

Workshop
On
Asset & Liability Management
17–18 November 2018, Dhaka



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About the provider

FinArchitect Australia Pte Ltd is a provider of consulting and learning solutions within the Financial Services Sector. We assist banks with the implementation of risk management architecture as well as with the enhancement of the skills and core competencies of their employees. Our head-office is in Australia from where our customers are being served. Our major competencies are in the following areas in banking:

- Asset & Liability Management
- Basel II and Basel III
- Credit Risk Management
- Financial Risk Management
- Fundamentals of Bank Management
- ICAAP
- Interest Rate Risk Management
- Risk Management in Banking
- Treasury Risk Management

Since 2009, we served the following banks:

- AB Bank Limited, Bangladesh
- BAC Bank, Vietnam
- Bank for Investment and Development of Vietnam
- BRAC Bank Limited, Bangladesh
- BRAC EPL Stock Brokerage Ltd, Bangladesh
- Chubb Insurance Vietnam Company Limited, Vietnam
- Commercial Bank of Ceylon, Bangladesh
- Dhaka Bank Limited, Bangladesh
- Dragon Capital, Vietnam
- Handico Finance, Vietnam
- IDLC Finance Ltd, Bangladesh
- IFIC Bank Limited, Bangladesh
- Jamuna Bank Limited, Bangladesh
- LankaBangla Asset Management Company Limited
- LankaBangla Finance Limited
- Mercantile Bank Limited
- Military Bank, Vietnam
- Mutual Trust Bank Limited, Bangladesh
- National Citizen Bank, Vietnam
- National Credit Ratings Ltd, Bangladesh
- NRB Commercial Bank Ltd, Bangladesh
- Pubali Bank Limited, Bangladesh
- Shahjalal Islami Bank Ltd, Bangladesh
- State Bank of India, Bangladesh
- Techcombank, Vietnam
- The City Bank Limited, Bangladesh
- TienPhong Bank, Vietnam
- UCB Capital Management Ltd, Bangladesh
- United Commercial Bank Limited, Bangladesh
- Vietnam Prosperity Joint-Stock Commercial Bank, Vietnam
- VN Direct Securities, Vietnam
- Western Bank, Vietnam

Introduction

Recent financial crises have highlighted the importance of asset & liability management in the financial services industry. Asset & Liability Management has become an imperative for boards and management seeking to build a sustainable business. This workshop will equip you with knowledge and skills of the latest tools, strategies and best practices in Asset & Liability Management amidst volatile global markets, the proliferation of new financial products and changing regulatory environments. Furthermore, the impact of regulatory capital requirements such as *Basel III: Finalising Post-Crisis Reforms* in December 2017 is presenting new challenges in optimal capital allocation between the goals of profit maximization and regulatory compliance. In combination with the classical training approach (classroom sessions), actual and best-practice issues are discussed and explored, and real-life case studies and computer simulations are used.

Learning Outcomes

After the workshop, participants will be able to:

- Understand the best practices of asset & liability management
- Understand the role of Mid Office in asset & liability management
- Analyse the types of risks arising from on- and off-balance sheet activities
- analyse how risk-based pricing is conducted in a financial institution
- Apply Interest Rate Risk in Banking Book (IRRBB) measures as a part of Basel II/III capital framework
- Apply interest rate derivative products like FRA and Interest rate swaps
- Apply funds transfer pricing and evaluate the appropriateness of a particular model to any institution
- Evaluate VaR measures to assess market, liquidity, credit and operational risks.

Participant profile

The workshop provides a unique learning experience for the following target groups:

- ALM Managers
- Treasury and Risk Managers
- Financial Controllers
- Investment/Credit Managers
- Portfolio Managers
- Rating Analysts-Financial Institutions
- Internal Auditors
- Management Consultants
- Central bankers

Number of participants

To ensure a powerful learning experience, the number of participants per workshop is limited to 25.

Dates and Venue

17–18 November 2018 at Golden Tulip Hall, Spectra Convention Centre, House 19 Road 7 Gulshan 1, Dhaka 1212, Bangladesh.

Registration fee

The full registration fee of the workshop is BDT29,500 (net of VAT and any other taxes) per participant. The registration fee includes expert tuition, course documentation, and workshop materials as well as luncheon and refreshments. Registrations are possible until Thursday, 15 November 2018.

Agenda

Day 1

Session 1

ALM Concepts

- Risk Management Framework and the ALM Process
- Scope of ALM
- Roles/Responsibilities of ALCO
- ALCO Reports
- Agenda Points for ALCO meeting
- Role of Mid-Office in the ALM process

Session 2

Risk Governance

- Risk appetite
- Risk management process
- Measuring and managing risk: Quantitative measures and Qualitative assessment
- Roles and responsibilities of the Board in risk governance
- Integrating risk control into shareholder value maximization
- Performance measurement
- Risk-based pricing

Sessions 3 to 4

Traded Market Risk

- Introduction
- Sources of traded market risk:
 - Interest rate risk
 - Foreign exchange risk
 - Equity risk and
 - Commodity risk

Measures of Traded Market Risk

- Value at Risk (VaR)
 - VaR Definition
 - VaR Parameters: Confidence Level and Horizon
 - Application of VaR to measure market risk
 - Approaches to measuring VaR: Parametric versus non-parametric approaches
 - VaR measures:
 - Variance-Covariance method
 - Historical Simulation
 - Bootstrap historical simulation method and
 - Monte Carlo Simulation
 - Stressed VaR
 - Credit VaR
 - Liquidity VaR
 - Operational VaR
 - Application of VaR in Internal Models Approach
 - Backtesting VaR
- Excess shortfall (ES)
 - ES as a coherent measure
 - ES to overcome the deficiency of VaR
 - Application of ES in Basel III

Day 2

Session 5

Non-traded Market risk

- How does non-traded market risk arise?
- Interest rate risk exposure: earnings and economic value perspectives
- Sources of interest rate risks
- Interest rate risk in Banking Book (IRRBB)
- Measures of IRRBB
- Measures of interest rate risk:
 - Repricing gap
 - duration gap
 - convexity

Session 6

Funds Transfer Pricing (FTP)

- Evolution of FTP
- FTP Methodologies
 - Zero cost curve
 - Average cost curve
 - Maturity matched curve
- Deriving the FTP curve
- Operating FTP
- Pricing with FTP
 - Pricing flow business
 - Pricing cushion/buffers
 - Reflecting regulation in FTP such as impact of LCR/NCFR

Session 7

Liquidity Risk

- Liquidity Metrics
- Evolution of Liquidity Regulation
- Basel III Liquidity Regime
 - Liquidity Coverage Ratio (LCR)
 - Net Stable Funding Ratio (NSFR)

Session 8

Tools for managing Interest Rate Risk

- Interest Rate Risk
 - Interest rate swaps
 - Options
 - Caps, collars, and floors
 - Swaptions

Resource person

The resource person is a National Discipline Leader, Accounting, Finance and Economics, and Lecturer in Finance at Peter Faber Business School, Australian Catholic University. Prior to working in academia, he worked as a Managing Director of SimArch Asia Pte Ltd, Singapore in 2007–2009. He worked as a resource person on topics such as Asset and Liability Management in Banks, Interest Rate Risk Management, Financial Institutions Risk Management, Basel II, Basel III, Liquidity Risk Management and Advanced Excel Modelling in Australia, South Africa, Viet Nam, Cambodia, Nepal and Bangladesh. He obtained his PhD degree in Finance from The University of Newcastle, Australia. He is a regular member of CFA Institute, USA and CFA Society of Sydney, Australia.