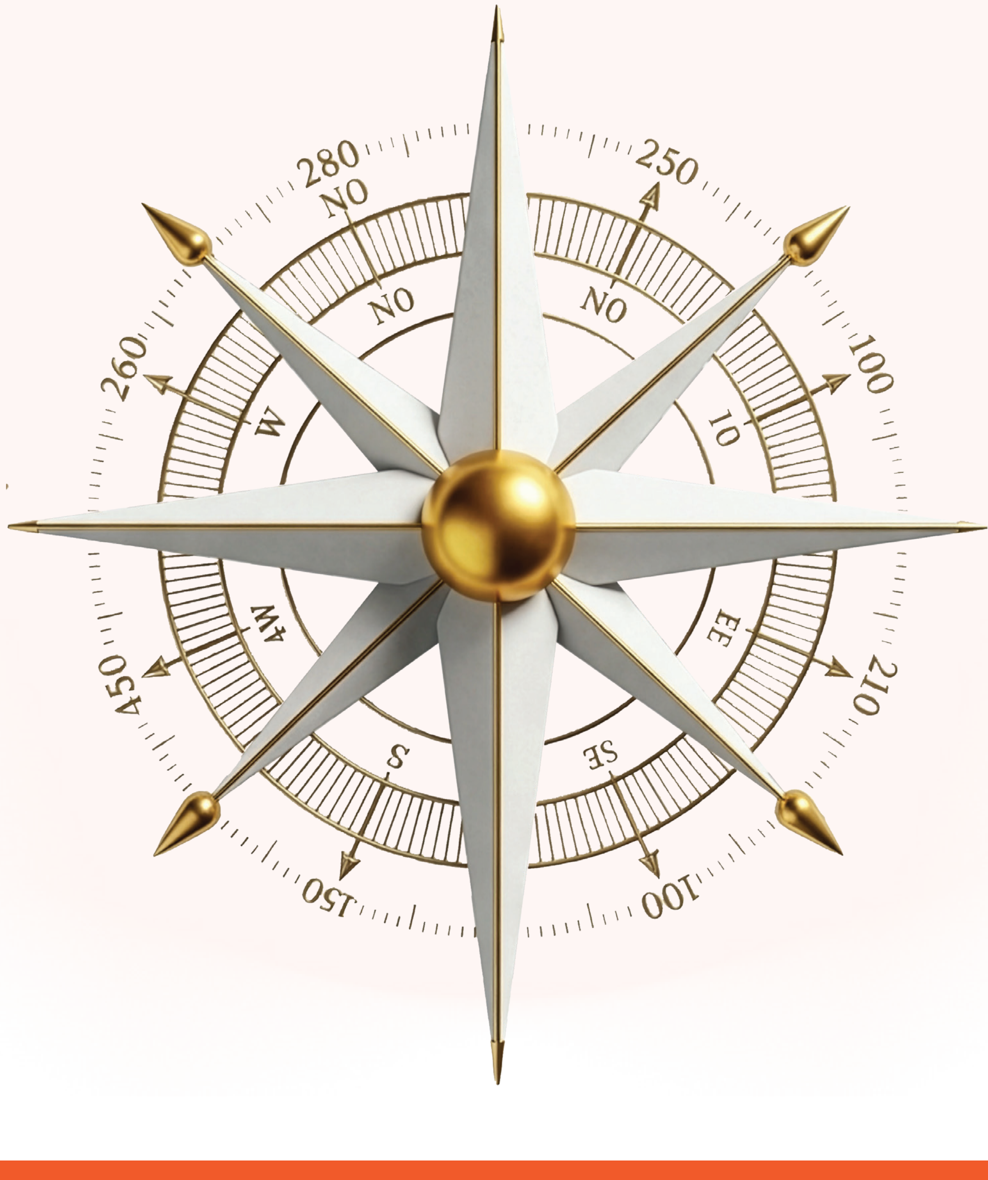
Asset and Liability Management (ALM) for Banks: IRRBB, Liquidity Risk and FTP

7 – 11 June 2027
Barcelona - Eixample district four-star



Asset and Liability Management (ALM) for Banks: IRRBB, Liquidity Risk and FTP

Ref: 173_10476 **Date:** 7 – 11 June 2027 **Location:** Barcelona - Eixample district four-star **Fees:** 23500 SAR

Introduction:

Asset and liability management decides whether a bank earns a stable margin or is caught out by a rate cycle or a funding run. Mismatched repricing, optimistic deposit assumptions and transfer prices that ignore liquidity cost all erode net interest income and economic value long before losses appear. This Core Concept course equips bank treasury, ALM, risk and finance staff to measure interest rate risk in the banking book, manage liquidity against LCR and NSFR, price funds internally and report to ALCO. Participants build a Bank ALM Model and ALCO Pack from case balance sheet data.

Course Objectives:

- Structure the banking book into repricing and maturity buckets and set the ALCO mandate, limit framework and escalation route for balance sheet risk
- Measure interest rate risk in the banking book through repricing gap, EVE sensitivity and NII sensitivity under rate shock scenarios
- Model behavioural assumptions for non-maturity deposits, loan prepayments and early redemptions and document their validation
- Calculate the Liquidity Coverage Ratio and Net Stable Funding Ratio from a bank balance sheet and project them under planned growth
- Design a funds transfer pricing curve with liquidity premium and apply it to lending and deposit products
- Run liquidity stress scenarios, set contingency funding plan triggers and present ALM results and hedging options to ALCO

Target Audience:

- Managers who run the bank's balance sheet position, wholesale funding and money market activity
- Managers who measure interest rate risk in the banking book and liquidity risk for the risk function
- Finance managers who own net interest income budgets, product profitability and internal transfer pricing
- Managers who prepare ALCO papers, regulatory liquidity returns and limit monitoring reports
- Managers responsible for ALM models, behavioural assumptions and their validation
- Managers in Islamic banks who manage profit rate risk and liquidity in Sharia-compliant balance sheets

Course Outline:

Day 1: Bank Balance Sheet Structure and ALCO Governance

- Banking Book Versus Trading Book Boundary and Balance Sheet Composition
- Net Interest Margin Drivers: Asset Yield, Funding Cost and Balance Sheet Mix
- ALCO Charter, Membership, Meeting Cycle and Decision Rights
- Three Lines Model for ALM: Treasury, Risk and Internal Audit Duties
- Current-State ALM Diagnostic of a Case Bank Balance Sheet

Day 2: Interest Rate Risk in the Banking Book: Gap, EVE and NII

- Repricing Gap Ladder Construction with Time Bucket Allocation
- Gap, Basis, Option and Yield Curve Risk Sources in the IRRBB Standard
- Economic Value of Equity Sensitivity Under Parallel and Non-Parallel Rate Shocks
- Net Interest Income Sensitivity with Constant and Dynamic Balance Sheet Views
- IRRBB Outlier Test at 15% of Tier 1 Capital and Quantitative Disclosure

Day 3: Behavioural Assumptions, Liquidity Measurement and Funds Transfer Pricing

- Non-Maturity Deposit Segmentation into Core and Volatile Balances
- Loan Prepayment and Term Deposit Early Redemption Rate Modelling
- Contractual and Behavioural Maturity Ladder for Liquidity Gap Reporting
- LCR Calculation: High-Quality Liquid Assets and 30-Day Net Cash Outflows
- Funds Transfer Pricing Curve with Liquidity Premium and Product Margin Split

Day 4: NSFR, Stress Testing, Contingency Funding and Hedging

- NSFR Calculation: Available and Required Stable Funding Factors
- Idiosyncratic, Market-Wide and Combined Liquidity Stress Scenario Design
- Contingency Funding Plan Early Warning Indicators, Triggers and Action Menu
- Interest Rate Swaps for Banking Book Hedging and Hedge Cost Assessment
- Islamic Bank ALM: Profit Rate Risk, Sharia-Compliant Liquid Assets and Displaced Commercial Risk

Day 5: Modelling Build: Bank ALM Model and ALCO Pack

- Retail and Corporate Bank Case Data Set with Behavioural Inputs
- ALM Model Build: Gap Ladder, EVE and NII Sensitivity Engine
- Liquidity Module: LCR, NSFR and Survival Horizon Projection
- ALM Limit Framework and ALCO Dashboard with Limit Utilisation
- ALCO Pack Presentation and Peer Challenge of Assumptions

Skills You Will Gain:

- Repricing Gap Analysis
- EVE and NII Sensitivity Measurement
- Behavioural Deposit Modelling
- Liquidity Ratio Calculation
- Funds Transfer Pricing Design
- Liquidity Stress Scenario Design
- Contingency Funding Planning
- ALCO Reporting

Why Attend This Course:

- Return with a working Bank ALM Model and ALCO Pack built on case balance sheet data and challenged by peers
- Explain to ALCO and business lines why margin moves when rates shift, using figures traceable to the gap ladder
- Replace untested deposit and prepayment assumptions with documented, segment-level estimates that validators can review
- Compare ALM practice with treasury and risk peers from conventional and Islamic banks of different sizes and business models

Conclusion:

A bank's balance sheet is funded short and lent long by design, so the gap between the two has to be measured, priced and governed every month. The course moves from balance sheet structure and ALCO governance, through repricing gap, EVE and NII sensitivity, to behavioural assumptions, LCR, NSFR and funds transfer pricing, then to stress testing, contingency funding and hedging. The final day turns that material into a Bank ALM Model and ALCO Pack ready for internal review.