



## **COURSE OUTLINE**

### **ASSETS AND LIABILITIES MANAGEMENT**

#### **Course Overview**

This 2 day course is an intensive introduction to assets and liabilities management (ALM) in the banking environment. ALM was one of the areas that were lax leading up to the 2008 global financial meltdown and post the meltdown it is an area that has grown in importance due to the risk monitoring and management role that it plays. This course aims to give participants a primer into the role that ALM plays and the functions that it performs and how it impacts overall business performance.

The course defines what ALM is and how it is highly dependent on the balance sheet and the metrics that it looks at on a balance sheet. It outlines the overarching Basel III regulations and how they guide the performance of ALM functions.

The course further looks into the various risks that ALM monitors; Liquidity Risk, Credit Risk, Interest Rate Risk, Currency Risk and Market Risk. The course describes each risk to provide a competent understanding without being too overwhelming with complex details. The metrics that measure these risks are outlined and the concept of limits to the metrics is also discussed, and how ALM drives adherence to these limits.

The course rounds-off with ALM governance and introduces the Asset and Liabilities Committee (ALCO). The roles of ALCO and the ALCO reports it reviews will be covered during this course. The course also addresses the imperative relationship between ALCO and the regulator, i.e. Bank of Botswana.

The course will use a lot of examples and scenario analysis as a learning tool to achieve maximum impact with participants.

#### **Target Audience**

This course is suitable for:

Risk managers and analysts  
Treasurers  
Fund and Asset Managers  
Auditors and Bank Regulators

Legal and compliance staff  
Group Treasurers  
Chief Risk Officers  
Accounting and Finance Managers  
Liquidity Managers  
Risk Officers

## **Learning Outcomes**

By the end of the course participants will be able to:

- Understand the central role of ALM in the overall enterprise risk management of financial institutions
- Describe the role of the ALM function within a bank
- Be familiar with the Basel III framework and the regulatory limits it prescribes
- Have a solid foundation of ALM fundamentals
- Know the key asset and liability risks
- Recognize the risk management measures and how to use them
- Have a competent understanding of sensitivity analysis, duration analysis and gap analysis
- Know the governance around ALM and the role of the Asset-Liability Committee (ALCO)
- Understand the content of ALCO reports and the pertinent information within these reports
- Be aware of the role that Bank of Botswana plays in ALM for banks

## **Content Covered**

The following content will be covered in the course.

### **Introduction to Asset and Liabilities Management (ALM)**

- Role of ALM
- ALM Fundamentals
- Capital and the role it plays
- ALM Governance
- The role of ALCO
- ALCO reports
- The role of Bank of Botswana

### **Introduction to Basel III**

- Basel III prescriptions
- Basel Capital Requirements
- Basel Risk Coverage Requirements

- Basel Leverage and Liquidity prescription
- Funds Transfer Pricing (FTP)

### **Introduction to types of Risk**

- Interest Rate Risk and measures thereof
- Liquidity risk and measures thereof
- Market Risk and measures thereof
- Credit risk and measures thereof
- Operational Risk and measures thereof
- Currency Risk and measures thereof

### **Assessments Methods**

A variety of assessment tools will be used throughout the course to gauge the level of understanding of the participants.

#### *Quizzes*

After some of the topics have been covered, there will be mini quizzes that will be handed out and students have to complete them based on the material they just covered.

#### *Group Discussions*

After some of the topics, group discussion activities will be initiated and the aim of these group discussions is for the participants to share their understanding of concepts covered and by sharing, they display their understanding of the content

#### *Scenario Analysis*

Scenario analysis will also be used as an assessment tool. Participants will be given a particular scenario pertaining to what has just been covered and then asked how they would navigate through the scenario. The answers they give would indicate how well they understood the material.

#### *Final Written Test*

At the end of the course there will be a final written test. The final written test takes all the content learned throughout the course and tests the participants' knowledge all at once. The outcome of this final test is what will determine if participants pass or fail the course with a pass mark of 70%.