

MEMORANDUM

To: Subscribers to *Commercial Bank Investment Management Manual*

From: Sheshunoff Information Services

Subject: Highlights

Two new chapters have been added to the latest edition of *Commercial Bank Investment Management Manual*:

- **Bank Owned Life Insurance** (Chapter II-10). Banks are increasingly involved in this, based on the potential for favorable returns versus other investment classes. Due to the complexity of BOLI transactions, the multiplicity of alternatives, and certain regulatory scrutiny, it is prudent to work with a qualified BOLI consultant familiar with best practices and the variety of products. This chapter will help you navigate a course through this varied sea, with sections on indexed funds, actively managed funds, hybrid accounts, process and regulatory overview, pre-purchase preparation, vendor selection, commission splitting and liquidity and exit strategies.
- **Bank Funding Strategies** (Chapter IV-2A). Bank funding has become increasingly complex and increasingly important. Deposit products remain for most banks the cheapest, most dependable source of funds, and their first choice of funding arrangements. Short-term borrowings are becoming more available to banks of all sizes. Long-term debt instruments balance out the funding structure. Using new borrowing opportunities, refining the pricing and features of old products, and using new available sources such as the FHLB, bank treasurers are in a position to influence profitability, liquidity, and interest rate risk for their institutions. This chapter is chock full of useful exhibits covering such topics as average costs for typical funding sources, rate drop on volume and expenses and the effect of promotions on market data. There are sections on deposits and the seemingly limitless variety banks can offer their customers, short-term wholesale funding, long-term fund sources, bank holding company funding, and the risks that can accompany balance sheet funding.