

# € TRAINING

Asset and Liability Management in Banks

1 - 5 December 2024  
Cairo (Egypt)





# Asset and Liability Management in Banks

REF: T1657 DATE: 1 - 5 December 2024 Venue: Cairo (Egypt) - Fee: 3520 Euro

## Introduction:

This training program equips banking professionals with essential skills for effectively managing the balance sheet. Through comprehensive instruction, the program addresses key concepts such as liquidity management, interest rate risk, and regulatory compliance.

## Program Objectives:

At the end of this program, the participants will be able to:

- Describe the role of the ALM function within a bank.
- Articulate the causes and consequences of the global financial crisis, the motivation for the regulation that has come in the wake of it, and the impact it has had on the ALM function.
- Explain the impact of the regulation on a bank's balance sheet in particular the resources of capital and liquidity.
- Understand the role of the ALM function in optimizing the balance sheet via either capital preservation or margin maximization achieved by a more selective approach to assets issued and funding raised.
- Appreciate what future challenges lie ahead for the ALM function in particular from the potential introduction of Basel IV.
- Identify ways in which the wider business can support the ALM function in dealing with these challenges via, for example, communication and alignment of business incentivization.

## Targeted Audience:

- Group Treasurers.
- Chief Risk Officers.
- Accounting and Finance Managers.
- Asset Managers.
- Liquidity Managers.
- Risk Managers, Risk Controllers, and Risk Officers.
- Auditors and Bank Regulators.

## Program Outlines:

### Unit 1:

#### The evolving role of Asset and Liability Management ALM:

- Defining the role of ALM.
- Recap of the Global Financial Crisis: Causes, Resolution, Lessons learned.
- Impact of Basel III on Capital: Basel III's influence on Capital, Risk Constraint Ratio, and Leverage Ratio.
- Standardised Methodology for Credit Risk: Credit Conversion Factors, Adjusting for Collateral, and Gearing.
- Linking Asset and Liability Optimization to Return on Equity: Implications for ALM and strategy, Basel III's effect on capital returns.

### Unit 2:

#### Asset and Liability Gap Analysis:

- Challenges of Maturity Transformation.
- Introduction to behavioral modeling and adjusting for prepayment and redemption.
- Non-Traded Market Risk: Understanding IRRBB, comparing IRRBB to CSRBB, and measuring IRRBB.
- Liquidity Risk: Basel III Liquidity Regime, LCR, NSFR, and their impact on ALM strategy and liquidity preferences.
- Beyond Pillar I: Individual Capital Adequacy Assessment Process ICAAP, Individual Liquidity Adequacy Assessment Process ILAAP, Recovery and Resolution Planning RRP.

### Unit 3:

#### Evolution of FTP and Non-Wholesale Portfolio Management:

- Defining FTP and its importance in optimizing portfolios.
- Evolution of FTP methodologies and challenges in deriving the FTP curve.
- Operating FTP: 'Behaviouralising' Portfolios, driving behaviors, and aligning business incentivization.
- Tools/Products to optimize: Pricing with FTP, reflecting regulation in FTP, and trends in FTP methodologies.
- Ownership and governance in FTP, including management reporting and driving behaviors.

### Unit 4:

## Tools for Managing FX and IR Risk:

- Recap on Cash FX instruments and their applications.
- Interest Rate Swaps IRS: Types, pricing, and valuation.
- Application of Cross Currency Swaps XCCY in managing FX and IR risk.
- Using FX swaps to optimize funding.
- Pricing and valuation of XCCY swaps for long-term FX risk management.

## Unit 5:

### Structural Hedging and Future Challenges for ALM:

- Best practices in Structural Hedging: What, When, How much, Governance, and review.
- Distributing the cost of unwinding in Structural Hedging.
- Future Challenges for ALM: TLAC/MREL, Overview of Basel IV, and its implications on ALM.