

**35TH
ANNUAL**

REGISTER TODAY
This event sells out every year!

A photograph of the Boston skyline, featuring several prominent skyscrapers and a body of water in the foreground. The sky is blue with scattered white clouds. The buildings are a mix of modern glass and older brick structures.

Balance Sheet & Model Risk Management Conference

JUNE 3-4, 2019 • BOSTON, MA

D·C·G
DARLING CONSULTING GROUP

CONFERENCE HIGHLIGHTS

Kelly McDonald
McDonald Marketing



Keynote

Monday will feature a general session with **Kelly McDonald**, who is considered one of the nation's top experts in marketing, customer service and consumer trends. She is the founder of McDonald Marketing, which has twice been named one of the "Top Ad Agencies in the U.S." by *Advertising Age* magazine and ranked as one of the fastest-growing, independently-owned companies in the U.S. by *Inc.* magazine.

Mark Vitner
Wells Fargo
Securities, LLC



Economic Update

Leading off Tuesday's program will be a general session conducted by **Mark Vitner**, managing director and senior economist at Wells Fargo Securities, LLC, who is responsible for tracking U.S. and regional economic trends. Based in Charlotte, North Carolina, he also writes for the company's *Monthly Economic Outlook* report and the *Weekly Economic & Financial Commentary*, and he provides regular updates on the housing markets, commercial real estate, regional economies, consumer spending and issues impacting small business.

CONFERENCE SESSIONS

How Effective ALCOs Help Shape Lending Strategy

Matt and Zach will share some interesting perspectives on loan structures, pricing and negotiating strategy in the current environment. They will also demonstrate how focused ALCOs shape valuable discussions regarding fixed-rate lending capacity and strategy, preempting commercial refinancing risk, reducing prepayment risk, benefitting from the game-changing impact of new derivatives accounting, establishing optimal funding strategies for loan growth and more. By getting committee members to look through a different lens, ALCO can be a valuable incubator for lending strategies that help squeeze more value out of a highly competitive lending landscape.

MATT PIENIAZEK, *President* & **ZACH ZOIA** • Darling Consulting Group

Reforming the Reforms: Reinforcing What Works, Fixing What Doesn't

Continuing a process begun before the 2016 elections and accelerating since then, financial regulators are examining crisis reforms, asking what is working well, what is not and what needs to be changed. Their measuring stick is promoting economic growth. Emerging from what seemed a politically charged atmosphere, this exercise has become increasingly bipartisan, and even non-partisan. The goal is regulatory standards that are enduring and successful. Public input from financial institutions and their customers is invited.

WAYNE ABERNATHY • American Bankers Association

Winning Loan Growth Strategies through Trust, Value and Resource Management

Consultative selling is dead. Solution selling is in the rearview mirror. Entrepreneurs are more demanding than ever before, and commercial bankers must maximize effectiveness and efficiency to exceed client expectations. Forward-thinking organizations have adopted a new approach – trust-based selling – that is helping build internal comradery, client collegiality and record results. In this fast-paced session, Jack outlines what it takes to build trust and sustain this process. You will experience the 5 Cs of trust-based selling and how they blend into daily sales activities, trusted advisor – what it means and what to do about it, success practices from the field, free resources that are priceless and much more.

JACK HUBBARD • St. Meyer & Hubbard

Walking the Talk

As a professional business strategist and executive coach, Keith will discuss how today's leaders can overcome some of the knotty people-based challenges that so often get in the way of taking their organizations to the next level. Based on his 40 plus years as a management consultant, this session promises to be a free-flowing, interactive experience. Get ready to learn some simple truths that will help you get the best from your most important assets – i.e. the ones who go home every night.

KEITH HUGHEY • J. Keith Hughey Company

(CONTINUED)

Register today at
DarlingConsulting.com

HERE'S WHAT ATTENDEES HAVE TO SAY:

 *"The core track was just as advertised and I was able to gain a lot of knowledge and become more educated on the topics that were discussed."*

 *"Great conference with great material and extremely knowledgeable presenters."*

 *"Good variety of topics and the presenters were outstanding. I enjoyed the peer group session thoroughly."*

 *"The conference is fine-tuned. I felt that nearly every session I went to this year had some practical and useful advice."*

CONFERENCE SESSIONS (CONTINUED)

M&A from a Buyer's and Seller's Perspective

This session will focus on both sides of the current M&A environment. Fred will be looking at buyers' concerns of pricing, market reception and integration as well as sellers' concerns of pricing, process and communication. What makes deals come together and what makes them fall apart? The regulatory process will also be discussed as it impacts decisions made by both sides of a transaction. The quantitative measures used in M&A will be examined alongside the equally important qualitative concerns.

FRED PRICE • Sandler O'Neill + Partners

Financial Institution Investment Portfolio Management in Volatile Markets

In this session, Larry will review the components of a high-performing investment decision-making process as well as many of the best strategies for financial institutions during a period of tremendous uncertainty. The continued challenges of a flat yield curve, increasing competition in all of its new forms and consequently shrinking margins are setting the stage for what may prove to be a difficult period to come. More than ever, it is essential that portfolio managers remove the emotion from the daily news headlines and remain focused on the long-term goals of their institutions by examining investment solutions that make sense for their balance sheet and interest rate risk profiles.

LARRY MIELE • Wells Fargo Advisors

Balance Sheet Hedging Using Derivatives

This session will provide an update on the balance sheet risk management strategies financial institutions are using in the current market to mitigate their interest rate risk using derivatives. Dave and Todd will focus on practical examples and recent case studies from Chatham Financial's client base. The strategies discussed will include key considerations for wholesale funding cost optimizations, fixed-rate asset hedging, as well as options-based approaches. They will also add color on the topics most relevant to bank management teams in the current environment.

DAVID SWEENEY & TODD CUPPIA • Chatham Financial

Engaging Successfully with Fintechs

Leveraging new and innovative technologies requires banks to understand and navigate myriad strategic opportunities and inherent regulatory challenges encompassing fintech. Tom and Jay will discuss how banks can engage appropriately and successfully with fintechs as prospective partners, investors and technology purchasers. They will address the range of fintech regulatory/charter options, including bank partnerships, federal and state licensing and full-service bank charters. They will also give an update on efforts to establish fintech sandboxes.

TOM CURRY & JAY CABRAL • Nutter McClennen & Fish LLP

Deposit Strategies in the Current Environment

Deposit competition has intensified leading to higher funding costs and increased levels of deposit cannibalization. Now is the time to utilize the treasure trove of data available to financial institutions in order to gain a better understanding of customer behavior patterns and develop cost-effective strategies. Through real-life case studies, Joe and Billy will demonstrate how to manage rising funding costs by lowering deposit cannibalization, understanding the marginal cost of funds for deposit promotions, developing early warning systems for "at risk" customers and pinpointing pricing actions to retain key accounts.

JOE KENNERSON & BILLY GUTHRIE • Darling Consulting Group

Current Issues in Liquidity Management

With the economy showing its strongest growth since the financial crisis, financial institutions have seen their loan growth outpace deposit growth. Furthermore, many are tapping into their on-balance sheet liquidity and/or using more wholesale funding to cover the shortfall. As a result, the regulatory community is expecting a complete liquidity profile when conducting exams. The ability to explain your liquidity management strategy and philosophy is crucial. In this session, Bob and Patrick will examine the key business issues, underscoring key trends that will help you to defend your liquidity position while highlighting key requirements of a comprehensive liquidity management system.

BOB LALLO & PATRICK WARD • Darling Consulting Group

Who Manages Your Innovation Portfolio?

When we assess our balance sheets, we historically look at metrics like charge-off rates, reserves, liquidity and risk/return profile. What if the greatest risk to your bank is what's missing from the balance sheet rather than what's on it today? In this session, Jason will cover the drivers of change, the need to invest in innovation and how to build an innovation portfolio.

JASON HENRICHS • FinTech Forge

Commercial Real Estate Market Outlook – A Macroeconomic Overview

In this session, John will take stock of the state of U.S. commercial real estate – and have a look at where markets may be headed over the next few years. As a senior economist at CoStar, John will share insights that leverage CoStar's unique dataset of property-level data for the universe of U.S. commercial and multifamily markets, as well as the forecasting work of his market analytics group of more than 60 economists, analysts and quants. Some key questions: What will rising interest rates mean for pricing? How will U.S. CRE weather a downturn? And are we seeing the top of this cycle?

JOHN AFFLECK • CoStar Group

EARLY REGISTRATION DATE: Register by April 5 and save!

DarlingConsulting.com

CORE SESSIONS

The following sessions are the equivalent of a full-day seminar on balance sheet management. They are intended to create a base for first-time attendees or serve as a refresher series for past attendees.

Risk/Return Trade-Offs & Current Issues in Balance Sheet Management

This session will be an introduction to balance sheet management issues and risk/return trade-offs. Jeff will discuss fundamental banking concepts in perspective, sources of balance sheet risk, value versus income protection, regulatory perspectives on risk/return and recent industry issues.

JEFF REYNOLDS • Darling Consulting Group

Measuring and Managing Liquidity

Robust management of liquidity has become increasingly important as interest rates have increased, loan demand has continued and deposit pressures build. Effective measurement and management of both operating and contingency liquidity is of heightened focus at high-performing institutions and with all regulatory agencies. Keri will discuss best practice approaches to liquidity measurement and management, strategies for enhancing liquidity, marginal cost of funds analysis, strategies for controlling funding costs and available funding alternatives.

KERI CROOKS • Darling Consulting Group

Measuring and Managing Interest Rate Risk

After several years of preparing for and managing through the current rising rate cycle, ALCOs at community banks and credit unions are beginning to wonder, "When will this cycle end?" and "When will the next falling rate cycle begin to emerge?" Decisions to manage your balance sheet may vary greatly depending on one's viewpoint or answers. This session will help you ensure that your institution is making the proper decisions for your balance sheet. It all starts with understanding your current interest rate risk (IRR) position. Darnell will discuss measurement techniques (earnings and value) and present a comprehensive approach to risk analysis and decision making.

DARNELL CANADA • Darling Consulting Group

Developing & Documenting Balance Sheet Management Strategies CASE STUDIES

This popular topic includes a separate two-hour "hands on" session using case studies from actual banks. The first portion of this two-part session, led by Keith and Mark, will discuss strategy formulation and documentation including such subjects as setting strategy objectives, determining potential risk/return trade-offs and tracking results. Strategies discussed will include lending, investments, deposit pricing, alternative funding sources and the use of "off-balance sheet" hedging instruments. During the second portion of this session, Mike and Vinny will provide attendees the opportunity to work through two case studies in detail. This is a great opportunity for exchanging ideas and approaches and analyzing "what-if" scenarios.

KEITH REAGAN & MARK HABERLAND • Darling Consulting Group
MIKE CARNEY, *Principal* & VINNY CLEVENGER • Darling Consulting Group

CONFERENCE INFORMATION

DATE AND LOCATION: JUNE 3-4, 2019

Marriott Long Wharf • 296 State Street • Boston, MA

This two-day conference takes place Monday 8:15 a.m. to Tuesday 3:15 p.m. The Marriott Long Wharf is just one block from Faneuil Hall/Quincy Market and the heart of Boston's financial district. It is approximately two miles from Logan Airport. Please contact the hotel for directions at 617.227.0800.

TO REGISTER

Register online at DarlingConsulting.com

RATES

Register early & save... this conference always sells out!

\$1,575 per person by April 5, 2019

\$1,700 per person after April 5, 2019

CANCELLATIONS

Conference registration fees are refundable but are subject to a \$100 cancellation fee if received in writing by May 17, 2019. No refunds will be made after this date. Substitutions may be made at any time; please advise us in advance. For more information regarding refund and/or program cancellation policies or other concerns, please contact our conference staff at conference@DarlingConsulting.com or by calling 978.463.0400.

HOTEL RESERVATIONS

Please contact the Marriott directly at 617.227.0800 and use room rate group code: DCLDLH. You can also visit their website at www.marriott.com/boslw.

When making your hotel reservation with the Marriott, please be sure to identify yourself as a "Darling Consulting Group Conference Attendee" to guarantee the preferred room rate. Rooms are available on a first-come, first-served basis.

MARRIOTT LONG WHARF • 296 State Street • Boston, MA 02109

All room reservations for this conference are on a space-available basis.

The rate of \$330 per room per night is subject to 14.45% Massachusetts tax.

CONTACT INFO

For additional information regarding this conference, contact us at 978.463.0400 or email conference@DarlingConsulting.com.



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Our DCG mobile app will give you access to the full schedule, presentations and other conference-related materials before, during and after the conference.

The app will be available on iTunes and Google Play.

MODEL RISK MANAGEMENT & VALIDATION SESSIONS

This track provides insight on current and emerging model risk management (MRM) practices at your institution. In addition to addressing evolving regulatory expectations and industry practices, we will share insights on practical and advanced modeling and validation methods for a variety of models from our horizontal perspective.

CECL Case Study: Surviving – and Acing – Your First CECL Validation

As the CECL transition deadline nears for all institutions, DCG has entered the world of validating CECL models. Through our early CECL validations, we have learned firsthand about a number of the challenges CECL presents for all banks and credit unions, from the intricacies of the new historical loss calculation to the complexity of setting qualitative factors over the life of a loan. During this session, Sam will share insights from our CECL validations, discuss how CECL will impact your capital and compare the business implications of various CECL approaches.

SAM CHEN • Darling Consulting Group

Where Are We Now? Lessons Learned from Year 1 of CECL

Institutions large and small are in various stages of assessment, development, testing and validation with their CECL models. Attendees of Mike's session will gain insights into leading approaches being taken by community- and mid-sized institutions for CECL implementation, common shortfalls, mistakes to avoid and strategies to ensure a successful transition. Topics to be addressed by the panel include the evolving CECL roadmap and where we are today, common approaches and lessons learned from current development/implementation efforts, perspectives on qualitative factors and establishing an effective model implementation and testing framework.

MIKE GUGLIELMO • Darling Consulting Group

& PANEL

ALM Modeling in the New Era of Integrated Stress Testing and CECL

Use of the ALM model continues to expand beyond a back corner of finance or treasury and IRR modeling. Today's ALM models are being increasingly leveraged to address liquidity forecasting and stress testing, profitability, M&A, capital contingency planning and stress testing, credit stress testing and CECL. Experts from Empyrean, FIS Global and ZM Financial Systems will share their industry insights into the expanding role of the ALM model, common pitfalls and performance challenges and leading approaches to optimizing its use for more complex, integrated risk modeling.

KEVIN WILLIAMS • Darling Consulting Group

CHRIS MACLIN • Empyrean

JOE SASS • FIS Global

JERRY CLARK • ZM Financial Systems

The Secrets to Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Model Validations

Validating compliance models such as BSA/AML models brings a unique set of challenges for model risk management practitioners and audit. These models are often developed by third parties and driven by data and rules-based logic – a framework for which quantitative model validation approaches don't always align. During this session, Joe will provide perspectives on the unique challenges presented by BSA/AML models and provide validation and effective challenge insights.

JOE MONTALBANO • Darling Consulting Group

New Era of Data Management & Validating Statistical Models

Organizations large and small are actively assessing, developing and implementing new data management processes and controls, which have added a layer of challenge for model risk management. During this session, Joe will offer substantive ideas on addressing data challenges to make your institution's data a powerful ally in strategic decision making. In addition, this session will provide insight into the validation of statistical models, which are increasingly being used at banks of all sizes.

JOE MONTALBANO • Darling Consulting Group

Cutting-Edge Validation Techniques for Non-Statistical, Black Box and Machine Learning Models

Computing technology and modeling techniques have advanced drastically over the last decade. Just 10 years ago, the most "cutting-edge" models in banking were based on statistical techniques. Today, we're moving to a world where non-statistical, black box and machine learning models are becoming the norm. Validating non-statistical models is often more challenging than validating complex statistical models, because at least statistical models come with a defined set of model tests. In this session, Sam will share the cutting-edge validation techniques that we see used at banks of all sizes.

SAM CHEN • Darling Consulting Group

The MRM 411: Hot Topics in Model Risk Management

While Model Risk Management has reached a mature state at large institutions, community- and mid-sized organizations are continuing to develop and enhance their MRM framework as regulatory expectations and industry practices evolve. Drawing from DCG's extensive validation and MRM consulting and review experiences, Drew, Mike and Sam will help attendees gain meaningful insights into current and developing hot topics in MRM and how to effectively address these challenges. Participants from all three lines of defense (business, MRM and audit) will benefit from this session.

DREW BOECHER, MIKE GUGLIELMO & SAM CHEN • Darling Consulting Group

Effective Ongoing Performance Monitoring: Save Yourself Headaches (and Money)

Performance monitoring has become a hot topic as the size of model inventories has ballooned. A sound performance monitoring process will confirm that model results are stable and that models are performing as intended. It can also be a source of financial savings, allowing managers to precisely identify which models need – and don't need – to be recalibrated or redeveloped. Through this session, Sam and Brett will share DCG's horizontal experience helping banks build truly effective performance management systems, and also share some stories from the field about truly effective performance monitoring.

SAM CHEN & BRETT AITKEN • Darling Consulting Group

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260 Merrimac Street
Newburyport, MA 01950



EARLY REGISTRATION DATE: Register by April 5 and save!
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Darling Consulting Group is a recognized leader in providing balance sheet risk management analyses, strategies and solutions to the U.S. banking industry. DCG provides independent strategic ALM consulting, model risk management and validation, education and decision-making support tools (liquidity stress testing, deposit and loan analytics and credit stress testing) to over 600 financial institutions nationwide. In these capacities, DCG serves a broad array of community banks and credit unions, as well as many of the country's 100 largest institutions.

35th Annual

Balance Sheet & Model Risk Management Conference

Darling Consulting Group's information-packed, two-day conference offers timely insight into managing your institution's balance sheet in today's challenging environment. Educational sessions and interactive forums – ranging from basic through advanced – are designed to generate comprehensive and lively discussion about balance sheet risk management, model risk management and validation processes.

WHO SHOULD ATTEND?

CEOs, Presidents, CFOs, Directors, CROs, Treasurers, risk managers, model development and model risk practitioners, auditors, senior management and analysts will benefit from this popular Group-Live conference. Attendees are eligible for up to 13 CPE credits. No prerequisite and/or advance preparation is required.

Sunday & Monday Evening Receptions

We welcome you and your guests to the following social events:

SUNDAY
Cocktail Reception
Marriott Long Wharf
6:00 – 9:30 p.m.



MONDAY
New England Aquarium Cocktail Reception
New England Aquarium
6:00 – 7:30 p.m.



MONDAY
Lobster Bake
Marriott Long Wharf
7:30 – 9:30 p.m.



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