



**THE PHILIPPINES TRAINING PROGRAM FOR
BANKING SUPERVISION (C158)**

PROGRESS REPORT

(NOVEMBER 1, 2004 – FEBRUARY 28, 2005)



Strengthening Financial Sectors

Submitted to:
Management Unit
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February 28, 2005



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February 28, 2005

Mr. Subhrendu Chatterji
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Ref: The Philippines Training Program for Banking Supervision (C158)

Dear Mr. Chatterji:

We are pleased to submit this Progress Report for the subject project. The report covers activities from November 1, 2004 to February 28, 2005 (CNTR IDA.F.12 C158).

BearingPoint's substantive comments on activities and progress to date are contained within the report.

BearingPoint LP, by its General Partner, BearingPoint Canada Holding I, Inc.

A handwritten signature in cursive script, appearing to read 'E. Dinu'.

Elena Dinu
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1. PROGRESS OVERVIEW

1.1 Project Details

<i>Project Title:</i>	Training Program for Banking Supervision
<i>Country:</i>	Philippines
<i>Project Code:</i>	CNTR IDA.F.12 C158
<i>Report Period Covered:</i>	November 1, 2004 – February 28, 2005
<i>Prepared by:</i>	Joel Shapiro

1.2 Project Activity

Subsequent to preparation of the Training Needs Assessment, BearingPoint advisors prepared course outlines and the training material for each of the six courses. As described in the Terms of Reference for this project, the training program consists of the following curriculum:

- Assessing Financial Statements and Ratio Analysis
- Assessing Credit Risk
- Assessing Audit and Operational Risk
- Liquidity and Capital Markets
- Evaluating and Holding Meetings with Management
- Train the Trainers (delivered only to prospective trainers in Cycle One)

The course outlines were prepared during the first two weeks of November, and our advisors provided management in the Supervision and Examination Section (SES) of Bangko Sentral ng Pilipinas (BSP) with the opportunity to comment on the course contents. We modified the course outlines to reflect management's request to emphasize or add specific issues or areas of risk to the curriculum. The preponderance of modifications was concentrated in Assessing Credit Risk and Liquidity and Capital Markets. Outlines for each of the courses are contained in the Appendices to this report.

BearingPoint's process for delivery of the training material is based on the course outlines. For each course, our advisors have prepared a Participant's Guide and Power Point presentation that follows the outline. The Participant's Guide is essentially a small textbook containing the course material, case studies and exercises that will be reviewed in the classroom. The Power Point presentation is employed as a visual aid to emphasize key conceptual issues introduced to the students. Each of the students will receive a copy of the Participant's Guide and the Power Point presentation in a hard copy format that they will be permitted to keep. To date, the prospective trainers, who are attending the Cycle One training regimen, have received this material for the first two classes.

Hard copies of the Participant's Guide and the Power Point presentation for each course will be delivered to SES's administrators for this training program one week prior to commencement of classroom training. This will provide them with sufficient time to prepare and distribute copies of the classroom material to each SES examiner enrolled in the course. A pre-course test and post-course examination also have been developed for each course to gauge student understanding of the material. Separate instructor manuals will be provided to each prospective trainer at the end of Cycle One.

BearingPoint advisors interviewed prospective trainers individually during the weeks of February 7 and February 14, 2005 to determine their commitment to the training program and to screen out individuals deemed unsuited to be instructors. In aggregate there are 22 examiners who have either

volunteered or were selected by SES management who will serve as prospective trainers. Those selected by management have prior teaching experience, and have served as instructors internally. These examiners represent the student body for Cycle One of the training program. These examiners will undergo the five course academic program and the Train the Trainer regimen to improve their ability to prepare and deliver training material. The experience level of prospective trainers ranges between four and seventeen years of experience as examiners. These prospective trainers will team teach with BearingPoint advisors in Cycle Two, and will act as instructors for the entire course regimen in Cycle Three.

A BearingPoint advisor presented an overview of risk-based supervision to all Managers and above in SES (including SES senior management) on February 17–18, 2005. The overview traced the origination of risk-based supervision, the contrast with the compliance-based supervisory process, the methodology of risk-based supervision, and its application in supervising financial institutions. Case studies were employed to emphasize specific points. The principal message conveyed to management is that risk-based supervision involves an entirely different thought process, and that the training program will concentrate on teaching the prospective trainers and students how to think in a risk-based mode.

Cycle One of the training program commenced February 21, 2005, with the delivery of Analyzing Financial Statements and Financial Ratios. The Governor of the Central Bank, Rafael Buenaventura, made the opening remarks to the prospective trainers, signifying the importance of the program to BSP.

1.3 Comments on Project Activity

SES consists of four departments in the Central Bank: Supervision and Examination Department (SED) I through IV. SED I and II supervise the universal banks, foreign banks and larger metropolitan banks, most of which are located in Manila. SED III and IV supervise small urban and rural banks and thrift institutions. Participation across department lines in the training program has been uneven, with the preponderance of prospective trainers furnished by SED II. On that basis, it is not surprising that management in SED II (foreign banks) appears more committed to the training program. Management in SED I (universal banks) has been more reticent about sending staff as prospective trainers, and it is one of the two departments, along with SED II, where the transition to risk-based supervision is needed most urgently. Ultimately, a compromise was struck: SED I agreed to send additional staff as trainers if SED I could be selective about the classes they attend. While this presents problems in terms of training each of the prospective trainers in all aspects of risk-based supervision, it is better than having SED I sit out of the program altogether. Moreover, BearingPoint's view is that once examiners in SED I are exposed to the curriculum and become cognizant of its benefits, management in SED I will become a more active participant.

Early results suggest that is exactly what is happening. Comments from the prospective trainers attending the first course in Cycle One (Analyzing Financial Statements) have indicated that the approach we are teaching is superior to the methodology employed at present in SES. One evaluator commented that "the course is much needed by all bank examiners."

1.4 Other Comments

BearingPoint advisors have been working with the IMF Representative to encourage the SES to establish a "training unit" to support implementation of the training program. The unit would be responsible for scheduling subsequent classroom training and interacting with management of the SEDs to promote their contribution of both trainers and students to future classes. The unit would

work with management to help enable in-house trainers to have the time and resources to maintain the relevancy of these courses. They also would be responsible for the logistical and administrative aspects of conducting the classes. Establishment of such a process with management “ownership” would mitigate the risk that the training program becomes irrelevant, and would promote its sustainability subsequent to the conclusion of this project.

1.5 FIRST Guidance/Decision Required

The Terms of Reference require BearingPoint to provide FIRST Initiative with a monthly report detailing progress against project activities. As a practical matter, the flow of the project from this point until its conclusion does not lend itself to meaningful monthly reports. A reporting requirement aligned with the three training cycles would enable us to provide FIRST with a discussion summarizing the training and results at the end of each cycle. We request a modification of the reporting requirement such that there would be a report at the end of each training cycle, together with a final report.

2. PROJECT OUTPUT REPORT

Project Structure	Means of Verifying Progress	Progress	Comments and Recommendations
Course Development Phase Activities			
Study existing systems used by SES	Study undertaken	Interviews were conducted with both senior and middle management in SES, and with groups of examiners; and preliminary review undertaken of examination manuals, the existing Bank Performance Report and selected banking circulars. Examiners understand risk-based supervision conceptually, but cannot implement it.	Assumptions met.
Consultations with stakeholders to understand the type of risks faced by the banking sector and of other supervisory practices in use	Consultations undertaken, and understanding gained	Interviews were conducted with industry compliance, training and risk management groups, and other financial institution supervisory agencies in the Philippines. These highlighted the weaknesses of the existing examination process.	Assumptions met.
Assessment of training needs	Assessment developed	Interviews were conducted, and existing training and development program and examination tools were reviewed. Training Needs Assessment developed.	Assumptions met.
Expected Outputs			
Examiner training programme that includes six training courses developed, approved and delivered: <ol style="list-style-type: none"> 1. Analysing Financial Statements and Ratio Analysis 2. Assessing Audit and Operational Risk 3. Assessing Credit Risk 4. Liquidity and Capital Markets 5. Evaluating and Holding Meetings with Management 6. Train the Trainers 	Course outlines developed and available	Course outlines were developed, and are attached as Appendices to this progress report	Greatest interest and largest volume of comments were concentrated in credit risk and market risk. Assumptions met.

FIRST Initiative

The Philippines Training Program for Banking Supervision (C158)

Progress Report: November 1, 2004 – February 28, 2005

February 28, 2005



Project Structure	Means of Verifying Progress	Progress	Comments and Recommendations
Instructors' manuals developed for all training courses	Training material developed and available	Instructors' manuals developed for all training courses Training material is being delivered to SES training administrator one week prior to commencement of a specific course for duplication and distribution to student body. SES has possession of material for Analyzing Financial Statements and Financial Ratios and Assessing Credit Risk.	We are providing a hard copy for reproduction; electronic copies of each course will be provided to SES at the conclusion of the project.
Master copy of required student materials and handouts developed for all training courses	Training material developed and available	Master copy of required student materials and handouts, consisting of case studies, visual aids, participant manuals and instructor guides, developed for all training courses. The first course in Cycle One training commenced February 21 (<i>Analyzing Financial Statements and Financial Ratios</i>) and has been completed. <i>Assessing Credit Risk</i> is delivered during the week of February 28. The instructor is providing feedback on his assessment of the prospective trainers, and also is gathering information with respect to which courses they are interested in teaching.	The selection process only yielded one candidate who was screened out of the program as a prospective trainer.
Proficiency examination forms developed for all training courses	Examination forms developed and available	Exams will be administered at the end of each course	
Tenured examiners trained in delivering training for all courses	Examiners trained	Tenured examiners in process of being trained in delivering training for all courses	

APPENDICES

Qualification of Findings

Pursuant to FIRST Initiative Confirmation # CNTR IDA.F.12, C158, entitled “The Philippines – Training Program for Banking Supervision”, BearingPoint LP (“BearingPoint”) is pleased to provide these Course Outlines: “Analyzing Financial Statements and Ratio Analysis”, “Assessing Credit Risk”, “Assessing Audit and Operational Risk”, “Liquidity and Capital Markets”, “Evaluating and Holding Meetings with Management”, and “Train the Trainers” (the “Documents”) dated November 19, 2004.

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**APPENDIX A:
COURSE OUTLINE – ANALYZING FINANCIAL
STATEMENTS AND RATIO ANALYSIS**



**THE PHILIPPINES TRAINING PROGRAM
FOR BANKING SUPERVISION**

**COURSE OUTLINE:
FINANCIAL STATEMENT AND RATIO
ANALYSIS**

Submitted to:

**Supervision and Examination Sector
Bangko Sentral ng Pilipinas
Manila, Philippines**

Submitted by:

**Norman A. Baxter
BearingPoint LP
McLean, Virginia**

19 November 2004

FINANCIAL STATEMENT AND RATIO ANALYSIS

Course Duration:

31 hours

Course Purpose:

Upon completion of the course, the participants will be able to:
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- | |
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| <ul style="list-style-type: none">■ Explain the importance of bank financial statement and ratio analysis in preparation for risk-based examinations.■ Conduct fundamental analysis of bank financial statements.■ Employ ratio analysis when analyzing bank financial statements.■ Apply bank financial statement and ratio analysis to risk-based examination.■ Use the new BSP/SES Bank Performance Report (BPR) when analyzing bank financial statements and conducting ratio analysis in preparing for risk-based examinations. |
|--|

***FINANCIAL STATEMENT AND RATIO ANALYSIS COURSE
INTRODUCTION***

Introduction Duration:

1 hour

Introduction Purpose:

Upon completion of this module, the participants will be able to:

- Explain the purpose of the Financial Statement and Ratio Analysis course.
- Discuss financial statement and ratio analysis in relation to risk-based examinations.

Sequence of Learning Activities:

1. Present course introduction, elicit and discuss participant expectations.
2. Present and discuss purpose of the course.
3. Present and discuss risk-based examination approach.
4. Review purpose of the course.
5. Conduct course pre-examination.

***MODULE 1: PREPARATION FOR A RISK-BASED EXAMINATION
(PRE-EXAMINATION PLANNING)***

Module Duration:

4 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Explain and discuss the importance of financial statement and ratio analysis in preparing for risk-based examinations.
- Explain how to use the new BPR in the pre-exam planning process for a risk-based examination.

Sequence of Learning Activities:

1. Present module topic and learning objective.
2. Discuss use in pre-exam planning for a risk-based examination.
3. Review and discuss the new BPR and its contents.
4. Facilitate discussion of financial statement analysis.
5. Facilitate discussion of ratio analysis.
6. Discuss the connection between financial statement and ratio analysis and the pre-exam planning phase of a risk-based examination.
7. Discuss various scenarios where financial statement and/or ratio analysis can be critical in pre-exam planning for a risk-based examination – through identification of noteworthy trends, issues or problems.
8. Summarize module content.

MODULE: 2: FINANCIAL STATEMENT ANALYSIS

Module Duration:

10 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Analyze and discuss the balance sheet of a bank.
- Analyze and discuss the income statement of a bank.
- Analyze and discuss the sources and uses statement of a bank.
- Analyze and discuss a reconciliation of capital accounts and reserves.
- Describe and explain the importance of off-balance sheet activities.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Using BPR example, present and facilitate discussion of bank balance sheet components: Assets – earning and non-earning, Liabilities – interest bearing and non-interest bearing, and Capital – common stock, preferred stock, reserves, retained earnings.
3. Exercise(s).
4. Using BPR example, present and facilitate discussion of bank income statements: Interest Income, Interest Expense, Non-interest Income and Non-interest Expense.
5. Exercise(s).
6. Present and facilitate discussion of bank sources and uses statement.
7. Exercise(s).
8. Present and facilitate discussion of reconciliation of capital account items and allowance for loan loss reserves.
9. Exercise(s).
10. Present and facilitate discussion of off-balance sheet activities and items, contingent liabilities: Loan commitments, Financial futures and options contracts, Letters of credit, and Foreign exchange contracts.
11. Present module summary.

MODULE: 3: RATIO ANALYSIS

Module Duration:

10 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Analyze capital adequacy ratios.
- Analyze asset quality ratios.
- Analyze earnings-related ratios.
- Analyze liquidity and interest rate sensitivity ratios.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present and facilitate discussion of capital adequacy ratios.
3. Present and discuss examples.
4. Exercises.
5. Present and discuss asset quality ratios.
6. Present and discuss examples.
7. Exercises.
8. Present and discuss earnings-related ratios.
9. Present and discuss examples.
10. Exercises.
11. Present and discuss liquidity and interest rate sensitivity ratios.
12. Present and discuss examples.
13. Exercises.
14. Present module summary.

***MODULE 4: USING FINANCIAL STATEMENT AND RATIO ANALYSIS
IN PRE-EXAMINATION PLANNING FOR RISK-BASED
EXAMINATIONS***

Module Duration:

5 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Explain how to use financial statement and ratio analysis in the pre-exam planning process for risk-based examinations.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present and discuss how to use financial statement and ratio analysis in preparation for risk-based examination.
3. Case study.
4. Present module summary.
5. Conduct end of course examination.
6. Conduct end of course evaluation.

FINANCIAL STATEMENT AND RATIO ANALYSIS COURSE SUMMARY

Summary Duration:

1 hour

Summary Purpose:

Upon completion of this summary, the participants will be able to:

- Explain the importance of bank financial statement and ratio analysis in preparation for risk-based examinations.
- Conduct fundamental analysis of bank financial statements.
- Employ ratio analysis when analyzing bank financial statements.
- Apply bank financial statement and ratio analysis to risk-based examination.
- Use the new BSP/SES Bank Performance Report (BPR) when analyzing bank financial statements and conducting ratio analysis in preparing for risk-based examinations.

Sequence of Learning Activities:

1. Review course content.
2. Conduct course post-examination.
3. Conduct end of course evaluation.

APPENDIX B:
COURSE OUTLINE – ASSESSING CREDIT RISK



**THE PHILIPPINES TRAINING PROGRAM
FOR BANKING SUPERVISION**

**COURSE OUTLINE:
ANALYSIS OF CREDIT RISK**

Submitted to:

**Supervision and Examination Sector
Bangko Sentral ng Pilipinas
Manila, Philippines**

Submitted by:

**Norman A. Baxter
BearingPoint LP
McLean, Virginia**

19 November 2004

ANALYSIS OF CREDIT RISK

Course Duration:

31 hours

Course Learning Objectives:

Upon completion of the course, the participants will be able to:

- Describe a comprehensive credit risk management system.
- Explain the credit underwriting process.
- Use credit analysis techniques when reviewing credit files.
- Explain the role of credit review.
- Evaluate the credit risk management system.
- Identify credit risk-related trends, issues and problems for in-depth on-site examinations.

ANALYSIS OF CREDIT RISK COURSE INTRODUCTION

Introduction Duration:
1 hour
Introduction Purpose:
Upon completion of this module, the participants will be able to: <ul style="list-style-type: none">■ Explain the purpose of the Analysis of Credit Risk course.■ Explain the evaluation of the credit risk management system in relation to risk-based examinations.
Sequence of Learning Activities:
<ol style="list-style-type: none">1. Present course introduction, elicit and discuss participant expectations.2. Present and discuss purpose of the course.3. Present and discuss the risk-based examination approach.4. Conduct course pre-examination.

***MODULE 1: THE CREDIT RISK MANAGEMENT SYSTEM AND
PREPARATION FOR RISK-BASED EXAMINATIONS***

Module Duration:

3 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Explain and discuss why a preliminary evaluation of the credit risk management system is important in preparing for risk-based examinations.
- Explain and discuss the key elements of the preliminary evaluation of the credit risk management system.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Discuss preparation for risk-based examinations.
3. Discuss the preliminary evaluation of the credit risk management system and its key elements.
4. Conduct Exercise #1: Develop a methodology for preliminary evaluation of the credit risk management system and present to all participants. Critique each presentation.
5. Summarize module content.

MODULE 2: THE CREDIT UNDERWRITING PROCESS

Module Duration:

4 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

1. Describe the basic elements of a quality credit underwriting process.
2. Explain the importance of each component of the credit underwriting process.
3. Explain the critical importance of the identification, measurement and evaluation of risk, and how to manage it in the credit underwriting process.
4. Evaluate the quality of a credit underwriting process.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present and discuss the basic components of a quality underwriting process.
3. Facilitate discussion of the importance of each component of the credit underwriting process.
4. Facilitate discussion of the critical importance of the identification, measurement and evaluation of risk, and how to manage it in the credit underwriting process.
5. Conduct Exercise #1.
6. Present module summary.

MODULE 3: CREDIT ANALYSIS

Module Duration:

14 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Employ modern credit analysis techniques when examining borrower financial statements.
- Evaluate the appropriateness, quality and results of the credit analysis techniques used by the bank in its credit underwriting process.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present and discuss accounting concepts used in analyzing borrower financial statements.
3. Present and discuss an approach to analyzing the borrower's income statement.
4. Present and discuss an approach to analyzing the borrower's balance sheet.
5. Present the rationale for developing and analyzing cash flow.
6. Conduct Exercise#1: Historical Cash Flow.
7. Conduct Exercise #2: Build financial statements. Build a cash flow projection
8. Facilitate discussion of the results of the exercise, tying all three financial statements together.
9. Present module summary.

MODULE 4: THE LOAN REVIEW FUNCTION

Module Duration:

2 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe the role and function of the loan review department.
- Evaluate the quality of the loan review function.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present and discuss the role and function of the loan review department.
3. Conduct Exercise #1: Loan Review Template.
4. Present and discuss key factors to assess when evaluating the robustness and quality of the loan review function.
5. Present module summary.

***MODULE 5: EVALUATING THE CREDIT RISK MANAGEMENT
SYSTEM ON-SITE***

Module Duration:

5 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Evaluate the comprehensiveness, appropriateness and quality of the credit risk management system during on-site examinations.
- Identify and analyze the key factors when evaluating the credit risk management system on-site.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present and discuss key components in evaluating the comprehensiveness, appropriateness and quality of the credit risk management system during on-site examinations.
3. Present and discuss how to evaluate bank management's commitment to a quality credit risk management system during on-site examinations.
4. Case study
5. Present module summary.

MODULE 6: IDENTIFYING CREDIT TRENDS, ISSUES AND PROBLEMS FOR IN-DEPTH, ON-SITE EXAMINATION

Module Duration:

3 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Explain how the identification of credit trends and issues is part of pre-examination planning.
- Evaluate the appropriateness and quality of the credit risk management system on-site.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Discuss how the identification of credit trends and issues is part of good pre-examination planning.
3. Discuss approaches for identifying loans to review during the on-site examination.
4. Present and discuss a methodology for evaluating the appropriateness and quality of the credit risk management system.
5. Conduct Exercise #1.
6. Present module summary.

ANALYSIS OF CREDIT RISK COURSE SUMMARY

Summary Duration:

1 hour

Summary Purpose:

Upon completion of this summary, the participants will be able to:

- Describe a comprehensive credit risk management system.
- Explain the credit underwriting process.
- Use credit analysis techniques when reviewing credit files.
- Explain the role of credit review.
- Evaluate the credit risk management system.
- Identify credit risk-related trends, issues and problems for in-depth on-site examinations.

Sequence of Learning Activities:

1. Review course content.
2. Conduct course post-examination.
3. Conduct end of course evaluation.

**APPENDIX C:
COURSE OUTLINE – ASSESSING AUDIT AND
OPERATIONAL RISK**



**THE PHILIPPINES TRAINING PROGRAM
FOR BANKING SUPERVISION**

**COURSE OUTLINE:
AUDIT AND OPERATIONAL RISK**

Submitted to:

**Supervision and Examination Sector
Bangko Sentral ng Pilipinas
Manila, Philippines**

Submitted by:

**James B. Rives
BearingPoint LP
McLean, Virginia**

19 November 2004

AUDIT AND OPERATIONS RISK

Course Duration:

30 hours

Course Purpose:

Upon completion of the course, the participants will be able to:

- Explain the importance of operational risk in consideration of a risk-based bank rating systems.
- Conduct fundamental analysis of operational risk with an emphasis on the Management rating of the CAMELS rating system.
- Describe the inter-relation between the regulatory oversight and the external and internal audit functions.
- Conduct appropriate supervisory activities to determine the adequacy of the external audit function of supervised institutions.
- Conduct appropriate supervisory activities to determine the adequacy of the internal audit function of supervised institutions.
- Conduct appropriate supervisory activities to determine the adequacy of the internal controls function of supervised institutions.
- Discuss operational risk in relation to international standards and Basle II.

AUDIT AND OPERATIONS RISK COURSE INTRODUCTION

Introduction Duration:

1 hour

Introduction Purpose:

Upon completion of this introduction, the participants will be able to:

- Explain the importance for identifying and assessing Operational Risk and the adequacy of the Audit Function and Internal Controls in financial institutions.
- Discuss the audit function in relation to a risk-based approach to assessing operational risk in financial institutions.

Sequence of Learning Activities:

1. Present course introduction, elicit and discuss participant expectations.
2. Present and discuss purpose of the course.
3. Present and discuss risk-based examination approach for assessing operational risk and the audit function.
4. Conduct course pre-examination.

MODULE 1: OPERATIONAL RISK I

Module Duration:

6 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Discuss the forces of change in the banking industry with an emphasis on operational risk.
- Describe operational risk causes and events.
- Define operational risk.
- Review and evaluate incentives to manage operational risk.
- Identify the core principles for operational risk.

Sequence of Learning Activities:

1. Present module topic and learning objective.
2. Identify and capture conditions and environments (6 forces) that are currently and prospectively changing the ways bank conduct business.
3. Review examples of real operational risk “failures” and identify common themes.
4. Conduct Exercise.
5. Solicit definitions of operational risk; review varying sources and definitions of operational risk; arrive and agree to common definition of operational risk.
6. Review and facilitate discussion on importance and relevance of operational risk from a banker’s perspective.
7. Review and discuss core principles relating to operational risk.
8. Summarize module content.

MODULE 2: OPERATIONAL RISK II

Module Duration:

5 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Explain Basle II Capital Accord implications and methods for capital charges for operational risk.
- Discuss and comprehend basic concepts within the operational risk management framework.
- Analyze and discuss the sources and uses statement of a bank.
- Reconcile the capital account and reserves.
- Describe and explain the importance of off-balance sheet activities.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present two basic concepts for operational risk management framework.
3. Discuss and evaluation risk diffusion and its effects on other risk categories.
4. Review and determine plans for bankers and regulators for Basle II compliance.
5. Case study: Barings Bank.
6. Present module summary.

***MODULE: 3: OVERVIEW - THE AUDIT FUNCTION & THE
REGULATOR'S ROLE***

Module Duration:

2 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Discuss the role of the audit function.
- Describe the role of the regulator in reviewing the audit function.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present and facilitate discussion of the role of the audit function.
3. Present and discuss the role of the regulator in reviewing the audit function.
4. Exercise.
5. Present module summary.

***MODULE 4: REGULATORY PERSPECTIVE – EXTERNAL AUDIT
FUNCTION***

Module Duration:

5 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Evaluate and assess the adequacy and reliance to be placed upon a financial institution's external audit function.
- Determine and assess proper risk-based ratings on bank management and risk management systems.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Discuss and build consensus on why external audits are important.
3. Present and discuss key aspects of an external audit function: existence, independence, competence, reporting and reliance.
4. Review and familiarize participants to key documents relating to the external audit function.
5. Review and determine adequacy of, and regulatory response to - external auditor's qualifications, scope, reports and findings.
6. Case study.
7. Present module summary.

***MODULE 5: REGULATORY PERSPECTIVE – INTERNAL AUDIT
FUNCTION***

Module Duration:

5 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Evaluate and assess the adequacy and reliance to be placed upon a financial institution's internal audit function.
- Determine and assess proper risk-based ratings on bank management and risk management systems.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Discuss and build consensus on why internal audits are important.
3. Present and discuss key aspects of an internal audit function: existence, independence, competence, reporting and reliance.
4. Review and familiarize participants to key documents relating to the internal audit function.
5. Review and determine adequacy of, and regulatory response to – internal auditor's qualifications, scope, reports and findings.
6. Case study.
7. Present module summary.

MODULE 6: REGULATORY PERSPECTIVE – INTERNAL CONTROLS

Module Duration:

5 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Evaluate and assess the adequacy and reliance to be placed upon a financial institution's internal controls.
- Determine and assess proper risk-based ratings on bank management and risk management systems.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Discuss and build consensus on why internal controls are important.
3. Present and discuss key aspects of internal controls.
4. Review and determine adequacy of internal controls.
5. Case study.
6. Present module summary.

AUDIT AND OPERATIONS RISK COURSE SUMMARY

Summary Duration:

1 hour

Summary Purpose:

Upon completion of this summary, the participants will be able to:

- Explain the importance of operational risk in consideration of a risk-based bank rating systems.
- Conduct fundamental analysis of operational risk with an emphasis on the Management rating of the CAMELS rating system.
- Describe the inter-relation between the regulatory oversight and the external and internal audit functions.
- Conduct appropriate supervisory activities to determine the adequacy of the external audit function of supervised institutions.
- Conduct appropriate supervisory activities to determine the adequacy of the internal audit function of supervised institutions.
- Conduct appropriate supervisory activities to determine the adequacy of the internal controls function of supervised institutions.
- Discuss operational risk in relation to international standards and Basle II.

Sequence of Learning Activities:

1. Conclusion.
2. Summarize course learning objectives.
3. Review and discuss how objectives were met.
4. Conduct course post-examination.
5. Conduct end of course evaluation.

**APPENDIX D:
COURSE OUTLINE – LIQUIDITY AND CAPITAL
MARKETS**



**THE PHILIPPINES TRAINING PROGRAM
FOR BANKING SUPERVISION**

**COURSE OUTLINES:
LIQUIDITY RISK MANAGEMENT,
FOREIGN EXCHANGE AND CAPITAL
MARKETS**

Submitted to:

**Supervision and Examination Sector
Bangko Sentral ng Pilipinas
Manila, Philippines**

Submitted by:

**Mayra Rodríguez Valladares
BearingPoint LP
McLean, Virginia**

19 November 2004

LIQUIDITY RISK MANAGEMENT

Course Duration:

14 hours (Course 1 of 3)

Course Purpose:

Upon completion of the course, the participants will be able to:

- Describe and recognize Liquidity Risk Management.
- Explain sources of banks' liquidity.
- Analyze a bank's liquidity positions.
- Describe contingency plans.
- Compare risk versus costs.
- Analyze earnings at risk and GAP.
- Identify liquidity adequacy, ratios, and problems.

LIQUIDITY RISK MANAGEMENT COURSE INTRODUCTION

Introduction Duration:

1 hour

Introduction Purpose:

Upon completion of this introduction, the participants will be able to:

- Explain the purpose of the Liquidity Risk Management course.

Sequence of Learning Activities:

1. Present course introduction and solicit expectations.
2. Present learning objectives.
3. Explain purpose of pre-and post-tests.
4. Present brief review of risk based supervision and how that governs the analysis of a bank's liquidity risk.
5. Conduct course pre-examination.

MODULE 1: LIQUIDITY RISK MANAGEMENT

Module Duration:

1 hour and 30 minutes

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe and recognize Liquidity Risk Management.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Consequences of Inadequate Liquidity.
3. Present topic: Financial Impact on the Bank.
4. Present topic: Speculation to Enhance Liquidity.
5. Conduct Exercise#1: Liquidity Risk Management.
6. Present module summary.

MODULE 2: SOURCES OF LIQUIDITY

Module Duration:

2 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Explain the sources of liquidity.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present assets, liabilities, capital and earnings as sources of liquidity.
3. Conduct Exercise #1: Liquidity.
4. Present module summary.

MODULE 3: BANK LIQUIDITY POSITIONS

Module Duration:

1 hour

Module Purpose:

Upon completion of this module, the participants will be able to:

- Analyze a bank's liquidity positions and conduct a case study on liquidity positions.
- Analyze liquidity management strategies in banks.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Explain a bank's liquidity positions.
3. Conduct Exercise #1: Case Study.
4. Present module summary.

MODULE 4: CONTINGENCY PLANS

Module Duration:

1 hour

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe and analyze contingency plans.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Elements of Contingency Planning.
3. Present topic: Other elements of Contingency Planning.
4. Conduct Exercise: Contingency Plans.
5. Present module summary.

MODULE 5: RISK VS. COST

Module Duration:

1 hour

Module Purpose:

Upon completion of this module, the participants will be able to:

- Analyze risks vs. cost.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Risk vs. Cost.
3. Present topic: Liquidity factors
4. Conduct Exercise#1: Risk vs. Cost.
5. Present module summary.

MODULE 6: EARNINGS AT RISK AND GAP

Module Duration:

2 hours and 30 minutes

Module Purpose:

Upon completion of this module, the participants will be able to:

- Discuss GAP and its importance to bank examination procedures.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Earnings at Risk.
3. Present topic: Use of GAP for examiners.
4. Conduct Exercise #1: Earnings at Risk and GAP case study.
5. Present module summary.

MODULE 7: LIQUIDITY ADEQUACY, RATIOS AND PROBLEMS

Module Duration:

3 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Identify liquidity adequacy, problems and ratios

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Liquidity Ratios.
3. Present topic: Illiquidity.
4. Conduct Exercise #1: Case Study.
5. Present module summary.

LIQUIDITY RISK MANAGEMENT COURSE SUMMARY

Summary Duration:

30 minutes

Summary Purpose:

Upon completion of this summary, the participants will be able to:

- Describe and recognize Liquidity Risk Management.
- Explain sources of banks' liquidity.
- Analyze a bank's liquidity positions.
- Describe contingency plans.
- Compare risk versus costs.
- Analyze earnings at risk and GAP.
- Identify liquidity adequacy, ratios, and problems.

Sequence of Learning Activities:

1. Briefly review modules.
2. Conduct course post-examination.

FOREIGN EXCHANGE MARKETS

Course Duration:

30 hours (Part 2 of 3)

Course Purpose:

Upon completion of the course, the participants will be able to:

- Identify factors influencing foreign exchange markets.
- Recognize foreign exchange market mechanics and conventions.
- Analyze foreign exchange spot and forwards transactions.
- Interpret foreign exchange futures.
- Identify and evaluate options.
- Analyze currency and interest rate swaps.
- Identify VaR.

FOREIGN EXCHANGE MARKETS COURSE INTRODUCTION

Introduction Duration:
1 hour
Introduction Purpose:
Upon completion of this introduction, the participants will be able to: <ul style="list-style-type: none">■ Evaluate the purpose of the foreign exchange course and its applicability to risk based supervision.
Sequence of Learning Activities:
<ol style="list-style-type: none">1. Present course introduction and solicit expectations.2. Present learning objective.3. Explain purpose of pre-and post-tests.4. Present brief review of risk based supervision and how that governs the analysis of a bank's foreign exchange activities.5. Conduct course pre-examination.

MODULE 1: FACTORS INFLUENCING FOREIGN EXCHANGE MARKETS

Module Duration:
1 hours and 30 minutes
Module Purpose:
Upon completion of this module, the participants will be able to: <ul style="list-style-type: none">■ Identify types of foreign exchange exposure.■ Identify factors influencing price fluctuations.■ Analyze risk management strategies of banks.
Sequence of Learning Activities:
<ol style="list-style-type: none">1. Present module overview and learning objectives.2. Present topic: Who is exposed to foreign exchange risk?3. Conduct Exercise #1: Identifying exposure.4. Present topic: Economic influences on foreign exchange rates.5. Present topic: Political influences on foreign exchange rates.6. Present topic: Transaction influence on foreign exchange rates.7. Present topic: Translation influence on foreign exchange rates8. Conduct Exercise #2: Mini foreign exchange trading game.9. Present module summary.

MODULE 2: FOREIGN EXCHANGE MARKET MECHANICS AND CONVENTIONS

Module Duration:

2 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Explain foreign exchange rate quotations.
- Describe the conventions regarding value dates.
- Apply discounts and premiums.
- Price outright forward transactions.
- Explain the elements and settlement procedures for a foreign exchange contract.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Foreign exchange quotations.
3. Conduct Exercise #1: Bid, Offers, Crossrates.
4. Present topic: Value dates.
5. Conduct Exercise #2: Value Dates.
6. Present topic: Discounts and premia.
7. Present topic: Pricing forwards.
8. Conduct Exercise #3: Forward Points.
9. Present topic: Settlement elements.
10. Conduct Exercise #4: Exporters and Importers.
11. Present module summary.

MODULE 3: FOREIGN EXCHANGE IN PRACTICE: SPOT AND FORWARDS TRANSACTIONS

Module Duration:

8 hours and 30 minutes

Module Purpose:

Upon completion of this module, the participants will be able to:

- Develop and utilize a decision tree for exporters and importers.
- Analyze the use and characteristics of compensating contracts.
- Interpret the uses and pricing of swap transactions.
- Calculate per annum hedging costs/benefits.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Foreign exchange for the importer.
3. Conduct Exercise #1.
4. Present topic: Foreign exchange for the exporter.
5. Conduct Exercise #2.
6. Present topic: Option dated forwards.
7. Conduct Exercise #3.
8. Present topic: Outright forwards, compensating contracts, and swaps.
9. Conduct Exercise #4.
10. Conduct Exercise #5.
11. Seven examples of forward swaps.
12. Conduct Exercise #6.
13. Per annum hedging costs/benefits.
14. Hedging a weak currency.
15. Conduct Exercise #7 Case Study.
16. Present module summary.

MODULE 4: FOREIGN EXCHANGE FUTURES

Module Duration:

3 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Analyze contract specifications, trading practices, and settlement of currency futures.
- Evaluate contract specifications, trading practices, and settlement for interest rate futures.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Trading in currency futures.
3. Present topic: Dramatis Personae: Who are the actors and their roles.
4. Present topic: Difference between forwards and futures.
5. Conduct Exercise #1.
6. Present topic: Reading futures quotations.
7. Conduct Exercise #2.
8. Present Topic: How does margin work?
9. Present Topic: Futures on interest rates.
10. Present module summary.

MODULE 5: OPTIONS

Module Duration:

8 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Identify the mechanics and nature of option put and call contracts.
- Recognize the components of option pricing (intrinsic and time value).
- Analyze an option's hedge characteristics.
- Build derivative hedging strategies.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: The Nature of Option Contracts.
3. Present topic: Rights and Performance Obligations.
4. Present topic: How Options and forward contracts differ.
5. Present topic: Terms of Option Contracts.
6. Conduct Exercise #1: Quoting premia.
7. Present topic: Option Pricing.
8. Conduct Exercise #2: Intrinsic value.
9. Present topic: Option trading risks.
10. Present topic: Measures of price sensitivity.
11. Present topic: Analyzing an option's hedge characteristics.
12. Examples of graphs for option positions.
13. Present topic: Option strategy for importers-buying calls.
14. Present topic: Developing derivative strategies.
15. Conduct Exercise #3 Case Study.
16. Present module summary.

MODULE 6: CURRENCY AND INTEREST RATE SWAPS

Module Duration:

4 hours and 30 minutes

Module Purpose:

Upon completion of this module, the participants will be able to:

- Identify the mechanics of a simple interest rate swap.
- Recognize the mechanics of a currency swap.
- Analyze the benefits and uses of swaps.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: How does an interest rate swap work?
3. Facilitate discussion through questions.
4. Present topic: Purpose of an interest rate swap.
5. Present topic: Using interest rate swaps.
6. Conduct Exercise #1: Calculating swap benefits.
7. Present topic: Currency swaps.
8. Present topic: How does a currency swap work?
9. Present topic: Purpose of a currency swap.
10. Conduct Exercise #2: Hedging with currency swaps.
11. Conduct Exercise #3: Case study.
12. Conduct Exercise #4: Comprehensive Case Study.
13. Present module summary.

MODULE 7: VaR

Module Duration:

3 hours and 30 minutes

Module Purpose:

Upon completion of this module, the participants will be able to:

- Recognize earnings at risk and VaR models.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: VaR
3. Present module summary.

FOREIGN EXCHANGE MARKETS COURSE SUMMARY

Summary Duration:

30 minutes

Summary Purpose:

Upon completion of this summary, the participants will be able to:

- Identify the most used FX transactions by banks and the risks they pose.
- Evaluate hedging strategies.
- Utilize examination procedures with a risk based supervision approach.

Sequence of Learning Activities:

1. Summarize major foreign exchange instruments.
2. Summarize risk minimizing strategies.
3. Summarize examination procedures for foreign exchange activities.
4. Conduct end of course post-examination.

CAPITAL MARKETS

Course Duration:

25 hours and 30 minutes (Part 3 of 3)

Course Purpose:

Upon completion of the course, the participants will be able to:

- Explain the features and distinctions of the securities market, as compared to other financial products.
- Describe the securities market segments, products, characteristics, and yields, and demonstrate how to calculate the effective interest yield on a discounted note or bill.
- Identify equity markets and traded markets influence banks' holdings.
- Recognize options on securities.
- Evaluate the different securities trading systems and advantages of each.
- Describe the criteria and process corporations use to sell securities in a public offering and how that influences banks' portfolios.

CAPITAL MARKETS COURSE INTRODUCTION

Introduction Duration:

1 hour

Introduction Purpose:

Upon completion of this introduction, the participants will be able to:

- Evaluate the purpose of this course in a risk based supervision context.

Sequence of Learning Activities:

1. Present course introduction and solicit expectations.
2. Present learning objectives.
3. Explain purpose of pre-and post-tests.
4. Present brief review of risk based supervision and how that governs the analysis of a bank's capital markets activities.
5. Conduct course pre-examination.

MODULE 1: FEATURES OF THE SECURITIES MARKETS

Module Duration:

1 hour

Module Purpose:

Upon completion of this module, the participants will be able to:

- Explain the features and distinctions of the securities market, as compared to other financial products.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Introduction to securities markets.
3. Present topic: Comparison of securities and loans.
4. Present topic: Two sides of the investment equation.
5. Present topic: Imperfect market conditions.
6. Present topic: Market liquidity.
7. Conduct Exercise #1.
8. Present module summary.

***MODULE 2: MONEY AND BOND MARKET SEGMENTS, PRODUCTS,
CHARACTERISTICS, AND YIELDS***

Module Duration:

8 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe the securities market segments, products, characteristics, and yields, and demonstrate how to calculate the effective interest yield on a discounted note or bill.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Securities market segments.
3. Present topic: Money markets.
4. Example of calculating yields.
5. Conduct Exercise #1: Calculating yields.
6. Present topic: Bond markets.
7. Present topic: Bond provisions.
8. Example of bond yield to maturity calculation.
9. Example of compound interest and yield curves.
10. Conduct Exercise #2: Calculating yield-to-maturity.
11. Present module summary.

MODULE 3: LISTED EQUITY MARKETS

Module Duration:

4 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Identify traded and over-the-counter equity products and markets.
- Evaluate how equity trading influences banks' portfolios.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Introduction to equities.
3. Example of stock splits and reverse splits.
4. Present topic: Listed equity markets.
5. Present topic: Over-the-counter markets.
6. Conduct Exercise #1.
7. Conduct Exercise #2: Case Study.
8. Present module summary.

MODULE 4: INTRODUCTION TO DERIVATIVES ON SECURITIES (FIXED INCOME AND EQUITIES)

Module Duration:

4 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Identify options used on securities.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Futures on securities.
3. Present topic: Options on securities.
4. Present topic: Swaps on securities.
5. Conduct Exercise #1.
6. Present module summary.

MODULE 5: DIFFERENT SECURITIES TRADING SYSTEMS

Module Duration:

1 hour and 30 minutes

Module Purpose:

Upon completion of this module, the participants will be able to:

- Identify trading systems for equities.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Securities Trading Systems.
3. Present topic: How companies select trading systems.
4. Present module summary.

MODULE 6: COMPANIES AND SECURITIES

Module Duration:

5 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Identify company financing needs and how that influences banks' portfolios.
- Recognize stock valuation methods and their effect on banks' portfolios.

Sequence of Learning Activities:

1. Present module overview and learning objectives.
2. Present topic: Companies' needs for long-term capital.
3. Examples of long-term financing factors.
4. Facilitate discussion through questions.
5. Present topic: Capital gains and losses.
6. Facilitate discussion through questions.
7. Present topic: Bull and bear markets.
8. Example of how bull and bear markets affect fixed income markets.
9. Conduct Exercise #1.
10. Present topic: Valuation of shares.
11. Example of dividend basis valuation.
12. Example of earnings basis valuation.
13. Example of asset basis valuation.
14. Present topic: Issue process.
15. Conduct Exercise 2: Case Study.
16. Present module summary.
17. Facilitate discussion.

CAPITAL MARKETS COURSE SUMMARY

Summary Duration:

1 hour

Summary Purpose:

Upon completion of this summary, the participants will be able to:

- Explain the features and distinctions of the securities market, as compared to other financial products.
- Describe the securities market segments, products, characteristics, and yields.
- Demonstrate how to calculate the effective interest yield on a discounted note or bill.
- Describe the different securities trading systems and advantages of each.
- Describe the criteria and process corporations use to sell securities in a public offering.

Sequence of Learning Activities:

1. Review course content.
2. Conduct course post-examination.
3. Conduct end of course evaluation.

**APPENDIX E:
COURSE OUTLINE – EVALUATING AND
HOLDING MEETINGS WITH MANAGEMENT**



**THE PHILIPPINES TRAINING PROGRAM
FOR BANKING SUPERVISION
COURSE OUTLINE:
EVALUATING AND HOLDING MEETINGS
WITH MANAGEMENT**

Submitted to:

**Supervision and Examination Sector
Bangko Sentral ng Pilipinas
Manila, Philippines**

Submitted by:

**Diana M. Osinski
BearingPoint LP
McLean, Virginia**

19 November 2004

EVALUATING AND HOLDING MEETINGS WITH MANAGEMENT

Course Duration:

30 hours

Course Purpose:

Upon completion of the course, the participants will be able to:
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| <ul style="list-style-type: none">■ Describe how to communicate effectively with boards of directors and senior management.■ Apply techniques for presenting technical material to boards of directors and senior management.■ Demonstrate expertise in educating board members and senior management.■ Show methods for obtaining commitments from directors.■ Determine the adequacy of management and board oversight.■ Determine the quality and adequacy of management's capacity to manage risk. |
|---|

***EVALUATING AND HOLDING MEETINGS WITH MANAGEMENT
COURSE INTRODUCTION***

Introduction Duration:

4 hours

Introduction Purpose:

Upon completion of this introduction, the participants will be able to:

- Explain the content and learning methods for this course.

Sequence of Activities:

1. Present course introduction and solicit expectations.
2. Present course learning objectives.
3. Present goals of meeting with bank directors.
4. Review agenda.
5. Conduct Exercise #1: Board Presentation #1 (videotaping).
6. Conduct Exercise #2: Self-Evaluation.
7. Conduct course pre-examination.

Note: Participants are required to bring to class two examination conclusion sections or two conclusion memorandums relating to reports of examination. These items will be used as a basis for two board presentations conducted during the course.

MODULE 1: COMMUNICATING EFFECTIVELY

Module Duration:

4 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Prepare for board meetings with emphasis on the content of the presentation.
- Explain techniques to conduct effective presentations.
- Create an introduction, the main body and a conclusion to support the presentation.
- List the fundamentals of using visual aids in a presentation.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present purpose of meeting with board and senior management.
3. Conduct Exercise #1: Know What Not to Do!
4. Present preparation.
5. Present preparing the agenda.
6. Conduct Exercise #2: Agenda.
7. Present presentations skills.
8. Present four basic speaking skills.
9. Present controlling nervousness and anxiety.
10. Present knowing your audience.
11. Present designing a presentation.
12. Present delivering a presentation.
13. Present speaking with written guides.
14. Conduct Exercise #3: Presentations.
15. Present when to use a visual.
16. Present which visual aid to use.
17. Present visual equipment.
18. Conduct Exercise #4: Visuals
19. Present module summary.

MODULE 2: PRESENTING TECHNICAL MATERIAL

Module Duration:

4 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- List preparation techniques for presentation of technical information.
- Define how to organize, manage and evaluate meetings with boards of directors and senior management.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present presentation of quantitative data.
3. Present presentation of violations of law.
4. Conduct Exercise #1: Technical Presentations.
5. Present establishing dialogue with directorate.
6. Present meetings.
7. Present general comments and suggestions.
8. Conduct Exercise #2: Board Presentation #2 (videotaping).
9. Conduct Exercise #3: Self-Assessment.
10. Facilitate discussion on conducting board meetings.
11. Present module summary.

MODULE 3: EDUCATING AND INFLUENCING

Module Duration:

3 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Explain how to present critical information to a board of directors or senior management.
- Describe how to question a board of directors.
- List the techniques of responding to all kinds of questions.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present preparation for presenting critical examiner findings.
3. Present conducting the board meeting.
4. Conduct Exercise #1: Presenting Critical Examiner Findings.
5. Present asking questions.
6. Conduct Exercise #2: Asking Questions.
7. Present responding to questions.
8. Conduct Exercise #2: Anticipated Questions.
9. Present module summary.

MODULE 4: OBTAINING COMMITMENTS

Module Duration:

3 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe and explain what is involved in effective negotiating.
- Identify negotiating styles and ways to reach commitment.
- Prepare a plan for negotiation style improvement.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present understanding the art of negotiation.
3. Present guidelines for effective negotiating.
4. Conduct Exercise #1: What is your Negotiating Style?
5. Present the art of negotiating.
6. Present commitments.
7. Conduct Exercise #2: Negotiating Improvement Plan
8. Present module summary.

MODULE 5: MANAGEMENT AND BOARD OVERSIGHT

Module Duration:

5 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Evaluate the bank's protocol for attracting, selecting and retaining management.
- Review and evaluate the board's structure.
- Describe the bank's protocol for attracting, selecting and retaining board members.
- Evaluate the board's role in bank planning and policy.
- Define the quality and quantity of reports used by management and presented to the board.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present management recruitment.
3. Present performance management.
4. Conduct Exercise #1: Bank Management.
5. Present board structure.
6. Conduct Exercise #2: Board Structure
7. Present Board of Directors nominating procedures.
8. Present board selection criteria.
9. Present board orientation and training.
10. Conduct Exercise #3: Board Members
11. Present board's role in bank planning and policy.
12. Conduct Exercise #4: Bank Planning and Policy.
13. Present reports.
14. Conduct Exercise #5: Reports
15. Present module summary.

MODULE 6: MANAGING RISK

Module Duration:

5 hours

Module Purposes:

Upon completion of this module, the participants will be able to:

- Explain the board's and senior management's role in risk management.
- Describe the components of a risk management system.
- Apply the risk management principle to determine the bank's capacity to manage risk.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present categories of risk.
3. Present the board's and senior management's role in risk management.
4. Conduct Exercise #1: Risk Management
5. Present risk management system.
6. Conduct Exercise #3: Risk Management Case Study.
7. Present module summary.

EVALUATING AND HOLDING MEETINGS WITH MANAGEMENT COURSE SUMMARY

Summary Duration:

2 hours

Summary Purpose:

Upon completion of this summary, the participants will be able to:

- Describe how to communicate effectively with boards of directors and senior management.
- Apply techniques for presenting technical material to boards of directors and senior management.
- Demonstrate expertise in educating board members and senior management.
- Show methods for obtaining commitments from directors.
- Determine the adequacy of management and board oversight.
- Determine the quality and adequacy of management's capacity to manage risk.

Sequence of Learning Activities:

1. Present review of course content.
2. Present Personal Action Plan.
3. Conduct Exercise #1: Personal Action Plan.
4. Conduct course post-examination.
5. Conduct end of course evaluation.

APPENDIX F:
COURSE OUTLINE – TRAIN THE TRAINERS



**THE PHILIPPINES TRAINING PROGRAM
FOR BANKING SUPERVISION**

COURSE OUTLINE:

TRAINING OF TRAINERS

Submitted to:

**Supervision and Examination Sector
Bangko Sentral ng Pilipinas
Manila, Philippines**

Submitted by:

**Diana M. Osinski
BearingPoint LP
McLean, Virginia**

19 November 2004

Course Title: Training of Trainers/Presentation and Facilitation Skills (Part 1 of 2)	Course Duration: 15 hours
Course Purpose: Upon completion of the course, the participants will be able to: <ul style="list-style-type: none">■ Describe and recognize three learning styles and incorporate knowledge into training delivery for courses.■ Describe the principles of adult learning and incorporate knowledge to maximize training delivery effectiveness.■ Make effective training presentations.■ Effectively facilitate group interactions and communications in training presentations.■ Evaluate training effectiveness.	

***PRESENTATION AND FACILITATION SKILLS COURSE
INTRODUCTION***

Introduction Duration:

1 hour and 30 minutes

Introduction Purpose:

Upon completion of this introduction, the participants will be able to:

- Explain the content and learning methods for this course.

Sequence of Activities:

1. Present course introduction and solicit expectations.
2. Present instructor selection criteria.
3. Present “presenting versus training”.
4. Present human resources development cycle.
5. Present training development cycle.
6. Present components of effective training programs.
7. Present high performing organizations.
8. Present course learning objectives.
9. Conduct course pre-examination.

MODULE 1: LEARNING STYLES

Module Duration:

2 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe and recognize three learning styles.
- Incorporate learning style knowledge for maximum effectiveness of training delivery for seminars.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Conduct Exercise #1: Assessing Learning Styles.
3. Present assessing learning styles exercise scoring and summary.
4. Present visual learners.
5. Present auditory learners.
6. Present kinesthetic learners.
7. Conduct Exercise #2: Visual, Auditory and Kinesthetic Learners.
8. Present importance of recognizing learning styles.
9. Conduct Exercise #3: Activities that Support Learning Styles
10. Conduct Exercise #4: Training Strategies for Learning Styles
11. Present module summary.

MODULE 2: ADULT LEARNING

Module Duration:

2 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe principles of adult learning.
- Recognize why it important to understand and use adult learning principles.
- Incorporate knowledge of adult learning principles to maximize the effectiveness of your training delivery.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Conduct Exercise #1: Adult Learning Research.
3. Present desire to learn.
4. Present participation.
5. Conduct Exercise #2: Methods for Seminar Participation.
6. Present self-discovery.
7. Present early accomplishment.
8. Present positive reinforcement.
9. Conduct Exercise#3: Applying Adult Learning Principles to Training.
10. Present module summary.

MODULE 3: PRESENTATION SKILLS

Module Duration:

2 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe effective presentation techniques.
- Recognize how presentation skills affect learning.
- Use audio/visual aids to enhance presentations.
- Incorporate knowledge of presentation skills for effective training delivery.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present facilities.
3. Conduct Exercise #1: Facilities checklist.
4. Present making a favorable impression on participants.
5. Present training credibility.
6. Conduct Exercise #2: Training Credibility.
7. Present preparation.
8. Present voice.
9. Present presentation tips.
10. Present characteristics of an effective speaker.
11. Present module summary.

MODULE 4: FACILITATION SKILLS

Module Duration:

2 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe effective facilitation techniques.
- Use facilitation skills to lead training classes effectively.
- Use listening, questioning, feedback and summarizing skills when facilitating presentations.
- Explain how to adapt training to meet the needs of the learners who are in the presentation you are teaching.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present importance of facilitation skills to the learning process.
3. Present effective communication skills.
4. Conduct Exercise #1: Non-Verbal Messages.
5. Present questioning skills.
6. Conduct Exercise #2: Questioning Skills
7. Present listening skills.
8. Conduct Exercise #3: Listening Assessment.
9. Present summarizing.
10. Conduct Exercise #4: Summarizing.
11. Present giving feedback.
12. Present adapting training to your audience.
13. Present effective facilitation.
14. Conduct Exercise #5: How Facilitation Skills Apply in Your Culture.
15. Conduct Exercise #6: Facilitation Practice.
16. Present module summary.

MODULE 5: EVALUATING TRAINING

Module Duration:

1 hour and 30 minutes

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe the importance of evaluating training.
- Describe how the evaluation process relates to learning objectives.
- Describe the Four Levels of Training Evaluation.
- Describe the purpose of level one evaluation forms.
- Design level two evaluation forms.
- Discuss the importance of level three and level four evaluation methods.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present why and how evaluate training.
3. Present four levels of training evaluation.
4. Conduct Exercise #1: Assessing a Level 1 Evaluation Form.
5. Conduct Exercise #2: Level 2 Evaluation.
6. Conduct Exercise #3: Level 3 and 4 Evaluation.
7. Present module summary.

MODULE 6: PRESENTATION AND FACILITATION PRACTICE

Module Duration:

3 hours

Module Purposes:

Upon completion of this module, the participants will be able to:

- Present and facilitation a portion of a course/module.

Sequence of Activities:

1. Explain presentation/facilitation skill practice.
2. Explain Presentation Evaluation Form.
3. Conduct presentation and facilitation skills practice.

PRESENTATION AND FACILITATION COURSE SUMMARY

Summary Duration:

1 hour

Summary Purpose:

Upon completion of this summary, the participants will be able to:

- Describe and recognize three learning styles and incorporate knowledge into training delivery for courses.
- Describe the principles of adult learning and incorporate knowledge to maximize training delivery effectiveness.
- Make effective training presentations.
- Effectively facilitate group interactions and communications in training presentations.
- Evaluate training effectiveness.

Sequence of Learning Activities:

1. Present review of course content.
2. Conduct end of course examination.
3. Conduct end of course evaluation.

CURRICULUM DEVELOPMENT

Course Title: Training of Trainers/Curriculum Development (Part 2 of 2)	Course Duration: 15 hours
Course Purpose: Upon completion of the course, the participants will be able to: <ul style="list-style-type: none">■ Describe how to conduct a training needs assessment.■ Explain the course design and development process.■ Write learning objectives that are measurable.■ Design activities for training that will create learning that meets learning objectives.■ Write course content that supports learning objectives.■ Write effective overviews and summaries of content.■ Write an effective Instructor Guide.■ Create transparencies and visuals that support learning objectives.	

CURRICULUM DEVELOPMENT COURSE INTRODUCTION

Introduction Duration:
30 minutes
Introduction Purpose:
Upon completion of this introduction, the participants will be able to: <ul style="list-style-type: none">■ Explain the content and learning methods for this course.
Sequence of Activities:
<ol style="list-style-type: none">1. Present course learning objectives.2. Explain course design and develop skill practice exercise.3. Present introduction summary.

MODULE 1: TRAINING NEEDS ASSESSMENT

Module Duration:

2 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe the steps in the training needs assessment process.
- Explain how to gather information required for the training needs assessment.
- Write a plan for a training needs assessment.
- Determine whether training is the appropriate action to alleviate a performance gap.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present training needs assessment process.
3. Present job required knowledge and skills.
4. Present methods for gathering training needs assessment information.
5. Present determining the performance gap.
6. Conduct Exercise #1: Training Needs Assessment Case Study.
7. Present Performance Analysis Model.
8. Conduct Exercise #2: Performance Analysis Case Study.
9. Present module summary.

MODULE 2: DESIGNING COURSES

Module Duration:

1 hour

Module Purpose:

Upon completion of this module, the participants will be able to:

- Explain the course development process.
- Use the Course Design Worksheet to design and develop effective training.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present course and module elements.
3. Present course development process.
4. Present Course Design Worksheet.
5. Conduct Exercise #1: Course Design Worksheet.
6. Present module summary.

MODULE 3: LEARNING OBJECTIVES

Module Duration:

1 hour and 30 minutes

Module Purpose:

Upon completion of this module, the participants will be able to:

- Define the two types of objectives that should be included in every course (course and module).
- Explain the purpose of course and module objectives.
- Describe what elements go into writing a good learning objective.
- Write a meaningful, performance-based learning objective.
- Complete the applicable portions of the Course Design Worksheet.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present types of learning objectives.
3. Present elements of a good learning objective.
4. Present writing a learning objective.
5. Conduct Exercise #1: Writing Learning Objectives.
6. Present module summary.

MODULE 4: INSTRUCTIONAL METHODS AND ACTIVITIES

Module Duration:

2 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe why a variety of learning methods are important in a training program.
- Describe a minimum of six types of effective learning methods.
- Prepare effective simple and complex exercises.
- Prepare end of course examination questions.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present choosing a learning method.
3. Present simple exercises.
4. Conduct Exercise #1: Simple Exercise.
5. Present complex exercises.
6. Conduct Exercise #2: Complex Exercise.
7. Conduct Exercise #3: Course Design Worksheet.
8. Present how to write examinations.
9. Conduct Exercise #4: How to Write Examinations
10. Present module summary.

MODULE 5: COURSE CONTENT

Module Duration:

2 hours

Module Purpose:

Upon completion of this module, the participants will be able to:

- State rules that should be followed when writing/editing course content to make the content more clear and effective for learning.
- Use the Course Plan Checklist to ensure that all of the required elements for a presentation are included in the content.
- Describe the elements of the Participant Guide Template.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present rules for writing and editing content.
3. Present Course Plan Checklist.
4. Explain how to use the Participant Guide Template.
5. Conduct Exercise #1: Participant Guide.
6. Present module summary.

MODULE 6: OVERVIEWS AND SUMMARIES

Module Duration:

1 hour

Module Purpose:

Upon completion of this module, the participants will be able to:

- Explain the purpose of overviews and summaries
- Describe what elements go into writing a good overview and summary.
- Determine when an overview and summary should be used.
- Write a meaningful overviews and summaries.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present what makes a good overview and summary.
3. Present when an overview and summary should be used.
4. Conduct Exercise #1: Course Overview and Summary.
5. Conduct Exercise #2: Module Overview and Summary.
6. Present module summary.

MODULE 7: INSTRUCTOR GUIDE

Module Purpose:

1 hour and 30 minutes

Module Purpose:

Upon completion of this module, the participants will be able to:

- Describe the elements that should be included in an Instructor Guide.
- Describe the level of detail that should be used to write the Instructor Guide.
- Write effective Instructor Guide.
- Describe the elements of the Instructor Guide Template.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present instructor guide elements.
3. Conduct Exercise #1: Instructor Guide Critique.
4. Conduct Exercise #2: Instructor Guide.
5. Present module summary.

MODULE 9: TRANSPARENCIES

Module Duration:

1 hour and 30 minutes

Module Purpose:

Upon completion of this module, the participants will be able to:

- List ten reasons for carefully designing visual aids.
- Describe the points that go into making a good transparency.
- Use a transparency template to create an effective transparency.
- Complete the applicable portions of the Course Design Worksheet.

Sequence of Activities:

1. Present module overview and learning objectives.
2. Present reasons for carefully designing visual aids.
3. Present what makes a good transparency.
4. Conduct Exercise #1: Creating Transparencies.
5. Conduct Exercise #2: Transparencies.
6. Present module summary.

MODULE 10: COURSE DEVELOPMENT AND SKILL PRACTICE

Module Duration:

1 hour

Module Purpose:

Upon completion of this module, the participants will be able to:

- Complete the Course Design Worksheet.

Sequence of Activities:

1. Explain course development/skill practice.
2. Explain evaluation checklist.
3. Draft portions of the Course Design Worksheet.

CURRICULUM DEVELOPMENT COURSE SUMMARY

Summary Duration:

1 hour

Summary Purpose:

Upon completion of this summary, the participants will be able to:

- Describe how to conduct a training needs assessment.
- Explain the course design and development process.
- Write learning objectives that are measurable.
- Design activities for training that will create learning that meets learning objectives.
- Write course content that supports learning objectives.
- Write effective overviews and summaries of content.
- Write an effective Instructor Guide.
- Create transparencies and visuals that support learning objectives.

Sequence of Learning Activities:

1. Present review of course content.
2. Conduct course post-examination.
3. Conduct end of course evaluation.