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A STUDY ON ASSET AND LIABILITY MANAGEMENT AT ICICI

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ABSTRACT

ALM is a strategic financial management method that comprises managing a company's assets and commitments in order to decrease risk and maximize performance. ALM is critical in financial institutions such as banks, insurance companies, and investment firms because it allows them to efficiently manage their exposure to a variety of risks such as interest rate risk, credit risk, liquidity risk, and market risk. This abstract provides an overview of the key concepts and goals of ALM. It begins by explaining the fundamental principles of ALM, such as asset and liability identification and measurement, as well as asset and liability characteristics such as duration, cash flow patterns, and market volatility susceptibility. The abstract then digs into ALM's primary objectives, which include boosting profitability, ensuring solvency and liquidity, and maintaining a strong risk management framework. This abstract also discusses various key ALM approaches and methodologies, such as duration matching, cash flow matching, and immunization. It underlines the importance of scenario research and stress testing in determining the financial impact of predicted market volatility.

Key words: Assets, Liabilities, Net income, Equity, Financial risk

INTRODUCTION:

Asset and liability management (ALM) is a practice used by financial institutions to mitigate financial risks resulting from a mismatch of assets and liabilities. The main goal of ALM is to match up asset valuations with debt commitments. A full ALM framework focuses on long- term stability and profitability by maintaining liquidity requirements, managing credit quality, and ensuring enough operating capital. Unlike other risk management practices, ALM is a

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coordinated process that uses frameworks to oversee an organization’s entire balance sheet. it ensures that assets are invested most optimally, and liabilities are mitigated over the long-term. Traditionally, financial institutions managed risks separately based on the type of risk involved. With the evolution of the financial landscape, it is now seen as an outdated approach. ALM practices focus on asset management and risk mitigation on a macro level, addressing areas such as market, liquidity, and credit risks. Unlike traditional risk management practices, ALMis an ongoing process that continuously monitors risks to ensure that an organization is withinits risk tolerance and adhering to regulatory frameworks. The adoption of ALM practices extends across the financial landscape and can be found in organizations, such as banks, pension funds, asset managers, and insurance companies. A change in business strategy was necessary as a result of the growth of the national market. Free markets have replaced governmental market controls. Profits at the cooperative have decreased, pushing it to diversifyinto risky new markets. Given that outside money accounts for the majority of the company's funding, it makes sense that management is worried about the value of the company's assets. They would favour a decrease in these risks. Cooperative reserves typically come with a steep price tag. This fixed asset served as an alternative savings option to bank accounts. Asset and liability management could be used to solve the issue. The division in charge of overseeing a company's assets and liabilities is known as ALM. With this approach, the date a bill is due is compared to the day an asset will be returned. In order to meet lending, liquidity, and security criteria, liabilities are restructured as part of ALM. This is advantageous since it will minimize the possibility of them suffering harm and assist keep various issues under control.

ASSET LIABILITY MANAGEMENT (ALM) SYSTEM

The goal of ALM is to maximize profits while maintaining a healthy ratio of assets to liabilities. ICICI Surplus management describes the process of managing interest rates, cash inflows, and outflows. In the past decade, ALM's significance has grown steadily. It has a wide range of possible applications. Although financial institutions were early adopters of ALM, the technology is now widely used across industries. The Society of Actuaries Task Force on ALM Principles in Canada defines asset liability management as the ongoing process of formulating, putting into effect, monitoring, and updating asset-liability strategies in order to achieve financial goals within a framework of risk tolerance and limits.

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REVIEW OF LITERATURE

Amit Kumar Meena and Joydip Dhar (2014) research focused on the analysis and comparison of liquidity ratios and asset liability management practiced in top three banks from public, private and foreign sector in India. The analysis was based upon the liquidity ratios calculation and the determination of maturity gap profiles for the banks under study. The studysuggested that overall banks in India have very good short term liquidity position and all bankswere financing their short term liabilities by their long term assets.

Narayan Baser (2014) study indicates that Asset-Liability Management (ALM) was a comprehensive and dynamic framework for measuring, monitoring and managing the market risk of a bank. The study attempted to evaluate the changing perspectives of the banks in identifying and facing the risks and maintaining Asset Quality so as to ensure profitability with the help of ALM techniques.

Kanhaiya Singh (2013) analysed the impact of measures and strategies banks undertook to manage the composition of asset-liability and its impact on their performance in general and profitability in particular There are serious attempts by banks to minimize the asset liability mismatch since the implementation of RBI guidelines in 1997. The study suggested much scope for banks to improve profitability by monitoring and reducing short term liquidity.

Prathap B N (2013) as their research indicated ALM in Indian banking system was concerned, it is still in a nascent stage. Against this backdrop, the objective of the research was to study and analyze the status of ALM approach in the Indian banking system. The study also indicates a strong relationship between fixed assets and net worth for all groups of banks.

SalvinSurjith FP and N. Sathyanarayana (2014) have conducted a study on Asset and Liability Management in ICICI Bank. The study attains to understand the problems involved in maintaining and managing assets and liabilities, determine the financing pattern of the assets at ICICI bank, enable the efficient utilization of the available funds and proper management ofthe assets and liabilities.

NEED FOR THE STUDY:

- The primary goal of the campaign is to maximize profits and minimize losses by adjusting the proportion of assets to liabilities. The risks and rewards associated with offerings must be properly understood and expertly managed.

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- ALM studies can be used to manage cash flow, liquidity, and fluctuations in interest rates. Risk management helps banks limit losses and keep their finances stable.
- Capital, liquidity, and risk management guidelines must be adhered to by all banks. This obligation has been enforced by the monetary bureaucracy. Asset liability management (ALM) aids banks and other financial institutions in preparing for the impact of market and economic events on their asset and liability profiles, thereby reducing the likelihood of legal challenges and the costs associated with them. Banks have a better chance of surviving if they take initiative to mitigate these risks.
- ALM studies can be used by financial institutions to help in making crucial strategic business choices. Before making important choices like pricing, product development, and company strategy, financial institutions may find it useful to do a risk and reward analysis.

SCOPE OF THE STUDY:

- One way for a bank to deal with changes in interest rates is to protect its assets and liabilities. Banks must be able to handle this risk well if they don't want to lose money andkeep the economy stable.
- Liquidity risk management makes sure a bank can keep its promises. This danger can be reduced by financial institutions keeping a strong cash reserve and taking deposits from a wide range of clients.
- By keeping an eye on a bank's capital balance, make sure it has enough cash on hand to cover any unexpected losses. Banks are supposed to reduce this risk by keeping a lot of cash on hand and being careful about which assets they buy.
- Ways to pay for its actions, such as where the money will come from and when vendors and other business partners will be paid.
- The bank's asset portfolio is closely looked at to make sure it is varied of high quality, and in line with the institution's risk tolerance and long-term goals.
- For the report, the bank's assets, liabilities, risks, and wins must be listed and evaluated. Financial firms need accurate reporting and good analytical skills to handle risks and make good choices and balance between the bank's asset allocation, its financial goals, and the amount of risk it is willing to take. The best mix of assets and liabilities is important for thebank's profits and safety.

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- It must make sure that the difference between its operating costs and its income is bigenough to get it through both good and bad times.
- Keeping an eye on the bank's resources, security, and effectiveness. Keeping an eye on changes in the market or economy that could affect the assets and liabilities of the bank.

OBJECTIVES OF THE STUDY:

- To evaluate the process of Cash Inflows and Outflows mechanism in ICICI.
- To lessen sensitivity to monetary, liquid, and interest rate challenges through GAPAnalysis.
- To identify the long-term impact on ICICI market value of equity.
- To study the Asset and Liability management system in ICICI.
- To determine the ideal Asset-Liability ratio of ICICI.

RESEARCH METHODOLOGY:

The present study is based on primary and secondary data analysis.

PRIMARY DATA COLLECTION:

This research relied heavily on interviews with the ALM cell's top manager, the senior managerof finance and accounting, system manager and top-level executives were surveyed to gain insight.

SECONDARY DATA COLLECTION:

The data has been collected from ICICI Bank's annual reports, as well as other reputable financial journals, magazines and management literature were some of the sources used to compile the data for this study.

STATISTICAL DATA USED:

- Ms-Excel
- Ratio Analysis

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LIMITATIONS OF THE STUDY:

- This study is only restricted to ICICI bank.
- This study is restricted to the period 2017-2022 only.
- ALM has to follow rules about stress testing, managing financial risk, and having enoughcapital. Smaller financial companies with less money and time may find it hard and time consuming to follow these rules.
- In the setting of ALM, risk management is complex and changes over time. The amountsof a bank's assets and debts can change quickly because of changes in interest rates, changes in the market, and other economic factors. This makes ALM difficult.

DATA ANALYSIS AND INTERPRETATION

FUNDS FLOW 2021-2022

(January 4, 2021 to March 31, 2022) (spanning two financial years)

The following organizations have donated to the ICICI BANK Foundation, totalling Rs. 617.80million.

Source (January 4, 2021 – March 31, 2022)	Amount (Rs. Millions)
ICICI BANK	500
ICICI BANK Prudential Life Insurance	67.72
ICICI BANK Lombard General Insurance	17.13
ICICI BANK Securities	15.98
ICICI BANK Securities PD	6.99
ICICI BANK Home Finance	1.99
ICICI BANK Venture	9
Total	617.8

Table No:1 Tabular representation of Funds Flow 2021-2022

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Disbursements (January 4, 2021 to March 31, 2022)

Grant Beneficiaries (January 4, 2021 to March 31, 2022)	**Amount(Rs. millions)**
ICICI BANK Foundation Programmes	
ICICI BANK Centre for Child Health and Nutrition.	150
IFMR Finance Foundation	200
Environmentally Sustainable Finance	20
CSO Partners	50
CARE (Policy Unit)	5
Strategy and Advisory Group	20
ICICI BANK Group Corporate Social Responsibility Programmes	
Read to Lead	25
MITRA (ICICI BANK Fellows Program me)	55
CARE (Disaster Management Unit)	5
Rang De	25
Total	555

Table No:2 Tabular representation of Disbursements (January 4, 2021 to March 31, 2022)

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MATURITY PROFILE – LIQUIDITY

A. OUTFLOWS

HEAD OF ACCOUNTS	Classification into time buckets
1.Capital, Reserves and Surplus	Over 5 years bucket.
2.Demand Deposits (Current & Savings Deposits)	Demand Deposits may be classified into volatile and core portions, 25 % of deposits are generally withdraw able on demand. This portion may be treated as volatile. While volatile portion may be placed in the first time bucket i.e., 1-15 days, the core portion may be placed in 1-2 years, bucket.
3. Term Deposits	Respective maturity buckets.
4. Borrowings	Respective maturity buckets.
5. Other liabilities and provisions (i) Bills Payable (ii) Inter-office Adjustment (iii) Provisions for NAPs a) sub-standard b) doubtful and Loss (iv) provisions for depreciation in Investments (v)provisions for NAPs in investment (vi) provisions for other purposes	(i) 1-15 days bucket (ii) Items not representing cash payable may be placed in over 5 years bucket (iii) a) 2-5 years bucket. b) Over 5 years bucket (iv) Over 5 years bucket. (v) a) 2-5 years bucket. b) Over 5 years bucket (vi) Respective buckets depending on the purpose.

Table No:3 Tabular representation of Outflows

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B. INFLOWS

1. Cash	1-15 days bucket.
2. Balance with other s (i) Current Account (ii) Money at call and short Notice, Term Deposits and other Placements	(i) Non-withdraw able portion on account of stipulations of minimum balances may be shown Less than 1-15 days bucket. (ii) Respective maturity buckets.
3. Investments (i) Approved securities (iii) Corporate Debentures and bonds, CDs and CPs, redeemable preference shares, units of Mutual Funds (close ended). Etc. (iii) Share / Units of Mutual Funds (open ended) (iv) Investment in subsidiaries / Joint Ventures.	(i) Respective maturity buckets excluding the amount required to be reinvested to maintain SLR (ii) Respective Maturity buckets. Investments classified as NPAs Should be shown under 2-5 years bucket (sub-standard) or over 5 years bucket (doubtful and loss). (iii) Over 5 years bucket. (iv) Over 5 years bucket.
4. Advances (performing / standard) (Bills Purchased and Discounted (including bills under DUPN) Cash Credit / Overdraft (including TOD) and Demand Loan component of Working Capital. Term Loans	(i) Respective Maturity buckets. (ii) Their should undertake a study of behavioral and seasonal pattern of a ailments based on outstanding and the core and volatile portion should be identified. While the volatile portion could be shown in the respective maturity bucket. The core portion may be shown under 1-2 years bucket. (iii) Interim cash flows may be shown under respective maturity Buckets.
5. NPAs a. Sub-standard b. Doubtful and Loss	(I) 2-5 years bucket. (ii) Over 5 years bucket.
6. Fixed Assets	Over 5 years bucket.

Table No:4 Tabular representation of Inflows.

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GAP Analysis:

Months	up to 3	3 to 6	6 to 13	above 1 yr
Inflows	69176.2	330487.3	157602.3	529926.8
Outflows	141724.6	95515.39	143159.8	430353.8
GAP	62548.39	62467.15	-24442.5	-99573

Table No:5 Tabular representation of inflows, outflows &gap

COMPARATIVE ASSET LIABILITY SHEET AS ON 31ST MARCH 2022- 2021

Particulars	Mar '22	Mar '21	Increase (+)/ Decrease (-) (in Rs)	Percentage (%)
Capital and Liabilities:				
Total Share Capital	1,159.66	1,155.04	4.62	0.39998615
Equity Share Capital	1,159.66	1,155.04	4.62	0.39998615
Share Application Money	7.44	6.57	0.87	13.2420091
Reserves	79,262.26	72,051.71	7,210.55	10.0074655
Net Worth	80,429.36	73,213.32	7,216.04	9.85618464
Deposits	361,562.73	331,913.66	29,649.07	8.93276583
Borrowings	172,417.35	154,759.05	17,658.30	11.4101889
Total Debt	533,980.08	486,672.71	47,307.37	9.72057176
Other Liabilities & Provisions	31,719.86	34,755.55	-3,035.69	-8.73440357
Total Liabilities	646,129.30	594,641.58	51,487.72	8.65861415
Assets				
Cash & Balances with RBI	25,652.91	21,821.83	3,831.08	17.5561811
Balance with Banks, Money at Call	16,651.71	19,707.77	-3,056.06	-15.5068788
Advances	387,522.07	338,702.65	48,819.42	14.4136516
Investments	186,580.03	177,021.82	9,558.21	5.39945302
Gross Block	4,725.52	4,678.14	47.38	1.01279568
Net Block	4,725.52	4,678.14	47.38	1.01279568
Other Assets	24,997.05	32,709.39	-7,712.34	-23.5783669
Total Assets	646,129.29	594,641.60	51,487.69	8.65860882
Contingent Liabilities	868,190.58	794,965.35	73,225.23	9.21112222
Book Value (Rs)	138.72	633.92	-495.20	-78.1171126

Table No:6 Tabular representation of assets and liabilities of 2022-2021

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COMPARATIVE ASSET LIABILITY SHEET AS ON 31ST MARCH 2021-2020

Particulars	Mar '21	Mar '20	Increase (+) / Decrease (-) (in Rs)	Percentage (%)
Capital and Liabilities:				
Total Share Capital	1,155.04	1,153.64	1.40	0.12135502
Equity Share Capital	1,155.04	1,153.64	1.40	0.12135502
Share Application Money	6.57	4.48	2.09	46.6517857
Reserves	72,051.71	65,547.84	6,503.87	9.92232543
Net Worth	73,213.32	66,705.96	6,507.36	9.75529023
Deposits	331,913.66	292,613.63	39,300.03	13.4306902
Borrowings	154,759.05	145,341.49	9,417.56	6.47960882
Total Debt	486,672.71	437,955.12	48,717.59	11.1238773
Other Liabilities & Provisions	34,755.55	32,133.60	2,621.95	8.15952772
Total Liabilities	594,641.58	536,794.68	57,846.90	10.7763549
Assets				
Cash & Balances with RBI	21,821.83	19,052.73	2,769.10	14.5338752
Balance with Banks, Money at Call	19,707.77	22,364.79	-2,657.02	-11.8803709
Advances	338,702.65	290,249.44	48,453.21	16.6936446
Investments	177,021.82	171,393.60	5,628.22	3.28379823
Gross Block	4,678.14	4,647.06	31.08	0.66880996
Accumulated Depreciation	0.00	0.00	0.00	0.00
Net Block	4,678.14	4,647.06	31.08	0.66880996
Other Assets	32,709.39	29,087.07	3,622.32	12.4533685
Total Assets	594,641.60	536,794.69	57,846.91	10.7763566
Contingent Liabilities	794,965.35	802,383.84	-7,418.49	-0.92455626
Bills for collection	0.00	0.00	0.00	0.00
Book Value (Rs)	633.92	578.21	55.71	9.63490773

Table No:7 Tabular representation of assets and liabilities of 2021-2020

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ASSET LIABILITY SHEET AS ON 31ST MARCH 2020-2019

Particulars	**Mar '19**	**Mar '20**	**Increase (+) / Decrease (-) (in Rs)**	**Percentage (%)**
Capital and Liabilities:				
Total Share Capital	1,153.64	1,152.77	0.87	0.07547039
Equity Share Capital	1,153.64	1,152.77	0.87	0.07547039
Share Application Money	4.48	2.39	2.09	87.4476987
Reserves	65,547.84	59,250.09	6,297.75	10.6290978
Net Worth	66,705.96	60,405.25	6,300.71	10.4307324
Deposits	292,613.63	255,499.96	37,113.67	14.5259005
Borrowings	145,341.49	140,164.91	5,176.58	3.69320681
Total Debt	437,955.12	395,664.87	42,290.25	10.6884015
Other Liabilities & Provisions	32,133.60	17,576.98	14,556.62	82.8163883
Total Liabilities	536,794.68	473,647.10	63,147.58	13.3322003
Assets				
Cash & Balances with RBI	19,052.73	20,461.29	-1,408.56	-6.88402344
Balance with Banks, Money at Call	22,364.79	15,768.02	6,596.77	41.8363878
Advances	290,249.44	253,727.66	36,521.78	14.394087
Investments	171,393.60	159,560.04	11,833.56	7.41636816
Gross Block	4,647.06	9,424.39	-4,777.33	-50.6911323
Accumulated Depreciation	0.00	4,809.70	-4,809.70	-100
Net Block	4,647.06	4,614.69	32.37	0.70145557
Other Assets	29,087.07	19,515.39	9,571.68	49.0468292
Total Assets	536,794.69	473,647.09	63,147.60	13.3322048
Contingent Liabilities	802,383.84	858,566.64	-56,182.80	-6.54379024
Bills for collection	0.00	64,457.72	-64,457.72	-100
Book Value (Rs)	578.21	524.01	54.20	10.3433141

Table No:8 Tabular representation of assets and liabilities of 2020-2019

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COMPARATIVE ASSET LIABILITY SHEET AS ON 31ST MARCH 2019-2018

Particulars	Mar '19	Mar '18	Increase (+) / Decrease (-) (in Rs)	Percentage (%)
Capital and Liabilities:				
Total Share Capital	1,152.77	1,151.82	0.95	0.082478165
Equity Share Capital	1,152.77	1,151.82	0.95	0.082478165
Share Application Money	2.39	0.29	2.10	724.137931
Reserves	59,250.09	53,938.82	5,311.27	9.846841292
Net Worth	60,405.25	55,090.93	5,314.32	9.646451784
Deposits	255,499.96	225,602.11	29,897.85	13.25246914
Borrowings	140,164.91	109,554.28	30,610.63	27.94106264
Total Debt	395,664.87	335,156.39	60,508.48	18.05380467
Other Liabilities & Provisions	17,576.98	15,986.35	1,590.63	9.949926031
Total Liabilities	473,647.10	406,233.67	67,413.43	16.59474213
Assets				
Cash & Balances with RBI	20,461.29	20,906.97	-445.68	-2.131729275
Balance with Banks, Money at Call	15,768.02	13,183.11	2,584.91	19.60774051
Advances	253,727.66	216,365.90	37,361.76	17.26785968
Investments	159,560.04	134,685.96	24,874.08	18.46820559
Gross Block	9,424.39	9,107.47	316.92	3.479780883
Accumulated Depreciation	4,809.70	4,363.21	446.49	10.23306236
Net Block	4,614.69	4,744.26	-129.57	-2.73108978
Other Assets	19,515.39	16,347.47	3,167.92	19.37865615
Total Assets	473,647.09	406,233.67	67,413.42	16.59473967
Contingent Liabilities	858,566.64	883,774.77	-25,208.13	-2.852325146
Bills for collection	64,457.72	47,864.06	16,593.66	34.66830854
Book Value (Rs)	524.01	478.31	45.70	9.55447304

Table no:9 Tabular representation of assets and liabilities of 2019-2018

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RATIO ANALYSIS

Return on Assets (ROA)

$$\text{Return on Assets (ROA)} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

Year	Net income	Average Total Assets	ROA
2021-2022	61267.29	646129.3	9.4822
2020-2021	54606.02	594641.6	9.18301
2019-2020	48421.3	536794.69	9.02045
2018-2019	41450.75	473647.09	8.75145
2017-2018	33082.96	406233.67	8.14382

Table No:10 Tabular representation of return on assets 2017-2022

Return on Equity (ROE)

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income}}{\text{Average Stockholders' Equity}}$$

Year	Net income	Average Equity	ROE
2021-2022	61267.29	1159.66	52.8321
2020-2021	54606.02	1155.04	47.2763
2019-2020	48421.3	1153.63	41.973
2018-2019	41450.75	1152.77	35.9575
2017-2018	33082.96	1151.82	28.7223

Table No:11 Tabular representation of return on equity 2017-2022

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Return on Common Equity (ROCE)

$$\text{Return on Common Equity} = \frac{\text{Net Income}}{\text{Average Common Stockholders' Equity}}$$

Year	Net income	Average Common Stockholders' Equity	ROCE
2021-2022	61267.29	1159.66	52.8321
2020-2021	54606.02	1155.04	47.2763
2019-2020	48421.3	1153.63	41.973
2018-2019	41450.75	1152.77	35.9575
2017-2018	33082.96	1151.82	28.7223

Table No:12 Tabular representation of return on common equity 2017-2022

Profit Margin

$$\text{Profit Margin} = \frac{\text{Net Income}}{\text{Sales}}$$

Year	Net income	Sales	Profit margin
2021-2022	61267.29	24493.94	2.501324
2020-2021	54606.02	19712.77	2.770083
2019-2020	48421.3	15379.7	3.14839
2018-2019	41450.75	11483.01	3.609746
2017-2018	33082.96	8613.59	3.840786

Table No:13 Tabular representation of profit margin 2017-2022

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FINDINGS, SUGGESTIONS & CONCLUSION

FINDINGS

The following findings were drawn from the above data analysis-

- There will be a surplus of current assets over current liabilities in 2022, with the latter amounting to Rs.387522.07 to the former's Rs.31719.86. This means there is a surplus of assets over liabilities. Therefore, the discrepancy amounts to Rs.9558.21 or 5.39%.
- The current liabilities in the year 2021 is Rs 34755.55 which is less than assets 338702.65
- The sum of all current liabilities in 2020 is Rs.32133.60, which is more than the value of all current assets that year, which is Rs.29087.07.Therefore, the discrepancy is Rs.63147.60 or 13.33%.
- Total current liabilities in 2019 are 31590.63 Indian rupees, while total current assets are 2584.91 Indian rupees. This means there is a surplus of assets over liabilities. Therefore, the discrepancy is Rs.67413.42 or 16.50%
- Total average assets and net income both increased year over year in the ROA.
- Both the net income and the value of the owners' equity were on the rise.
- ICICI's profit margin is decreasing.

SUGGESTIONS

- If companies want more precise measurements of liquidity and interest rate risks on their books, they should upgrade their management information system and associated computerprocesses.
- The short-term economic value is created by the Net Interest Income or Net Interest Margin which may be spent on things like improving current infrastructure and application software.
- To avoid any dangers, it is crucial to remain alert to the events that effect it's operational environment and respond appropriately.
- For ICICI's risk management process to support the company's business strategy, it requires a solid foundation of people and technology.

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CONCLUSIONS

This study concludes that-

- ALM, which stands for avoidance and reduction of risk is not usually the ultimate goal.The level of risk will vary with the return requirement and entities objectives.
- The risk-taking policies and financial targets of most businesses are established andreviewed by their upper management.
- It’s necessary to know the potential consequences of each asset and risk. Potential dangersare dissected into their component elements, and their individual causes are investigated.
- It's also easy to see how many threats interconnect or stand on their own.
- Variations in the parts, the largest expected loss within a given confidence interval, and the outcome distribution of a sequence of simulated events for the part across time are all viable ways to assess vulnerability to risk. Constant monitoring and evaluation of risk is required. The current ALM choices may no longer be optimal if the organization's risk tolerance and financial goals have shifted as a result of external factors. Therefore, these plans require regular review and revision. Having a formalized method of communicating via written means is crucial at this time.

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