



Training for Success

STRATEGIC ASSETS & LIABILITY MANAGEMENT

Date : August 27 – 29, 2017

Venue : Dubai, UAE

Training Expert : Dr. Mahendra Mehta

ADVANCED STUDIES AND TRAINING CENTRE

DUBAI

By attending this intensive, practical Workshop, you will:-

- ★ Identify strengths and weaknesses in your current Asset and Liability Management process
- ★ Obtain practical hands-on experience of current best practice risk analysis techniques
- ★ Better understand strategic balance sheet management issues such as the impacts of Basel II and International Accounting Standards requirement on ALM decision making
- ★ Understand the conflicts at the ALCO level in the application of both earnings and valuation methodologies to bank balance sheet management
- ★ Review symmetric and asymmetric hedging techniques and develop effective.

DISCOUNTS!

- Register one month in advance and receive **10% Discount!**
 - **Group of 3** or more Delegates from the same organization receive a **10 % Discount!**
- OR**
- **FREE attendance for 4th delegate** from the same organization!

PERSONAL DETAILS

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1) Name _____
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Position: _____
Email: _____

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We wish to register this delegate for the course indicated above. We undertake to pay for the period of the program (please print clearly)
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TRAINING COURSE

STRATEGIC ASSETS AND LIABILITY MANAGEMENT

August 27 – 29, 2017
In order to guarantee a place on the course delegates are kindly requested to register at least 4 weeks in advance

METHOD OF PAYMENT

1. Please find enclosed a cheque for US\$ _____ made payable to **Advanced Studies and Training Centre**

2. Transfer : Commercial Bank of Dubai
Branch: Mankhool Street | **Account Number** 1000125334
Routing Number: 502320103 | **Swift Code:** CBD – UAE. AD

3. Please invoice my institution.
An invoice will be sent to the mentioned institution on receipt of registration form. Please fill out the sponsor's details below.

CREDIT CARD:
Please Charge my : (Card Type)
 Master Card Visa Card Others _____
Card Holder Name _____
Card Number _____
Expiry Date _____ Security Code No. _____
Amount to be Charge _____
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SAVE MONEY! DISCOUNTS AND PROMOTIONS!

Register one month in advance and received up 10% discount.

Group of 3 more delegates from the same organization receive a 10% discount

OR

FREE Attendance for 5th delegate's from the same organization

REGISTRATION COURSE FEES

STRATEGIC ASSETS AND LIABILITY MANAGEMENT

- US\$ 2750 per delegate

I would like information on holding this program in house

We can bring this course in house directly to your workplace!
Customized Training Programs
The in-house training of Advanced Studies and Training Center
Tel: +971 4 221 1141; Email: info@astcdubai.com

TRAINING REGISTRATION DETAILS

TERM & CONDITIONS:

1. Fees include all the tuition, full course documentation, lunches and refreshments for the duration of the program.
2. Incidental expenses: ASTC is NOT responsible for covering airfare or other travel costs incurred by delegates. Delegates will be responsible for their own accommodations.
3. PLEASE NOTE that ASTC reserves the right to refuse admission to the training if proof of payment has not been received prior to the start of the program.
4. An invoice will be sent upon receipt of the registration form. Payment must be received in full 2 weeks prior to the course start
5. **CANCELLATION POLICY**
 - a) A full refund less on administration fee of US\$ 100 will be given for cancellation requests received up to 45 working days prior the event. Cancellation must be made in writing (letter or fax) and reach this office before the 45 days deadline.
 - b) Delegates who cancel than 45 working days before the event, or who don't attend are liable to pay the full course fee and no refunds can be given. However, if you wish to attend the next course, and you have paid your course fee in full, you will only be invoiced for 25% of that course fee. Please note that the next course must take place within the next 6 months of the initial application. Of course, a replacement is always welcome.

I understand and accept the booking Term & Conditions

Signature _____ Date _____

DISCLAIMER
ASTC reserves the right to change or cancel any part of its published programs or teaching facility due to unforeseen circumstances

HOTEL BOOKING
If you required assistance with booking accommodation for one of our courses, please contact our staff on the following numbers:
Tel: +971-4-2211141, Fax: +971-4-2211848 or Email us on info@astcdubai.com

Training Expert - Dr. Mahendra Mehta



Dr. Mahendra Mehta is Currently Managing Director of Neural Technologies and Software private limited. (NeuralTechSoft) and Neural Risk Consulting Private Limited based in Mumbai (India) Since Feb 2002, he has been involved in consultancy and teaching on various financial topics focusing primarily on financial risk management, which includes market, credit and operational risk measurement, modeling, Risk mathematics, derivative pricing and valuation mathematics and analytics its management and modeling, Enterprise Risk Management, development and implementation of policies, processes and procedures in the businesses.

The company specializes in providing consulting, software design and development which involves analytics and mathematics. Dr Mahendra is also involved in executive education in these areas around the world on Risk management, Basel II and III, capital adequacy, ICAAP, stress testing etc. In last 20 years, he has given more than 100 seminars on various topics in many countries including in Abu-Dhabi, Bahrain, Czech Republic, England, Egypt, Hungary, India, Jordan, Malaysia, Poland, Spain, South Africa, Qatar, Saudi Arabia, Singapore, Switzerland, UAE, UK, USA, etc. The company has completed several assigned involving consultancy on end to end management and implementation of BASEL II accord on a turnkey basis.

He was Head of Analytics at Citibank, NA, Mumbai (India) involved in the development of machine based trading strategies in Foreign exchange, interest rate and European & American equity markets. He was involved in the development and implementation of Market risk Management practice within Citibank worldwide. He was involved in the development of autonomous trading machine to automatically trade in the financial markets

Before joining Citibank in 1988, Mahendra worked with Hindustan Aeronautics Limited (HAL), Hyderabad (India) for fifteen years. He was responsible for design & development of several Avionics systems, development of Light Combat Aircraft weapon systems etc. During his tenure at HAL, Mahendra worked in various countries, which includes Italy, UK, France & Sweden. He has several research papers to his credit mainly in estimation sciences & theory as applied to avionics and space sciences. He was heading a team of people involved in the development of on board computer for Prithvi Missile – medium range surface to surface missile.

He received Doctoral degree in Electrical Engineering from Indian Institute of Technology Mumbai (India). Among other places, he has also taught at London Business School in 1991-92 and was a guest faculty at Swiss Federal Institute of Technology, Zurich, Switzerland. He currently teaches Financial Mathematics & Financial Engineering at S P Jain School of Management. He has written several research papers in Engineering science and Finance. He has contributed in the book entitled "Neural Networks in the Capital Markets" published by Wiley & sons in 1995.

Dr. Mehta has lectured in various countries on Kalman filtering and adaptive estimation science including in France, Holland and Sweden. His Ph. D thesis was on multi-target tracking in noisy environment using air borne radar. Dr Mahendra Mehta is a visiting faculty member at various institutions around the world.

WHO SHOULD ATTEND

Professionals working in a central department within a bank or other financial institution who wish to expand or refresh their knowledge of current asset/liability management techniques.

They are typically responsible for analysing or managing major portfolios or complete balance sheets from either a strategic or operational viewpoint. An academic or equivalent background in business, finance, or economics, and/or sufficient professional experience is required for enrolment.

COURSE OUTLINE

DAY 1 - STRATEGIC BALANCE SHEET

1) Successfully Implementing A/LM

This is a Group Discussion Module which will update everyone on the latest developments and best practice approaches involved in ALM. This module will provide delegates with the opportunity to focus on their particular institutions' approach to Asset & Liability Management, identifying strengths and weaknesses in current practice. In particular, current developments in relation to regulation and audit (e.g. Basel III) are incorporated.

- Objectives of the Modern ALCO
- Key Success Factors
- What Targets to set?
- What Risks to Measure?
- Current trends in A/L Management
 - o Regulatory Changes
 - o Internal/External Audit Implications
 - o Valuation vs. Accounting

2) Sample Banks Static Risk Assessment

This is a Team Based Discussion in which delegates will study the financial returns of three Sample Bank structures and choose a preferred bank purely on that basis. At this stage the risk profiles of these banks are not discussed, and factors such

as Profitability, Return on Capital Employed and Market Share drive the decision process. The purpose is to analyse these banks as a financial analyst would to recommend one bank's shares to investors, without any appreciation of any risk elements. Later modules will introduce various risk analysis which may or may not change participants views as to the preferred bank.

- Overview
- Bank Balance Sheet Review
- Financial Reports
- Which bank do you want to be?

3) Strategic Liquidity Management

This is a Group Presentation Module which will provide a full reprise of best practice liquidity management from the ALCO and Strategic perspective, incorporating the latest developments in regulatory oversight. It includes presentations on how to quantify the opportunity cost of holding regulatory liquidity and the responsibilities of ALCO executives in the oversight of cash flow and liquidity management.

- Liquidity Overview
- Cost of Liquidity
- Liquidity and ALCO

4) Strategic Capital Management

This is a Group Presentation Module which focuses on the key issues involved in Capital Management from the ALCO and Interest Rate Risk perspective and the possible developments affecting this important area over the next regulatory phase. Again the opportunity cost and involvement of ALCO executives is discussed.

- The Role of Capital
- Bank Regulatory Capital Requirements
- Focus on Economic Capital
- The Role of ALCO in Capital Planning

5) Funds Transfer Pricing

This is a Group Discussion Module which compares and contrasts the most widely used FTP approaches. It incorporates a Case Study to reinforce the importance of FTP at both the Business Division and ALCO in allocating the risk premiums required for correct product pricing. It will give practical insights into the use by ALCO and other senior management into implementing this discipline effectively.

- Role of FTP
- Transfer Pricing as a Management Tool
- FTP and ALCO

CASE STUDY

A case study using 2 business units, comparing basic approaches

6) Understanding Structural Risk

This is a Group Presentation Module. A thorough grasp of the balance sheet structure and the product interactions is an essential skill for any successful manager. This module outlines the approaches one could apply to understand the true profile of a combined balance sheet/group with diverse risk profiles in many divisions/units. The outcome is a better appreciation of "natural" product hedges which may exist within any organisation.

- Managing disparate operational structures
- Identifying natural hedges

7) Quantifying Banking Book Risk

The rest of the day focuses on the techniques currently used to identify and manage interest rate risk at the balance sheet (banking book) level. It is separated into the generic areas of static and dynamic risk evaluation and incorporates on the final day the analysis and management of asymmetric risk and product optionality.

In the following modules we look at the most widely used static approaches required by regulators.

a) Gap Analysis

This is a Group Discussion Module which covers the most widely used and oldest technique, Gap (or Mismatch) Analysis from both a liquidity and interest rate risk perspective. Sample Reports are provided and discussion

encouraged into problem areas such as early repayment, current/savings accounts etc.

- Benefits and drawbacks
- Basic calculations
- Symmetry versus Asymmetry

b) Valuation and Price Risk

This is a Group Discussion Module which covers the second most widely used static analysis - the valuation approach. This session covers the basic theory and concentrates on valuation's use in ALM and Banking Book risk, particularly under Basel II and beyond. Again, Sample Reports are provided to enable practical insights into the discipline.

- Valuing a Bond
- Macaulay / Modified / Effective Duration
- Duration and Banking Book Risk

8) Static Risk Evaluation

This is a Team Based Discussion in which delegates will study additional reports analysing the perceived mismatch and value risk in the three Sample Bank's. They will then be presented with a risk/reward analysis based on a scorecard approach in order that they can review their choice of preferred bank. The purpose of this module is to progress from the initial financial analysis choice to one which incorporates interest rate risk elements.

- Comparisons so far incorporating gap and duration
- Which Bank do you want to be?
- Applying a balanced risk/reward approach

DAY 2 - MANAGING BANKING BOOK RISK

Covers the practical issues of managing risk and the tools ALM managers can use. Computer Simulations and a full set of generic ALCO reports will provide a practical experience for delegates to analyse and hedge Banking Book risk and gain a thorough insight into the various ways of reporting.

9) Hedging in ALM

This is a Group Presentation Module. The use of derivatives for the management of Banking Book risk is acknowledged to be a different approach and management skill level from dealing and trading. This module presents the best practice approach and typical issues this raises for management.

- Interest Rate Swaps
 - o Structure
 - o Presenting in Gap & Valuation Reports
 - o Uses at ALCO
- Hedging Concepts and Objectives

10) Symmetric Hedging Decisions

This is a Team Based Simulation Input. Delegates - having understood the initial static risk profiles of the 3 Sample Banks from a Gap and Valuation perspective - will be asked to decide on initial Hedge Strategies utilising Interest Rate Swaps. These decisions will be used in an advanced computer simulation model to produce commercial level analysis.

11) Dynamic Simulation Analysis

This is a Group Presentation Module. Widely used and accepted by regulators, simulation techniques can provide a significant improvement to a bank's risk analysis toolkit - when correctly implemented and understood. This session will ensure management are fully aware of the implications and uses of this technique.

- Basic Approach
- Benefits and Drawbacks
- Deterministic Simulation Approach
- Rate Shock Analysis

12) Interpreting ALCO Reports (Introduction)

This is a Group Presentation Module. The presentation and interpretation of ALCO reports is a key area for all banks. This session gives an overview of the following practical Case Study

13) Assessing Hedge Effectiveness

This is a Team Based Discussion in which delegates will assess the effectiveness of a banking book swap hedge and make recommendations on its suitability using a range of typical

ALCO Reports. This module aims to bring together the three main analytical disciplines in a practical case study environment with a sample ALCO pack and a banking book swap hedge problem.

- Gap
- Valuation and Price Sensitivity
- Rate Shocks

14) Hedge Effectiveness Round Table

This is a Group Discussion Module where Teams have the opportunity to discuss the issues raised in the previous case study and propose their preferred actions.

15) Symmetric Hedge Simulation Results

This is a Group Discussion Module. The swap hedge strategies have been simulated and initial ALCO reports produced. This session allows delegates to assess the success of their hedges and resulting risk/reward ratio.

- Risk Assessments & Scorecard
- Which Bank do you want to be?

16) Final Symmetric Hedging Decisions

This is a Team Based Simulation Input. Delegates will be given an opportunity to refine their initial Hedge Strategies utilising Interest Rate Swaps with an aim to minimise the perceived static risk in each Sample Bank

DAY 3 - ASYMMETRIC RISK ANALYSIS

The final day incorporates the more advanced techniques of computer based simulation analysis and the quantification and management of embedded optionality.

17) Asymmetric Risk

This is a Group Presentation Module. A constant challenge to today's ALM manager, the quantification and management of product optionality has always been a difficult area. This session will outline some typical examples and their effects on risk profiles within the balance sheet, together with the typical derivative tools used to hedge these risks.

- Evaluating embedded options
- Hedging with Caps and Floors

18) Sample Bank Simulation Results

This is a Team Based Discussion. Teams are presented with a more comprehensive ALCO Pack which brings all the disciplines presented so far together and delegates will choose which bank profile they want.

- Review of Rate Shock Profiles
- Asymmetric Risk Assessments
- Static vs. Dynamic Risk Comparisons

19) Asymmetric Hedge Decisions

This is a Team Based Simulation Input. Delegates will be required to develop a comprehensive hedging strategy to reduce overall risk to within prescribed limits for both earnings and value. In addition to Swaps, strategies incorporating caps and floors can be implemented.

- Assessing Simulated Risk Profiles
- Asymmetric Hedging Strategies

20) Asymmetric Hedge Simulation Results

This is a Group Presentation Module. The group's option hedge strategies have been simulated and a more comprehensive set of ALCO reports produced. This session allows delegates to review the success of their combined hedges and resulting risk/reward ratio.

- Risk Assessments & Scorecard
- Which Bank do you want to be?

21) Value at Risk vs. Earnings at Risk

This is a Group Presentation Module. The use of VaR and EaR as risk control methodologies is widespread. An understanding of the approach and management implications is required of any ALM executive.

- Methodologies Compared
 - o VaR
 - o EaR
- Valuing the Balance Sheet
- Implications for ALM