



The EUROPEAN SUPERVISOR EDUCATION INITIATIVE  
(ESE)

presents the seminar on

## **“Interest Rate Risk and Asset-Liability Management in Banks”**

hosted by: Oesterreichische Nationalbank

Date: 17 - 19 April 2024

Venue: Vienna, Austria



## OBJECTIVES

The seminar aims at explaining key aspects of interest rate risk within asset liability management (ALM) in banks. The two core pillars of ALM, the economic value of equity (EVE) and net interest income (NII) concepts are covered, and the differences of fixed-rate, floating-rate and non-maturing products are outlined. Additionally, the widely used method for internal pricing and steering called funds transfer pricing (FTP) is introduced. Regulatory aspects, such as Interest Rate Risk in the Banking Book (IRRBB) guidelines and the new EBA draft guidelines are discussed along with most recent developments in interest rate risk management, such as rapidly changing interest rates and behavioral modeling of bank customers.

## TARGET GROUP

Primarily banking supervisors (micro-prudential) or staff members from the financial stability sector (macro-prudential) from Central Banks or National competent authorities (NCAs) in Europe, who have already gained some experience in the field of the title topic and are interested in deepening their knowledge and sharing their experience with other staff members.

## FORMAT

Learning methods of this training include presentations of theoretical concepts, computer live- simulations, problem-solving exercises designed to leverage ALM concepts, case studies on interest rate risk and asset-liability management (ALM) as well as discussions with experts. The seminar is designed to be a dynamic and interactive learning experience. An expert from Oesterreichische Nationalbank updates on recent regulatory developments relating to the Basel III framework and the Head of Group ALM Analytics of Erste Group Bank AG shares first-hand experiences from a practitioner's point of view. Participants should bring a laptop. The seminar will be held in English. There will be a limited amount of places available in order to keep the course interactive.

## SPEAKERS

The seminar will be delivered by two seasoned industry experts in risk management and ALM with a combined executive experience of 50+ years, Prof. Dr. Fidelio Tata and Dr. Tibor Dudás. In addition, an expert from the Oesterreichische Nationalbank will discuss regulatory practice and implications on interest rate risk and asset liability management and the Head



of Group ALM Analytics of Erste Group Bank AG shares first-hand experiences from a practitioner's point of view.

## PROGRAMME

### Day 1, Wednesday, 17th of April 2024

15:00	Coffee and Sandwiches, Sweets
15.30 - 16.00	<b>Kick-Off</b> <ul style="list-style-type: none"><li>• Welcome and introduction of speakers</li><li>• Quick introduction of seminar participants and their expectations for the seminar</li><li>• Organizational issues</li></ul>
16.00 - 17.00	<b>Session I: ALM in Banks</b> <ul style="list-style-type: none"><li>• How the recent rise in interest rates is causing interest rate risk</li><li>• Economic Value vs. Earning Perspective</li><li>• Purpose of ALM, including being a regulatory requirement</li><li>• Stakeholders of ALM</li><li>• Banking Book vs. Trading Book</li><li>• Instruments used in ALM</li><li>• IR Sensitive Instruments &amp; Derivatives</li><li>• Risk vs. Return</li></ul>
17.00 - 17.15	Break
17.15 - 18.15	<b>Session II: Interest Rate Risk</b> <ul style="list-style-type: none"><li>• Definitions</li><li>• Duration</li><li>• Duration Gap Analysis</li><li>• Economic Value (EV) Measures</li><li>• Earnings Measure</li><li>• Discussion</li></ul>
18.15 - 18.30	<b>Wrap-Up</b> <ul style="list-style-type: none"><li>• Summary</li><li>• Organizational issues</li><li>• Open questions</li></ul>
18:30	Social event / Dinner at restaurant



Day 2, Thursday, 18th of April 2024

09.00 - 09.15	<b>Kick-Off</b> <ul style="list-style-type: none"><li>• Organizational issues</li><li>• Open questions</li></ul>
09.15 - 10:15	<b>Session III: Funds Transfer Pricing (FTP)</b> <ul style="list-style-type: none"><li>• Net Interest Margin</li><li>• Cost of Fund</li><li>• Transfer Price Curve</li><li>• Structural Contribution</li><li>• Interest Rate vs. Liquidity Risk</li><li>• Steering the Bank's Business</li><li>• Regulatory Guidelines</li><li>• Summary</li></ul>
10.15 - 10.30	Break
10.30 - 11:00	<b>Session IV: Net Interest Exposure</b> <ul style="list-style-type: none"><li>• Net Interest Income (NII)</li><li>• Net Exposure to Interest Changes</li><li>• Parallel vs. Non-parallel Yield Curve Shifts</li><li>• Repricing Gap Analysis</li></ul>
11.00 - 12.00	<b>Simulation Exercise</b>
12.00 - 12.15	Break
12.15 - 13.00	<b>Simulation Exercise (cont'd)</b>
13.00 - 14.00	Lunch Break
14.00 - 14.30	<b>Session V: Non-Maturing Products</b> <ul style="list-style-type: none"><li>• Examples of Non-Maturing Products</li><li>• Expected Maturity &amp; Rate Reset Frequency</li><li>• Embedded Options</li><li>• Discussion</li></ul>
14.30 - 15:15	<b>Session VI: Replicating Model</b> <ul style="list-style-type: none"><li>• Intuition</li><li>• Rolling Portfolio</li><li>• Replication over time</li><li>• Calibration of the Replicating Model</li><li>• Volume Changes</li><li>• Dynamic Replication</li><li>• Discussion</li></ul>
15.15 - 15.30	Break



- 15.30 - 16.00      **Session VI: Replicating Model (cont'd)**
- 16.00 - 16.15      Break
- 16.15 - 17.15      **Session VII: Regulatory Treatment of Interest Rate Risk**  
(incl. update of EBA GLs and new RTS)  
*Friedrich Penkner*  
*Oesterreichische Nationalbank*
- 17.15 - 17.30      **Wrap-Up**  
• Summary  
• Organizational issues  
• Open questions
- Free Evening!

### Day 3, Friday, 19th of April 2024

- 09.00 - 09.15      **Kick-Off**  
• Organizational issues  
• Open questions
- 09.15 - 10.45      **Session VIII: Case Study: Erste Group Bank AG**  
*Michael Kudilek*  
*Erste Group Bank AG*  
  
• ALM at Erste Group Bank AG  
• Standard ALM Process  
• Analytical Concepts  
• Current challenges
- 10.45 - 11.00      Break
- 11.00 - 12.00      **Session IX: Bank-specific ALM**  
• Different Bank Balance Sheets since the 1990s  
• Regional Differences in Bank Balance Sheets  
• Balance Sheets for different Business Models  
• ALM as a Profit or a Cost Center  
• Implications for ALM  
• Discussion
- 12.00 - 13.00      Lunch Break



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- 13.00 - 13.30      **Session X: Planning of NII**
- Planning of Scenarios
  - Planning of Volume
  - Planning of Margin
- 13.30 - 14.00      **Session XI: Selected ALM Issues**
- Behavioral Economics
  - Strategic ALM
  - 0% Interest Rate Floor
  - Rapid Interest Rate Increase
- 14.00 - 14.15      Break
- 14.15 - 14.45      **Session XII: Case Study: Collapse of Silicon Valley Bank**
- 14.45 - 15.00      **Wrap-Up**
- Summary
  - Poll of seminar participants
  - End of seminar

## ORGANISATIONAL INFORMATION

### Seminar Venue

Trainingscenter Unicredit Am Kaiserwasser (in walking distance to hotel)  
Eiswerkstraße 20  
A-1220 Vienna

<https://kaiserwasser.unicreditcenter.at>

### Accommodation:

The Oesterreichische Nationalbank reserved rooms at the Hotel Arcotel am Kaiserwasser, 226 €/night. The hotel reservation is valid until 27 March 2024. In case of interest please book the room by yourself (!) with reference to the ESE- seminar after receipt of a confirmation of participation.

Hotel ARCOTEL Kaiserwasser A-1220 Vienna, Wagramer Straße 8

E-Mail: [kaiserwasser@arcotel.com](mailto:kaiserwasser@arcotel.com), phone: +43 1 224 24-0



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### **Seminar fee and registration**

Seminar fee: approx. 750 € (excluding accommodation)

Lunches and snacks will be provided during the seminar. Dinner on the first evening is also included. Ancillary costs (e.g. telephone calls, additional drinks, etc.) are to be borne by the participants themselves.

Confirmations of participation will be sent after the registration deadline. Invoices will be issued and sent to the individual institutions after the seminar has taken place. In case a registration already confirmed by ESE is cancelled after the registration deadline and no replacement for this place can be found, the complete seminar fee is due and will be invoiced by ESE.

Please register via our website until Tuesday, 29 February 2024.

**<http://www.ese-initiative.org> or this direct link:**

**[ESE Seminar Registration | European Supervisor Education Initiative \(ese-initiative.org\)](http://www.ese-initiative.org).**

### **Seminar organisation in general**

ESE Secretariat, Deutsche Bundesbank, Frankfurt a.M.,  
Email: [ese-initiative@bundesbank.de](mailto:ese-initiative@bundesbank.de)  
Tel. + 49 69 9566 -35107

### **Questions regarding the venue**

Email: [training@oenb.at](mailto:training@oenb.at)

### **About ESE**

The European Supervisor Education Initiative (ESE) is an alliance of central banks and supervisory authorities in Europe with the objective to qualify financial supervisors in Europe. Its members are Bank of Slovenia, Banque centrale du Luxembourg, Czech National Bank, De Nederlandsche Bank, Deutsche Bundesbank, German Federal Financial Supervisory Authority and Oesterreichische Nationalbank.

ESE is committed to high level training based on uniform standards to enhance financial supervisors' knowledge and skills and to promote a common European supervisory culture and practice. The initiative offers a modular seminar programme for banking, insurance and securities and markets supervisors, financial stability analysts and economists from central banks and supervisory authorities in Europe.

ESE is always open to new members or cooperations. Any contribution by European central banks, supervisory authorities or other institutions in the field of financial supervision sharing the idea that training is crucial to the success of financial supervision is highly appreciated.