

MEMORANDUM

To: Subscribers to *Self-Paced Bank Investment Training*

From: Sheshunoff Information Services

Subject: Highlights

More than ever, market conditions are changing rapidly and you've got to factor in bankwide risk each time you decide to buy or sell an instrument — rate risk, credit risk, liquidity risk, and operations risk. Plus, keeping up with all the investment alternatives available can leave you with little time to think about how to use them to the bank's best advantage. This training guide and reference manual helps you keep your skills and knowledge where they need to be so you can make prudent decisions for your bank. We are happy to present this current update of *Self-Paced Bank Investment Training* which contains exciting additions on portfolio management, investment policies, managing interest rate risk, and accounting compliance issues for portfolio managers. You'll find the following new material in this update.

- Operations risk arises from all of the bank's transactions and is therefore inseparable from all of the other risks incurred by bank investors. This risk may be caused by fraud or error but, in a larger sense, it is really a function various factors. We have created a new chapter, **Chapter 12A, Managing Operations Risk in the Investment Portfolio**, to provide guidance and training to manage such risks.
- **Chapter 1, The Investment Officer's Job and the Organization of the Investment Function**, focuses on the organizational basics that apply to all banks and has been updated to include new information on the Securities Industry and Financial Markets Association (SIFMA).
- **Chapter 3, Traditional Taxable Investments**, now contains new information on credit ratings of corporate bonds with updated exhibits and new tables and graphs.
- In **Chapter 6, Municipal Securities**, we've added information and a case study that regarding the tie-in between ratings and monoline insurance.

FILING INSTRUCTIONS

- Remove 12/07 title page through page xxxvi. Insert 10/08 title page through page xxxvi.

Tab: The Investment Officer's Job and the Organization of the Investment Function

- Remove old Chapter 1, pages 1-i through 1-16. Insert updated Chapter 1, pages 1-i through 1-16.

Tab: Traditional Taxable Investments

- Remove old pages 3-i through 3-14. Insert update pages 3-i through 3-14.
- Remove old pages 3-57 through 3-104. Insert updated pages 3-57 through 3-108.

Tab: Municipal Securities

- Remove old pages 6-i and 6-ii. Insert updated pages 6-i and 6-ii.
- Remove old pages 6-45 through 6-48. Insert updated pages 6-45 through 6-48b.

Tab: Regulatory and Accounting Issues for Investment Portfolio Management

- After page 12-36, insert new Chapter 12A, pages 12A-i through 12A-38.