

MASTERCLASS

# ASSET LIABILITY MANAGEMENT

A highly inter-active workshop spread over 5-Days to have the time to apply concepts to the ALM management simulation case studies.

**DATES: 17 - 21 NOVEMBER 2019**  
**VENUE: SHERATON DUBAI CREEK  
HOTEL & TOWERS, UAE**

Course Fee @USD 3190 per Delegate

Delivery Type: Group Live | Duration 5 Days | Non residential

Course Language & Materials - English

**FOR MORE INFORMATION PLEASE CONTACT US**



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## Program Timings

Registration will be at 0830 on Day One. Program will commence at 0900 and conclude at 1700 daily. Two refreshments and one lunch will be served daily.

## Welcome and Introductions

- Program Overview
- Setting Expectations
- Participants' background, goals and challenges

## Module 1: Definitions and general background to Asset & Liability Management

### *The financial markets and variables*

The yield curve (including yield curve calculations principals)  
Interest rate definitions and time value of money calculations  
Financial product economic and accounting valuation principals (accrual, amortised costs and fair value)

### *Asset & Liability Management principals*

Definition of ALM risks (interest rates, liquidity, Forex, commodities, equity)  
ALM vs. market risk; the trading and the investment book versus the banking book  
ALM Capital compliance Basel 1 '96 amendments, Basel 2 pillar 1 and 2, Basel 3 and... 4.  
ALM and Economic Equity management

### *ALM organisational issues*

Responsibilities and reporting  
Competency requirements

## Module 2: Interest Rate Risk (IRR) Management

### *Financial contract definitions and cash flow analysis the IRR aspects*

Maturity contracts and non-maturity contracts  
Fixed, variable, floating interest rate prices  
Symmetrical and non-symmetrical cash and derivative contracts (implicit and explicit options)

### *The profitability sensitivities*

Liquidity gap (static, dynamic, marginal, cumulative, contractual, behavioural...) and liquidity stress testing  
Interest rate gap ((static, dynamic, marginal, cumulative, contractual, behavioural...) and rate shock sensitivities  
Policies, limits and performance metrics

### *The value sensitivities: analytical approach*

Bond pricing principals and application of financial valuation in ALM  
The Basis Point Value sensitivity analysis  
Duration, Modified Duration, Convexity, Time Decay analysis  
Option Pricing theory and valuation through Delta, Gamma, Vega, Rho and Theta measures (high level overview)  
Policies, limits and performance metrics

### *The value sensitivities: statistical and probabilistic approach*

Value at Risk definition and principals  
VaR calculation methodologies  
Policies, limits and performance metrics

### *Variance and covariance analytics and risk portfolio optimisation strategies and metrics*

### *Assuming interest rate risk:*

Economic Equity budgeting and allocation  
Risk Return optimisation

### *Hedging interest rate risks policies and methodologies*

Commercial strategies  
Derivative markets and financial engineering

### *IRR reporting*

## Module 3: Liquidity Risk Management (LRM)

### *Financial contract definitions and cash flow analysis the liquidity approach*

- Maturity contracts and non-maturity contracts
- Behavioural variables

### *The Gap assessments*

- Liquidity gap (static, dynamic, marginal, cumulative, contractual, behavioural...) and liquidity stress testing
- Policies, limits and performance metrics

### *The Ratio assessments*

- Traditional ratios
- Basel 3 ratios (LCR, NSFR)
- Policies, limits and performance metrics

### *The statistical and probabilistic approach*

- VaR for LRM
- Policies, limits and performance metrics

### *Assuming Liquidity risk:*

- LR appetite
- Economic Equity budgeting and allocation
- Risk Return optimisation

### *Hedging LR policies and methodologies*

- Commercial strategies
- Derivative markets and financial engineering
- Contingency Funding Plan (CFP)

### *Monitoring and reporting Liquidity Risks*

## Module 4: Integration of ALM in day-to-day bank management

### *Risk Transfer Pricing (funds, liquidity, credit risk...) pricing models*

### *Product development (retail, corporate)*

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## ALM SIMULATION OVERVIEW

The course is based on the principal that the learning experience is enhanced by hands on exercises that replicate real management situations, where participants can test the concepts learned and analyse the result of their analysis and management decisions. Hence we have created this course with a high level of integration between theoretical concepts, valuation models and risk management methodology descriptions and computer aided Asset and Liabilities Management simulation.

### Simulation Objectives:

1. To illustrate the risk quantification models from a product base and total balance sheet perspective, and the quality of the “risk intelligence” for each model and methodology;
2. To allow participants to understand risk dynamics, to define logical risk limits and strategies; and to understand the impact of these on the bank’s value and profit dynamics;
3. To highlight the strategic role of ALM in a global business management model, linking client and product management with global risk management and bank value-add optimisation;
4. To review and enhance the understanding of profitability and value based risk models. Comparing liquidity gap models, repricing models, duration and convexity models and statistical models (VaR).
5. To illustrate the impact of market volatility in a realistic financial environment, using a mix of typical retail and corporate products, standard investment and hedging instruments, both cash and derivatives.
6. To develop strategies (delta hedging...) to innovate and develop new financial products and strategies;
7. To evaluate the impact of customer behaviour in valuating implicit and explicit product optionalsities.
8. To apply recommended interest rate capital adequacy calculation models and optimisation strategies.

### Game Operation

Participants are divided into teams of 3 to 5 participants. Each will assume the role and responsibilities of a Bank Asset and Liability Management Committee (ALCO). The fictional Balance Sheet (BS) we have created is designed to highlight some of the major issues involved in ALM decision-making and has a mix of on and off balance sheet, fixed and variable financial contracts. The markets integrated are wholesale and retail. The simulation is based on realistic products that contain embedded options, client behaviour variables and pricing dynamics / elasticises.

This is not a competitive game between different teams, but a gradual enhancement of competencies and skills in a realistic financial environment. Each team (ALCO) is responsible for:

1. the analysis of the bank’s current situation risk exposures;
2. the definition of the bank’s risk quantification methodologies (models), and the Risk Performance Criteria’s (RPCs including limits);
3. the determination of the bank’s risk policies and strategies (under profitability and value constraints);
4. proposed risk management tactical decisions.

The teams start with an initial economic environment (interest rates, macro-economic data...) and ALM risk position. With the help of the trainer each team will determine limits, policies and general risk strategies. The liquidity and interest rate risks will be reviewed using different quantification models and then the participants will decide on risk underwriting and hedging strategies. They can progressively use different risk techniques and have access to different markets:

- Retail and Wholesale markets, which they can activate with tactical sales targets and price incentives;
- Interbank and Investment products, which they can access within some generic rules and limitations;
- Derivative which they can buy/sell (forwards and swaps);
- Delta hedging techniques and financial engineering.

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The teams present their analysis and recommendations in full session. These are tested and discussed to allow comparison of the multiple possible strategies, allow for risk strategy optimisation and a benefits and costs analysis.

Many ALM constraints and management difficulties are integrated in the simulation, including:

1. Basis Risk (funding of asset with liability from different markets and/or with different rate volatility);
2. Risk /return arbitrage between illiquid and liquid assets.
3. Yield curve directional positions and risk/return analysis of risk underwriting and hedging strategies;
4. Product elasticity to price and client behaviour based strategies.
5. Variance and covariance optimisation strategies.

After each main concept has been explained, the participants will be required to analyse the financial market (yield curve) and the assets and liabilities of a simulated bank. They will be asked to define ALM policies and strategies, analyse interest risk sensitivities using different analytical models and finally to define risk optimisation strategies.

This simulation is built around the idea of reviewing the same financial exposures using all the different valuation methodologies will allow a better understanding of the ALM models, and improve their decision taking capabilities by allowing a precise causality between decision and financial consequence.

Each ALCO group will receive the same data and be required to make their own decisions. These are then discussed in full session with all trainees. We schedule three to five ALCO meetings

#### ALCO 1

- Market analysis
- Bank balance sheet analysis
- Preparation of the bank's risk policy, its risk limits (liquidity and interest rate risks) and development of the risk management recommendations (what, how and how much)
- 15' presentation to the board of directors of ALCO 1 decisions

#### ALCO 2

- Interest rate risk analysis based on different repricing maturity gap reports
- Comparison with ALCO 1 and ALCO 2 results and recommendations
- Development of adapted new recommendations

#### ALCO 3

- Interest rate risk analysis based on different BPV and Duration models
- Comparison with ALCO 1, 2 and 3 results and recommendations
- Development of adapted new recommendations

#### ALCO 4

- Liquidity gap analysis based on different liquidity maturity gap reports
- Comparison with ALCO 1 liquidity limits and impact of IRR decisions
- Development of adapted new recommendations

#### ALCO 5

- Analysis of ALCO 4 results
- Preparation of final decision, which will be run, the results of these will be discussed after the Board presentation
- Preparation and presentation to the Board of Directors of final recommendations

The programme ends with an *assessment phase*. On the final day of the programme and following ALCO 5, participants have to present to the Board of their bank on the following criteria:

- ALM Strategy proposed;
- ALM limits implemented;
- ALM risk assumption and hedging proposed;
- ALM impact on pricing and competitiveness of the bank;
- Key ALM models and tools used, why and impact discussion;
- Future outlook for the bank and new policy recommendations.

#### Course Conclusion

- Summary
- Open Forum

END

Emerging financial markets create serious challenges for banks. By opposition to advanced financial markets, the EFM do not have deep financial markets that cover the whole product spectrum and all maturities. This generates specific challenges for banks that want to comply to compliance constraints while proposing added value products to their corporate and retail customers.

Our objective is to review interest rate risks, and liquidity risks to:

- Quantify the implicit and explicit risks underwritten by the banks through their commercial activities as well as through their proprietary trading and investment activities.
- Discuss the techniques to develop local currency Yield Curves.
- Describe the financial risk components of the banking products and how to price these through Fund Transfer Pricing (FTP).
- Define hedging techniques through the use of multiple hedging products on the cash and derivative markets, and through internal hedging structures such as delta hedging.
- Discuss ALM reporting for internal management purposes and for compliance reporting (Basel 3 and projected Basel 4).
- Review the ALM impact on the global bank strategy and on product management opportunities.
- Review the convergence between interest rate risk and foreign exchange risk and discuss how to integrate forex in the ALM framework.

The participants will gain a deep understanding of how to maximize the performance of the bank under asset and liability risk management constraint. We will discuss key success factors and challenges and suggest tools and methodologies to enhance the effectiveness of the bank ALM framework.

## The Programme Features

Taught by an internationally experienced banking executive, this course is designed to give delegates a comprehensive overview of how to build and implement a successful Bank ALM strategy and how to raise the performance of their institution and comply to good financial risk management practices. It focuses on banks in emerging markets which require different techniques and organisations as compared to advanced markets in New York, London, Tokyo or other large, deep and sophisticated markets. The course will teach you how to measure interest rate risk and liquidity risks, how to manage and report these risks and how to leverage that capability to create added value products for your clients and generate additional income for the bank.

ALM is often considered as a complex subject where banks are submitted to market risks and have little options to direct and manage these risks. More than in many other management challenges, we believe that the participants in the ALM workshops will only learn by applying the concepts reviewed in near-real market ALM management simulations. Using a computer driven bank management programme, we will cover all the steps of the ALM framework from policy and strategy development, to risk quantification and hedging and to risk reporting. The participants will be asked to review the bank's positions and make decisions to optimise the bank's performance under Basel constraints. The focus is on interest rate and liquidity risks on the banking book and investment book, with some discussions for the trading book. All used techniques will also be illustrated by Excel based exercises that the participants will receive.

This programme draws on the knowledge and practical experience of an internationally experienced executive who has worked for some of the largest institutions in the world and supported large and small financial institutions as a management consultant. He has trained many bankers ALM and Balance sheet management in advanced economies and has hands on experience of implementing ALM strategies in banks in Africa.

## IN-HOUSE

All our programs are also available through in-house or bespoke format. You need to identify the requisite agenda which need to be covered, the dates most convenient, and have it delivered at your choice of location. Please email us today on [marketing@bricsaevents.in](mailto:marketing@bricsaevents.in) to discuss further.

## Who Should Attend

The course applies to senior bank managers that need to understand the impact of ALM to their strategies and performance, and how ALM will influence Fund Transfer Pricing (FTP), the banking products and their client satisfaction. The training will also be of huge importance to ALM managers as well as product managers. Financial and management accounting staff will gain essential understanding required to optimise budget and equity management. Good existing banking competencies are required.

- Executive, general and senior managers
- Business unit managers and heads of regional businesses and branches
- ALM managers and Enterprise Risk Managers (ERM) including credit risk and compliance managers
- Product Managers and Marketing managers
- Financial and Management Accounting managers, internal auditors and experts responsible for corporate strategy and planning
- Banking and strategy consultants
- IT developing teams involved in risk management tools development
- Regulators and Central bankers

## Teaching method

This training program uses a combination of prepared tuition, practical exercises, and case studies. Most importantly it will offer participants opportunities to contribute individually and to work together in small groups, to practice the application of the techniques discussed.

- ❖ **On completion participants will receive course certificate.**

## Duration

The training will take place over 5 days to have the time to apply concepts to the ALM management simulation case study.

## Course Instructor | Clive Wykes



Born in Belgium Clive is of British nationality. He was raised and educated both in England and Belgium, where he graduated from the University of Louvain (UCL) in Belgium, with a Masters in Applied Economic Sciences.

From 1973 to 1991 he developed his career in banking with American Express and Chase Manhattan Bank. During those years he covered many areas of banking of which credit and marketing, risk management, product development and management, budgeting / MIS and strategic planning as well as general management. He was exposed to local and international markets in Retail Banking and Corporate Banking (SMEs, large global corporations and Institutionals). He had management responsibilities at departmental level and General Management responsibilities included CEO - Country Manager Chase Belgium and EMEA Sales Executive Risk Management Products.

In 1991, he founded a Management Consultancy firm, PI Consulting SA Belgium, and developed his business with large European financial institutions. In 2008 he founded BC&T Ltd in Mauritius to take over the consulting and training activities of PI Consulting SA, Belgium and focused primarily on emerging countries and banks, while maintaining his activities in Europe, the Middle East and Asia. He has had consulting mandates with banks such as BNPP, AXA, Barclays, Soc Gen, FNB, BBS and many more. He has collaborated with large solution vendors (Teradata, CSC, SAS...) in risk management, compliance and IFRS solution design as well as client valuation and management solutions. A substantial part of the consulting with solutions vendors and integrators was for retail banking solutions and retail bank restructuring. Clive is a advisor to the Advisory Board and Executive Board of Sovereign Bank Int'l, St Lucia.

Clive has worked in over 65 countries around the world, with banks and other financial institutions either as project manager in management consulting assignments or as training course director.

### Clients

- ❖ **Over 25 Banks in EMEA**
- ❖ **Over 100 Banks in EMEA, ASIA**
- ❖ **Leading IT solution vendors & solution integrators EMEA**

### Clive has also had a number of teaching assignments of which:

- 1986 – 1987:** Boston University (Brussels) : Financial Risk Management
- 1988 :** Université Libre de Bruxelles (Solvay) : The New Derivative Financial Products
- 1998:** Nijenrode University : Derivative Products in their MBA programme
- 2003 – 2008:** University of Saint Louis in Brussels : Credit Risk Management MBA course

### Program Schedule\*

0830	Registration and coffee
0900	Morning session begins
1100 - 1115	Morning refreshment
1115	Morning session continues
1300	Luncheon
1400	Afternoon session begins
1530 - 1545	Afternoon refreshment
1700	Course concludes

\*Program schedule can be amended to adjust course timing with mutual understanding between participants and facilitator. Please inform hotel staff in advance to adjust with the new timings for breaks in case there is any change to the above schedule.

Please liaise with the Program facilitator in case a prayer break needs to be included in the above schedule

### PROGRAM VENUE:

This program takes place on a non-residential basis at a centrally located Dubai hotel. Non-residential course fees include training facilities, documentation, lunch and refreshments for the duration of the program. Delegates are responsible for arranging their own accommodation, however, a list of convenient hotels is available upon registration.

# UPCOMING COURSES 2019 - 2020

Course Name	Dates	Location
<b>General Counsel and Chief Legal Officer (CLO)</b>	NOVEMBER 6 - 8, 2019   3 Days	<b>SINGAPORE</b>
<b>5 Day Master Class ALM for Emerging Markets</b>	NOVEMBER 17 - 21, 2019   5 Days	<b>DUBAI</b>
<b>Risk Based Approach to AML &amp; CTF</b>	NOVEMBER 25 - 28, 2019   4 Days	<b>DUBAI</b>
<b>Advance Credit Risk Management</b>	MARCH 8 - 12, 2020   5 Days	<b>DUBAI</b>
<b>3 Day Master Class on Customer Excellence</b>	MARCH 18 - 20, 2020   3 Days	<b>DUBAI</b>
<b>3 Day Master Class on Payments</b>	MARCH 17 - 19, 2020   3 Days	<b>DUBAI</b>

## ORGANISATIONS THAT HAD ATTENDED OUR COURSES

ABO Capital Investments, Angola  
 ABSA  
 Arab African International Bank, Egypt  
 Arab Bank Plc, PL, Palestine  
 Awash Bank, Ethiopia  
 Bank AL Habib Limited, Pakistan  
 Bank Nizwa SAOG, Oman  
 Bank of Ceylon, Sri Lanka  
 Bank of Industry Limited, Nigeria  
 Bank South Pacific, PNG  
 Banque Misr, Egypt  
 Banque Populaire du Rwanda Limited  
 Barclays Bank of Kenya  
 Bluoshen S.A, Angola  
 BMCE Bank  
 BNI MADAGASCAR  
 Centenary Bank, Uganda  
 Central Bank of Indonesia  
 Central Bank of Seychelles  
 Central Bank of Sri Lanka  
 Financial Market Supervisory Authority, Azerbaijan  
 GFH Financial Group BSC Bahrain  
 Ghazanfar Bank  
 Gulf Bank, Kuwait  
 I&M Bank (Rwanda) Limited  
 IEI-Anchor Pension Managers Ltd  
 Khaleeji Commercial Bank, Bahrain  
 Kiatnakin Bank  
 Kuwait Financial Center - Markaz, Kuwait  
 Mashreq Bank  
 Meristem Wealth Management Limited, Nigeria  
 MauBank Ltd  
 National Bank of Bahrain  
 National Bank of Malawi  
 National Housing Bank, India  
 NEW YORK UNIVERSITY IN ABU DHABI  
 Nib International Bank S.C., Ethiopia  
 NIBSS Plc, Nigeria  
 Oman Arab Bank, Oman  
 PT Bank UOB Indonesia  
 Riyadh Bank, Saudi Arabia  
 RAWBANK  
 Samba Bank Limited  
 Sampath Bank PLC, Sri Lanka  
 Stanbic Bank, Ghana  
 Sterling Bank Plc, Nigeria  
 Tharawat Establishment, Saudi Arabia  
 The City Bank Limited, Bangladesh  
 The National Bank TNB  
 The Saudi Investment Bank, Saudi Arabia  
 Union National Bank, UAE



# ASSETS & LIABILITY MANAGEMENT MASTERCLASS

17 - 21 November 2019 (5 Days) | SHERATON DUBAI CREEK HOTEL & TOWERS, UAE

**Sales Contract** | Please write in BLOCK letters

## DELEGATE DETAILS

**1** Name: \_\_\_\_\_  
Job title: \_\_\_\_\_  
E-mail: \_\_\_\_\_  
Tel/Mob: \_\_\_\_\_

**3** Name: \_\_\_\_\_  
Job title: \_\_\_\_\_  
E-mail: \_\_\_\_\_  
Tel/Mob: \_\_\_\_\_

**2** Name: \_\_\_\_\_  
Job title: \_\_\_\_\_  
E-mail: \_\_\_\_\_  
Tel/Mob: \_\_\_\_\_

**4** Name: \_\_\_\_\_  
Job title: \_\_\_\_\_  
E-mail: \_\_\_\_\_  
Tel/Mob: \_\_\_\_\_

## COMPANY DETAILS

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

Tel: \_\_\_\_\_ Country: \_\_\_\_\_

## AUTHORISATION

Name : \_\_\_\_\_

Position : \_\_\_\_\_

Date : \_\_\_\_/\_\_\_\_/\_\_\_\_

Signature\* : \_\_\_\_\_

I/we hereby confirm to the above and authorise our participants.

\* This booking is invalid without signature.

Course Duration - 5 Days

## COURSE FEE & VENUE:

Course fee will cover training materials, attendance certificate, luncheon and refreshments for the respective training days.

This program takes place on a non-residential basis at a centrally located DUBAI, UAE hotel. Non-residential course fees include training facilities, documentation, lunch and refreshments for the duration of the program. Participants are responsible for arranging their own accommodation, however, a list of convenient hotels is available upon registration.

**LIMITED SEATS!**

**BOOK EARLY TO RESERVE YOUR PLACE**

## Course Fee

USD 3190 per Delegate (Local Taxes may applicable)

## Group Discounts\*

3-4 Delegates 5%  
> 5 Delegates 7%

\*please note that all group discounts are given on the final price

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**3 Easy ways to Register**

## TERMS & CONDITIONS

1. Payment Terms

100% payment of the full amount upon receipt of the invoice.

2. Cancellation Policy

i. All cancellations must be done in writing.

ii. Full refund for cancellations will only be paid to a maximum of one week from the invoice date.

iii. 50% refund for cancellations will only be paid to a maximum of two weeks from the invoice date.

iv. No refund for cancellations done after 2 weeks from the invoice date. Substitute is always welcomed; if not possible a credit note will be given which can be used for any of BricSaEvents up to 1 year.

3. Force Majeure/indemnity: If the event is postponed, canceled or abandoned by reason of war, fire, storm, explosion, national emergency, labor dispute, strike, lock-out, civil, disturbance, actual or threatened violence by any terrorist group, or any other cause not within the control of our organization, we shall be under no liability to 'Company' for non-performance or delay in performance of obligations under this contract or otherwise in respect of any actions, claims, losses (including consequential losses) costs or expenses whatsoever which may be brought against or suffered or incurred by 'Company', as the result of the happening of any such events.

4. Complaint and Refund: For more information regarding administrative policies such as complaint and refund, please contact us at: Tel: +91 8433 921011, Fax: +91 22 40950330, e-mail: marketing@bricsaevents.in

5. Governing Law: This contract shall be governed by and construed in accordance with the Laws and Regulations of India and the High Court of Bombay shall have exclusive jurisdiction without regard to conflict of law provisions.