell

Reinsurance Group of  
America

Reedfield, Blonsky & Co.

Relational Investors

Robeco Groep, NV

Robert W. Baird & Co.

Royal Bank of Canada

Sandler O'Neill &  
Partners

Sanford C. Bernstein  
& Co.

Security Management  
Co.

Sidoti & Company

SKBA Capital  
Management

Societe Generale

State of Wisconsin  
Investment Board

Stevens Capital  
Management

Stifel, Nicolaus &  
Company

SunTx Capital Partners

Superior Bancorp

Swiss Re

Taconic Capital Advisors

TD Bank Financial Group

The Bear Companies

The Hartford Group

Thrivent Investment  
Management

Tower Group

Travelers Cos. Inc.

Triumph Investment  
Fund

Unum Group

Valley National Bancorp

Vanguard Group, Inc.

Weiss Research

Wells Fargo & Company

Wesbanco, Inc.

White Elm Capital

Willis Re

# BANK PROGRAM (CONT.)

## DAY THREE - FRIDAY, JUNE 11

Program begins at 8:30 a.m.

### Fair-Value Accounting for Financial Instruments

Fair-value disclosures for all financial instruments (SFAS Nos. 157 and 107) - estimating unrealized gains and losses

- Fair-values of investment securities (SFAS No. 115) - implications of trading vs. available for sale vs. held to maturity designations
- Assessing gains trading - other-than-temporary impairments (FASB FAS 115-1, FAS 124-1)
- Accounting treatment for mortgage and other servicing rights under FAS 156 and FAS 159

### The Advisory Firm's Perspective

Hugh W. J. Guyler, Industry Professional Practice Director, Banking and Finance Companies, Deloitte

Practical observations on how banks are interpreting accounting standards and how auditors are advising their clients

- Assumptions and acceptable practices around loss provisioning
- Interpreting existent FASB standards and new FSPs with regard to fair-value accounting
- Level 1-3 assets and how to determine what is an observable price
- Challenges with OTTI interpretation

### Derivatives and Hedging

Accounting for derivatives and hedging (SFAS Nos. 133, 138, 149)

- Analyzing how banks use derivatives to modify their market and nonmarket risks

Bank day two concludes at approximately 1:00 p.m.

## PROGRAM FEE

**INSURANCE PROGRAM: \$895**

**BANK PROGRAM: \$1,495**

**FULL PROGRAM: \$2,295**

GROUP DISCOUNTS AVAILABLE. PLEASE CALL (434) 951-7786.

# REGISTER

**Online: [www.snlcenter.com/fia](http://www.snlcenter.com/fia)**

**Phone: (434) 951-7786**

## PAYMENT

We welcome American Express, MasterCard, Visa and checks. If paying by check, please make payable and remit to:

**SNL Center for Financial Education**

**One SNL Plaza, PO Box 2016**

**Charlottesville, VA 22902**

## LOCATION

All sessions take place at the Downtown Conference Center at Pace University located at 157 William St. (northwest corner of William St. and Ann St.) in New York City. Lodging is not included in the registration for this program. A list of hotels near the conference center can be found on the Location page of the program website: [www.snlcenter.com/fia](http://www.snlcenter.com/fia).

## PREREQUISITES

This program presumes familiarity with basic accounting and finance concepts, as well as a working knowledge of the financial statements of financial institutions. Prior to the program, participants will receive materials for case studies that will be addressed during the seminar.

## PROFESSIONAL DEVELOPMENT CREDITS

Completion of the full program qualifies attendees for 19 hours of Professional Development credits as granted by CFA Institute and 22.5 hours of CPE credit from the National Association of State Boards of Accountancy. Complete details, including credit hours for the Bank and Insurance programs only, are available on the Accreditation page of the program website: [www.snlcenter.com/fia](http://www.snlcenter.com/fia).

## CANCELLATION POLICY

- If received by Tuesday, May 18: Full refund, less a \$150 administrative fee.
- If received by Thursday, June 3: Full credit, less a \$150 administrative fee, toward attending another SNL CFE program within 13 months.
- If received after Thursday, June 3: Not eligible for refund or credit.
- Attendee substitutions from the same company are welcome at any time. For more information on our refund, complaint and program cancellation policy, please call us at (434) 951-7786.