

ELECTIVE  
PROGRAM

# MARKET RISK MANAGEMENT: BANKING SECTOR

Faculty  
**Anthony Lim**



16 May 2023  
9.00AM – 5.00PM



RM3,000 before SST



## Program Overview

This program is designed to equip directors especially those sitting on bank risk management committees with a clear understanding of their roles and responsibilities. It will provide an overview of market risk management in both the traded and non-traded exposures within banks. It will also explore Bank Negara Malaysia's (BNM) regulatory requirements and supervisory expectations using case studies and the Basel Pillar 3 reports of selected local financial institutions to flesh out real-life risk management, capital and risk-weighted asset allocation strategies while comparing and contrasting practical management actions.

The program allows for an in-depth discourse on both current and forward-looking action plans in managing market risks on the back of a volatile and constantly evolving operating landscape.

## Learning Outcomes

At the end of the program, participants will be able to:

- Identify and understand the different market risk exposures faced by banks;
- Articulate the key elements of respective market risks and their impact on overall profitability, soundness and solvency of the bank;
- Gain understanding to enable a forward-looking view of market risks and its connection to overall enterprise risk management;
- Learn how to review risk reports, interpret dashboard indicators and ask the right questions of management.

## Who Should Attend

- Members of Risk Management Committee
- Board of Directors
- Anyone who might find this helpful

## Program Outline

### Session 1: Regulatory Guidelines on Market Risk Management

The session will begin with a review of the regulatory expectations and the role of directors in the management of exposures, both inherent risks – arising from the normal course of banking business – and the traded risks – arising from the optimisation of returns undertaken by treasury dealing activities. In addition to control, monitor, management and reporting of risks, we will also identify the respective Key Risk Areas (KRAs) and the related Key Risk Indicators (KRIs) in addressing market risks and the resulting enterprise-wide value proposition from a cohesive risk management framework.

### Session 2: Bank Capital Management and Exposures in the Trading and Banking Book

In this session, we will discuss the constituents and characteristics of various bank capital instruments and how market risks impact the overall soundness and solvency of the bank. We will examine the BNM regulatory Risk Management Control Framework with in-depth discussion on the identification and treatment of specific market risks in the bank balance sheet. Both the traded and non-traded markets risks are reviewed with contrasting regulatory capital allocations based on Standardised Approach (SA) versus Internal Models Approach (IMA). We will juxtapose the measure of bank profitability versus management of risk to provide a holistic understanding of the incentives for a robust capital and risk management framework.

### Session 3: Market Risk Management Techniques – Part I

In this session, we will explore the benefits of a robust strategy for the management of interest rate and liquidity risks. In addition to the impact on net interest income and overall enterprise profitability, we will examine the corresponding trade-offs under the current risk-weighted regulatory capital charge and the impact on prudential risk capital allocation. The session will examine the impact on loans, fixed income and treasury related products and derivatives including interest-rate forwards, swaps and underwritten bonds and Sukuk.

### Session 4: Market Risk Management Techniques – Part II

In the final session, we will focus on the methodologies for the control, measurement and reporting of foreign exchange, equity, options and structured derivative risks both in the trading and banking book. We will discuss prudential trade-offs between regulatory adherence versus value-addition and optimization of profits on both On and Off Balance-sheet derivatives. We will explore case studies from historical bank failures and financial debacles in an attempt to forecast areas of latent risks within the bank and to provoke forward-looking risk management practices.

## Faculty



**Anthony Lim** has over 35 years' experience in the banking and finance industry, serving in key management positions covering treasury, business banking, investment banking and risk management. He retired in July 2020 after having served as Deputy CEO, and prior to that as independent non-executive director and chairman of the Risk Management Committee for Sumitomo Mitsui Banking Corporation Berhad. He had served in several senior management positions in Malayan Banking Berhad and prior to that, he had worked in ANZ Bank and St. George Bank in Sydney, Australia.

Anthony is a Chartered Banker with the Asian Institute of Chartered Bankers and a Fellow of the Australian Institute of Banking and Finance. He attended the Advance Management Program in the Wharton School of Business from the University of Pennsylvania, USA.

Anthony graduated with a Master Degree in Applied Finance from the Macquarie University, Australia and was a registered securities dealer with the Australian Financial Markets Association.

# REGISTRATION FORM

Market Risk Management: Banking Sector

FEE: RM3,000 before SST



Name:

Designation:

Company:

Address:

Contact Tel (Company):

Contact Tel (Mobile):

*(mobile no of participant is mandatory to gain access to ASB Mobile App)*

Email Address:

*(email address of participant and not a representative)*

Meal Preference:

Vegetarian

Non-Vegetarian

Name of Secretary:

Contact Tel & Email Address:

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