

UNDERSTANDING THE ROLES AND RESPONSIBILITIES OF ASSET-LIABILITY COMMITTEES (ALCO) AND ASSET-LIABILITY MANAGEMENT

Faculty
Dato' Philip Tan Puay Koon



1 – 2 August 2024
9:00am – 5:00pm



RM 5,000
before SST



Program Overview

The Asset-Liability Committee (ALCO) provides important oversight and governance of the balance sheet of any financial institution and is an integral part of its risk management framework. ALCOs may at times be dysfunctional due to the underperformance of its members arising from weaknesses in the understanding of their roles and responsibilities.

This program provides an overview of the ALCO's roles and responsibilities in managing the funding and liquidity of the financial institution as well as its management of the market risk of the accrual portfolio and in capital management. The program also provides insights on how to constitute an ALCO, structure its constitution and set its agenda for effective risk management.

The program will also look at banking crises including the recent Silicon Valley Bank failure and its impact on asset-liability management.

Learning Outcomes

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

- Have a good overview of the Asset-Liability Management Framework, ALCOs and the hierarchy of ALCOs;
- Understand the roles and responsibilities of ALCO;
- Have deeper insight into the management of capital, funding and liquidity; as well as market risk of non-trading (accrual) portfolio including Funds Transfer Pricing (FTP);
- Understand the constitution of ALCOs and how to set up an ALCO;
- Have a good overview of the ALCO agenda.

Who Should Attend?

- Board of Directors of banks
- Members of Bank Board Risk Management Committees
- Anyone who might find this program helpful.

Program Outline

Session 1: Overview of the Roles & Responsibilities of the Asset Liability Committee (ALCO)

- Capital
- Funding & Liquidity
- Market Risk of Non-Trading Portfolio
- Funds Transfer Pricing

Session 2: The ALCO Set-Up and Functioning

- The ALCO Organization
- Membership
- Frequency of Meetings and Minutes
- The ALCO Agenda

Session 3: Capital Management

- Minimum Capital Standards and Compliance
- Dividend Remittance
- Capital Hedging
- Basle III Capital Requirements and Internal Capital Adequacy Assessment Process (ICAAP)
- Capital Plan
- Recovery and Resolution Plan

Session 4: Funding & Liquidity

- Annual Funding and Liquidity Plans
- Liquidity Limits, MCO, Ratios and Utilization
- Market Triggers and Significant Funding Sources
- Establish Liquidity and Stress Assumptions
- Review Stress Test Results and Action Plans
- Invoking of Local Contingency and Action Plans
- New Liquidity Framework (NLF)
- Basle III Liquidity Requirements (Liquidity Coverage Ratio & Net Stable Funding Ratio)

Program Outline

Session 5: Market Risk of Non-Trading Portfolio

- Identification of Risk-Taking Units (RTU) for Accrual Portfolios
- Yield Curves and Gapping Strategies
- Risk Limits and Triggers (IRE, EVE, FV OCI)

Session 6: Funds Transfer Pricing

- Pricing of Assets & Liabilities
- Single Yield Curves
- Liquidity Premiums
- FTP Structures

Faculty



Dato' Philip Tan Puay Koon is a Professional Board Director and Treasury Training Consultant with close to four decades of experience in Banking and Finance and more than 15 years of experience in Board Governance and Oversight.

Dato' Tan has served in various regional and local leadership roles as a Managing Director in Citigroup. He was a mid-career hire at Citibank Berhad, Malaysia where he served as Financial Markets Head and Country Treasurer of Citibank Berhad as well as Director of Citibank (I) Limited. In 2001, Dato' Tan joined the Citigroup Regional Office in Singapore as Director of Asia-Pacific Risk Treasury before being

appointed as Chief Financial Officer of the Asia-Pacific Emerging Market (EM) Sales & Trading Business Group of Citibank NA in 2004.

Dato' Tan currently serves as an Independent Director of Citibank Berhad and AIG Malaysia Insurance Berhad. He is also the Senior Independent Director of public listed SP Setia Berhad and is a Director of China-Malaysia Qinzhou Industrial Park (GuangXi) Development Co. Ltd., a One Belt One Road project in Southern China. Dato' Tan is the current Chairman of the Corporate Debt Restructuring Committee (CDRC) established by Bank Negara Malaysia and is also an External Member of the Financial Market Infrastructure Committee of Bank Negara Malaysia.

Prior to 1995, Dato' Tan spent 14 years with the MUI Group of companies in Malaysia where he served in various senior management capacities in MUI Bank and MUI Finance. He also previously served as an Independent Director in MIDF Amanah Investment Bank, Cagamas Berhad, Danajamin Nasional Berhad, Payments Network Malaysia Sdn Bhd (PayNet) as well as a Non-Public Interest Director in Private Pension Administrator (PPA) Malaysia.

He is an Adjunct Faculty of the Iclif Executive Education Centre under the Asia School of Business (ABS) and teaches the FIDE Core Program as well as other elective programs.



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