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**PROCESS DESCRIPTION**

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**FCY ASSET & LIABILITY MANAGEMENT**

TREAS/AML/003

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**Process Objective (Purpose)**

Managing the Bank's liquidity and funding position.

Managing interest rate exposures on balance sheet.

**Benefits to the Bank**

An efficient and profitable Balance sheet.

Mitigating reputational risk due to transaction settlement default averted.

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**Process Ownership**

Treasury (Asset and Liability Management)

**Key Control**

1. Ensure reconciliation of Correspondent bank current account and cash flow is carried out daily.
  2. Ensure that Correspondent bank current accounts are adequately funded for transactions to avoid settlement defaults.
  3. Ensure to update the Correspondent bank current account cash flow with expected FCY settlements advised in the FCY trading blotter according to their settlement dates
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**Process Attributes**

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
Availability of SWIFT Availability of Correspondent bank account online access	Dom transfer requests advised to responsible parties within 30mins subject to availability of funds No settlement default due to a lack offunds.
INPUT	OUTPUT

<p>Previous days' closing balances of Correspondent bank current account statement</p> <p>Previous day's FX trading blotter.</p>	<p>Transactions authorized for movement/transfer</p> <p>Deals booked and authorized on FTM</p>
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**ACTIVITIES**

**...FCY LIQUIDITY MANAGEMENT**

**Team Member, ALM, Treasury**

- 1.1 Log onto Correspondent bank current account and SWIFT
- 1.2 Obtain previous day's closing balance of Correspondent bank current account.
- 1.3 Reconcile previous day's cashflow balance to the statement balance by updating all the previous day's transactions obtained from Correspondent bank current account statement /SWIFT onto the cashflow worksheet.
- 1.4 Update the cashflow with expected FCY settlements advised in the FCY trading blotter according to their settlement dates.
- 1.5 Ensure that the interbank maturities (placements & takings) are captured on the Correspondent bank current account cashflow.
- 1.6 Review trade line account balances for any overdrawn accounts and arrange for funding consequently
- 1.7 Monitor the accounts for major inflows, and inform the RMs of the inflow(s) as appropriate.
- 1.8 Transfer significant balances discovered in the other nostro accounts to main correspondent bank current account
- 1.9 Obtain the bank's FCY Maturity profile from Finance
- 1.10 Inform the RMs (for non-bank counterparties) of impending maturities with a view to ascertaining whether the funds will be liquidated or rolled over.
- 1.11 Identify the interbank maturities for that day and engage the counterparties with respect to liquidation or extension as appropriate.
- 1.12 In the event of a roll-over, advise TROPS to book trade and note securities pledged where applicable.
- 1.13 Where it is established that there are idle funds, place calls to counterparties to establish who might need funds. (These must be counterparties for whom we have approved placement limits)
- 1.14 These idle funds can then be placed with these counterparties after agreeing volume, rate and tenor. Ensure that deals done are in strict compliance with approved limits.
- 1.15 Immediately deals are sealed, advise TROPS via mail and follow up to ensure settlement is executed without hitches

**STANDARD OPERATING MANUAL**

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**FCY ASSET & LIABILITY MANAGEMENT**

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1.16 After deals are sealed, update the FCY maturity profile.

**Note:**

- ❖ Where there is fresh funding need, source for liquidity by calling counter parties and agree terms. Afterwards, advise TROPS of the deal and pledged securities (in the case of a secured taking) for booking in FTM.
- ❖ In the event of liquidation or termination, instruct TROPS to ensure that collateral is recovered from the counter parties and all pledged securities reclassified appropriately in FTM.
- ❖ Where for any reason, a sealed deal cannot be booked immediately, approval must be gotten to Hold-over the deal and back-value to the appropriate value-date.

**...FUNDING**

- 1.17 Determine funding needs as obtained from requests received from Business Teams, Trade Finance and other units/depts.
- 1.18 Call round the market to source for funds at best possible costs
- 1.19 Engage the FCY dealers to negotiate SWAPS (where needed) with willing counterparties
- 1.20 Immediately deals are sealed, advise TROPS via mail and follow up to ensure settlement is executed without hitches
- 1.21 Advise TROPS to book deals accordingly
- 1.22 Update FCY blotter and cash flow statement with the deals sealed in the course of trading

**Responsibility Matrix**

**PREMIUM TRUST**

<b>Activity</b>	<b>Responsibility</b>
Reconcile the cash flow statements of the respective accounts	Team Member, ALM, Treasury
Review the Trade account balances for any overdrawn accounts and arrange for funding consequently	Team Member, ALM, Treasury

**AMENDMENT HISTORY**

<b>Versio n</b>	<b>Effecti ve Date</b>	<b>Nature of changes</b>	<b>Review Date</b>
1.0	N/A	N/A	N/A

*\*The description of changes briefly should summarize any revisions made to the SOM since its creation*