

**Professional development programmes on
Risk Management :**

Asset Liability Management

9-11 May 2005 | Hong Kong

A comprehensive 3-day programme covering global best practices, strategic, operational and analytical aspects



Highlights

- Risk by 'Choice', not by 'Chance'
- Benchmark your institution using ALM success factors
- Role of ALM in value creation
- Risk-adjusted performance measurement and capital allocation
- How to enhance the quality of ALM infrastructure

Basel II - New Capital Accord

12-13 May 2005 | Hong Kong

A comprehensive 2-day programme covering regulatory requirements and implementation framework



Highlights

- Basel II implementation as a catalyst for adopting global best practices in risk management
- Understand capital requirements for credit, operational and market risk
- Align Basel II into risk management and business decision

Programmes integrate traditional instructor-led training with dynamic, interactive e-learning
3-month FREE online access to e-learning courses on topics covered in the programmes.

conducted by
S. L. (Sam) Srinivasulu, Ph.D.
Consultant and Trainer for the U.S.
Federal Reserve System and leading
financial institutions worldwide

For enrollment or enquiry,
please contact our Knowledge Team in your region.
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Website: www.sclearning.com



About S C Learning

S C Learning is a wholly-owned subsidiary of Standard Chartered Bank, offering world-class learning programmes to executives of the banking and finance industry as well as individuals who aspire to join the industry. Leveraging on the Bank's expertise and its over 150 years of experience, **S C Learning** aims to provide the most effective learning that help participants to take-off in their careers.

Our programmes not only enable participants to acquire the most comprehensive and up-to-date knowledge in banking and finance, they also provide business managers and executives an edge to compete in the corporate world. We believe in sharing best practices and setting industry standards, and our people come with a wealth of industry knowledge and front-line experience. They are most qualified in terms of experience and delivery skills – our trainer certification process as well as our course design methodology ensure the most practical knowledge is delivered with the highest effectiveness.

S C Learning is represented in Hong Kong, China, Singapore, India, Indonesia, Dubai and the United Kingdom, and since its establishment in 2003, it has trained over 3,000 executives or individuals from the banking industry as well as other business sectors.

About GFTT

Global Financial Training and Technology (GFTT) is a division of KESDEE Inc. GFTT specialises in conducting seminars and conferences for financial practitioners worldwide. Across 40 countries, GFTT has conducted both in-house and public enrollment programmes on Balance Sheet Management, Global Treasury Management, Capital Markets and Risk Management for executives from the corporate and financial industry. Over 500 institutions and 10,000 professionals worldwide have benefited from GFTT's training programmes. The training sessions have received outstanding reviews from well-known finance practitioners.

Programme Director

S. L. (Sam) Srinivasulu, Ph.D., a specialist consultant and trainer in Asset Liability Management and Asset Securitisation for leading financial institutions worldwide, is the key force behind KESDEE.

For over 20 years, S.L. (Sam) Srinivasulu has been presenting in-house and public training programmes – across the U.S., Canada, Europe, the Middle East, Latin America, Australia and Asia - to global financial executives. Recently, S.L. (Sam) Srinivasulu successfully completed a five-year assignment with the U.S. Federal Reserve System to provide Executive Development Programmes to Senior Regulators, Policy Makers and



Examiners. The course was presented 25 times over to 500 delegates from the U.S. Federal Reserve System. For the last 15 years, he has conducted training programmes (over 35 times) on Advanced Capital Markets (Mortgage-backed Securities, Derivatives and Risk Management) to the U.S. Department of Treasury/ Office of Thrift Supervision. He has also completed a project to design, develop and present programmes on ALM for Insurance and Asset Securitisation to the Office of the Superintendent of Financial Institutions (OSFI) in Canada. The programmes were presented several times in Toronto and Ottawa. In addition, he has also conducted public training programmes on various topics in the U.S. and several other countries.

Programme Details

Asset Liability Management

Duration: 3 days

Location: The Financial Career Institute

Unit 1201, 12/F, Caroline Centre,
Lee Gardens Two, 28 Yun Ping Road,
Causeway Bay, Hong Kong

Programme Fee: **US\$3,900** (Programme fee includes tuition, Pre-course online material, documentation pack, refreshments)

Bonus: After completion of the programme, you will receive a **FREE 3-month access** to Kesdee's e-learning solution on Asset Liability Management.

Basel II – New Capital Accord

Duration: 2 days

Location: The Financial Career Institute

Unit 1201, 12/F, Caroline Centre,
Lee Gardens Two, 28 Yun Ping Road,
Causeway Bay, Hong Kong

Programme Fee: **US\$1,900** (Programme fee includes tuition, Pre-course online material, documentation pack, refreshments)

Bonus: After completion of the programme, you will receive a **FREE 3-month access** to Kesdee's e-learning solution on topics covered in the programme.

Special Discounts:

Early Bird Discount –

registering at least one month prior to the programme starts to enjoy a **discount of US\$175**

Package Discount –

registering for both programmes at a special rate of US\$4,900 (**discount of US\$900**)

Group discounts available. Please contact our Knowledge Team in your region for further details.

Email: info@sclearning.com

Website: www.sclearning.com



Asset Liability Management

9-11 May 2005 | Hong Kong

Key Learning Outcomes

- **Benchmark** your institution by examining ALM success factors – profitability, growth and risk measures
- **Understand** key performance indicators for ALM and Risk Management
- **Gain** cutting edge insights into how leading institutions are preparing for the impact of the Basel-II: New Capital Accord
- **Adopt** latest practical innovations in Funds Transfer Strategies
- **Examine** the latest techniques for Liquidity Risk measurement and management
- **Learn** how to integrate Market Risk and Credit Risk Management
- **Analyze** in detail the best practices of ALM, Liquidity Management, Contingency Funding Plan and Capital Adequacy Planning

Programme Outline

Day One 9 May 2005

Highlights

- Evolution of ALM from a defensive tool for regulatory compliance and internal control to one of competitive advantage
- ALM's pivotal role in enterprise-wide Risk Management
- Objective of ALM: Risk by 'Choice', not by 'Chance'

The Growing Importance of ALM

- Financial volatility and new financial products
- Regulatory developments
- Funding and capital planning
- Liquidity management
- Profitability and growth

Scope of ALM Function

- Integration of market risk and credit risk
- Interest rate exposure management
- Funding and capital planning
- FX management
- Liquidity management
- Profitability and growth management
- Trading risk management

A 9-Part Framework for ALM

- Strategic framework
- Organisational structure
- Operational arrangements
- Analytical techniques
- Technology platforms
- Information reporting channels
- Performance measurement
- Regulatory compliance
- Control requirements

Techniques for Interest Rate Analysis

- Gap, simulation, duration, Value at Risk, and match funding
- Comparison of techniques

Gap Analysis

- Mechanics, assumptions, and limitations
- How to represent derivative products in a gap report
- Illustrations of actual gap reports
- The relationship between gap and income statement

Simulation

- Interface with budgeting/strategic planning
- Product mix/Price policy effect
- Black box and customised software
- How to avoid analysis paralysis
- Monte Carlo simulation
- Option-adjusted spread analysis

Day Two 10 May 2005

Highlights

- State-of-the-art techniques for Risk Modeling, measuring, and hedging
- Analysis of several liquidity and contingency funding plans

Strategies for ALM

- Business strategies: Mix/pricing of assets, liabilities
- On-Balance sheet investment and funding strategies
- Off-Balance sheet hedging strategies
- Five strategies for interest rate risk in portfolio management: dedication, immunization, indexation, active management and rate anticipation

Duration and Convexity

- Duration of single items, portfolios, and balance sheet
- Techniques to manage duration of equity

Value at Risk

- Measures of volatility
- How to apply Value at Risk for banking book
- Management of foreign exchange and other risks
- ALM in a multi-currency balance sheet

Liquidity Management

- Funding liquidity
- Trading liquidity
- Contingency funding plan

Day Three 11 May 2005

Highlights

- ALM as a catalyst in strategy formulation for banks & financial institutions (example: asset allocation, portfolio optimisation, product development/pricing)
- ALM's potential for value creation in conjunction with risk adjusted performance measurement, RAROC, and capital allocation
- Innovations in ALM organisation
 - Global best practices in risk management:
 - A framework for analyzing best practices
 - Survey results organised into nine topics
 - A plan of action: How to implement best practices

Funds Transfer Pricing and Performance Measurement

- Why transfer price?
- Global view of transfer pricing
- General examples
- Complex problems
- Transfer pricing for interest rate risk, options risk, basis risk, and liquidity risk
- Loan and deposit pricing implications
- Segregation of interest rate risk accountability
- Implementation issues
- Current issues

Capital Adequacy Planning

- Credit risk capital
- Market risk capital
- Risk-adjusted Return on Capital (RAROC)
- Potential impact of Basel-II

Organisational Considerations

- Asset, liability committees
- Role, composition, and tasks
- Policies and procedures
- Centralisation Vs. Decentralisation
- Examples of ALCO reports
- Guidelines to more effective ALCO meetings

Software Selection

- Technical, functional, and cost considerations

Auditing the ALM function

- Critical functions/assumption

Global Best Practices ALM

- Framework for analysis of best practices
- Global database, surveys and case studies
- How to implement best practices in your institution: action plan



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Key Learning Outcomes

- **Understand** the requirements of Basel II and its background
- **Specify** the data requirements for the key calculations involved in various approaches
- **Perform** the basic calculations for both the standardised and IRB approaches
- **Understand** the advanced approaches for credit risk as well as operational risk
- **Identify** the specific issues to be addressed under supervisory review process (Pillar 2)
- **Understand** the general considerations with regard to disclosure requirements (Pillar 3)
- **Develop** a plan of action for people / data / software / procedures

Programme Outline

Highlights

- Strategic v/s Mechanistic implementation
- Data infrastructure for credit risk, operational risk and market risk
- A plan of action with necessary team, training, data and technology
- Impact of Basel II on business strategies (Product mix, pricing, performance measurement & capital allocation)

Day One 12 May 2005

1. Overview

- Objectives and scope of Basel II
- The Three Pillars

2. Credit Risk – Standardised Approach

- Risk components and risk weights for various exposure types
- Techniques to mitigate credit risk

3. Credit Risk – IRB Approach

- Various categories of exposures under the IRB approach
- Risk components and risk weights for each category of exposure
- Approaches used to estimate the risk components
- Minimum requirements under each exposure to be eligible for the IRB approach

4. Credit Risk – Advanced IRB Approach

5. Credit Risk – Securitisation Framework

- Standardised approach for securitisation exposures
- Internal Ratings Based (IRB) approach for securitisation exposures

Day Two 13 May 2005

6. Operational Risk

- Operational risk measurement methodologies
- Basic Indicator Approach (BIA)
- Standardised Approach
- Advanced Measurement Approaches (AMA)

7. Market Risk

- Definition of trading book
- Treatment of interest rate risk
- Treatment of equity position risk
- Treatment of foreign exchange risk
- Treatment of commodity risk
- Treatment of options
- Back testing and Stress testing
- The role of external validation in the Internal models approach.

8. Supervisory Review Process

- Principles of Supervisory Review

9. Market Discipline

- Disclosure Requirements
- Risk Exposure and Assessment

Throughout the programme, case studies, simulations and exercises will be used.

Past Delegates' Feedback

"The pace and content of presentation was very good and provided the level of detail and strategic focus desired. The presenter is very knowledgeable on all aspects and provides "real-life" example to reinforce learning points. An extremely beneficial experience." – **Vice President, Scotia Bank**

"The sessions on Duration Model and Funds Transfer Pricing were excellent!" – **Deputy General Manager, Bank of China**

"This was a very useful course for me; especially getting to know how developed countries looked at Asset & Liability Management. I learnt quite a lot." – **Senior Manager, National Discount House**

"The Case Studies were helpful in understanding different strategies and instruments used by banks." – **Federal Reserve Bank of New York**

"Sam is an excellent instructor and is able to effectively communicate complex terms into simple, more practical terms. His extensive knowledge & industry experience was insightful, as was his teaching style, use of e-learning, and case studies." – **Vice President, Orix USA Corp.**

Teaching Methodology

The programmes integrate instructor-led training with interactive e-learning. Prior to the programmes, you will have access to online preparation material. You will be exposed to actual case studies based on vast consulting experience. Practical exercises based on real life situations will be used in the programmes.

To support your learning there after, you will have a FREE 3-month access to e-learning solution which includes dynamic simulations, self-tests, job aids, interactive exercises and case studies, financial calculators, etc.

Who Should Attend

- Central bankers
- Chief financial officers
- Treasurers and Risk managers
- Asset/Liability and Funding managers
- Investment professionals
- Controllers/Auditors/Accountants
- Portfolio managers
- Securities analysts
- Insurance executives
- Pension fund managers & trustees
- MIS and Operations executives
- Budgeting and Planning executives from retail, corporate and investment banks, as well as fund management, insurance and regulatory organisations