

Asset and Liability Management

Pierre Hillion and John Haynes

Objectives

The aim of the Asset and Liability Management training course is to provide focused, practical training in all the key methodologies employed in this important discipline. Asset and Liability Management will cover all major approaches to the measurement and management of structural risk and hedging techniques. Sessions will be reinforced with practical case studies, including competitive, team based computer simulation exercises.

Key benefits

By attending this intensive, practical program, 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 III and International Accounting Standards requirements 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 balance sheet hedging strategies

Who should attend?

This program is recommended for 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. For less experienced participants it is recommended that our **Fixed Income Investment** program be attended prior to this program.

Dates & Fees

October 29 – November 2, 2012

€ 4,750



Faculty

Pierre Hillion is the de Picciotto Chair at INSEAD in Alternative Investments and Visiting Professor at UCLA and CalTech in the USA. At INSEAD, he has received the Best Teacher for Electives, Singapore campus on several occasions.

John Haynes is a consultant specializing in education and training for Interest Rate Risk and ALM issues. With over 20 years' practical experience in the area of ALM, John has worked with many financial institutions throughout Europe in consulting and system implementation roles.

Program Content

Day 1

The Role of Asset and Liability Management

Measuring and Managing Interest Rate Risk

- Gapping
- Duration
- Duration-gap
- Duration of equity
- Convexity

Day 2

Techniques to Measure Financial Risk

- Value-at-Risk
- Regression methods

The Role of Derivatives

- Embedded options
- Interest rate futures
- Swaps
- Hedging

Day 3

Strategic Balance Sheet Management Overview

- Key success factors in balance sheet management
- Pitfalls with traditional measurement techniques
- Balance sheet simulation session

Static Risk Measurement Methodologies Reviewed

- MisMatch Analysis
- Dynamic vs. static analysis
- Economic valuation

Day 4

Symmetric Hedging Techniques

- Strategic hedging issues
- Computer simulation approaches
- Event risk

Hedging Simulation Exercise

Assessing Strategic Hedge Effectiveness

- Practical balance sheet management study
- Conventional analysis
- Advanced issues

Day 5

Asymmetric Risk Evaluation

- Evaluating embedded options
- Computer simulation
- Integrating disparate analysis

Advanced Methodologies

- Assessing path risk
- Monte Carlo analysis
- VaR vs EaR

*This program is offered in partnership with PRMIA
(Professional Risk Managers' International Association):*

