

Workshop
On
Treasury Risk Management
4–6 May 2019, Sydney



© FinArchitect Australia Pte Ltd
ABN 31147866242

402/245, Carlingford Road, NSW 2118
T: +61 2 9872 7363, E: info@finarchitect.com.au

About the provider

FinArchitect Australia Pte Ltd is a provider of consulting and learning solutions within the Financial Services Sector. We assist banks with the implementation of risk management architecture as well as with the enhancement of the skills and core competencies of their employees. Our head-office is in Australia from where our customers are being served. Our major competencies are in the following areas in banking:

- Asset & Liability Management
- Basel II and Basel III
- Credit Risk Management
- Financial Risk Management
- Fundamentals of Bank Management
- ICAAP
- Interest Rate Risk Management
- Risk Management in Banking
- Treasury Risk Management

Since 2009, we served the following banks:

- AB Bank Limited, Bangladesh
- BAC Bank, Vietnam
- Bank for Investment and Development of Vietnam
- BRAC Bank Limited, Bangladesh
- BRAC EPL Stock Brokerage Ltd, Bangladesh
- Chubb Insurance Vietnam Company Limited, Vietnam
- Commercial Bank of Ceylon, Bangladesh
- Dhaka Bank Limited, Bangladesh
- Dragon Capital, Vietnam
- Handico Finance, Vietnam
- IDLC Finance Ltd, Bangladesh
- IFIC Bank Limited, Bangladesh
- Jamuna Bank Limited, Bangladesh
- LankaBangla Asset Management Company Limited
- LankaBangla Finance Limited
- Mercantile Bank Limited
- Military Bank, Vietnam
- Mutual Trust Bank Limited, Bangladesh
- National Citizen Bank, Vietnam
- National Credit Ratings Ltd, Bangladesh
- NRB Commercial Bank Ltd, Bangladesh
- Pubali Bank Limited, Bangladesh
- Shahjalal Islami Bank Ltd, Bangladesh
- State Bank of India, Bangladesh
- Techcombank, Vietnam
- The City Bank Limited, Bangladesh
- TienPhong Bank, Vietnam
- UCB Capital Management Ltd, Bangladesh
- United Commercial Bank Limited, Bangladesh
- Vietnam Prosperity Joint-Stock Commercial Bank, Vietnam
- VN Direct Securities, Vietnam
- Western Bank, Vietnam

Introduction

Recent financial crises have highlighted the importance of treasury risk management in the financial services industry. Treasury Risk Management has become an imperative for boards and management seeking to build a sustainable business. This workshop will equip you with knowledge and skills of the latest tools, strategies and best practices in Treasury Risk Management amidst volatile global markets, the proliferation of new financial products and changing regulatory environments. Furthermore, the impact of regulatory capital requirements such as *Basel III: Finalising Post-Crisis Reforms* in December 2017 is presenting new challenges in optimal capital allocation between the goals of profit maximization and regulatory compliance. In combination with the classical training approach (classroom sessions), actual and best-practice issues are discussed and explored, and real-life case studies and computer simulations are used.

Learning Outcomes

After the workshop, participants will be able to:

- Understand the best practices of treasury risk management
- Analyse the types of risks arising from on- and off-balance sheet activities
- analyse how risk-based pricing is conducted in a financial institution
- apply Interest Rate Risk in Banking Book (IRRBB) measures as a part of Basel II/III capital framework
- Apply interest rate derivative products like FRA, Interest rate swaps and caps/floors/swaptions
- Apply foreign exchange products such as FX spot, FX forwards, crosscurrency swaps, and currency options and commodity derivative products
- Apply funds transfer pricing and evaluate the appropriateness of a particular model to any institution
- Evaluate VaR measures to assess market, liquidity, credit and operational risks.

Participant profile

The workshop provides a unique learning experience for the following target groups:

- Head of Treasury
- Head of Risk Management Unit
- Chief Financial Officer
- Chief Risk Officer
- Financial Controllers
- Investment Managers
- Portfolio Managers
- ALM Managers
- Internal Auditors
- Central bankers

Number of participants

To ensure a powerful learning experience, the number of participants per workshop is limited to 25.

Dates and Venue

4–6 May 2019, Caroline Chishom House, 33, Berry Street, North Sydney, NSW 2060.

Registration fee

Early bird registration fee : USD2,250¹

(Early bird registration is available till 30 January 2019)

Standard registration fee : USD2,950

(Standard registration is available till 28 February 2019)

The registration fee includes expert tuition, course documentation, and workshop materials as well as luncheon and refreshments.

Agenda

Day 1

Session 1

Risk Governance

- Risk appetite
- Risk management process
- Measuring and managing risk: Quantitative measures and Qualitative assessment
- Roles and responsibilities of the Board in risk governance
- Integrating risk control into shareholder value maximization
- Performance measurement
- Risk-based pricing

Sessions 2 to 4

Traded Market Risk

- Introduction
- Sources of traded market risk:
 - Interest rate risk
 - Foreign exchange risk
 - Equity risk and
 - Commodity risk

Measures of Traded Market Risk

- Value at Risk (VaR)
 - VaR Definition
 - VaR Parameters: Confidence Level and Horizon
 - Application of VaR to measure market risk
 - Approaches to measuring VaR: Parametric versus non-parametric approaches
 - VaR measures:
 - Variance-Covariance method
 - Historical Simulation
 - Bootstrap historical simulation method and
 - Monte Carlo Simulation

¹ net of VAT and any other taxes per participant.

- Stressed VaR
 - Credit VaR
 - Liquidity VaR
 - Operational VaR
 - Application of VaR in Internal Models Approach
 - Backtesting VaR
- Excess shortfall (ES)
 - ES as a coherent measure
 - ES to overcome the deficiency of VaR
 - Application of ES in Basel III

Day 2

Sessions 5 and 6

Non-traded Market risk

- How does non-traded market risk arise?
- Interest rate risk exposure: earnings and economic value perspectives
- Sources of interest rate risks
- Interest rate risk in Banking Book (IRRBB)
- Measures of IRRBB
- Measures of interest rate risk:
 - Repricing gap
 - duration gap
 - convexity

Sessions 7 and 8

Internal Risk Measurement- Role of Funds Transfer Pricing (FTP)

- Evolution of FTP
- FTP Methodologies
 - Zero cost curve
 - Average cost curve
 - Maturity matched curve
- Deriving the FTP curve
- Operating FTP
- Pricing with FTP
 - Pricing flow business
 - Pricing cushion/buffers
 - Reflecting regulation in FTP such as impact of LCR/NCFR
 - Swaptions

Day 3

Session 9

Liquidity Risk

- Liquidity Metrics
- Evolution of Liquidity Regulation
- Basel III Liquidity Regime
 - Liquidity Coverage Ratio (LCR)
 - Net Stable Funding Ratio (NSFR)

Session 10

Tools for managing FX and Interest Rate Risk I

- Foreign Exchange (FX)
 - Settlement Risk
 - Exchange control
 - Trading Platform
 - Forward and FX Futures
 - FX Swaps

Session 11

Tools for managing FX and Interest Rate Risk II

- Interest Rate Risk
 - Interest rate swaps

- Options
- Caps, collars, and floors
- Swaptions

Session 12

Treasury Risk Management Working Model

- Treasury Structure
 - Roles and responsibilities
 - Utility or profit centre
 - Capital allocation
- Trading and funding policy
 - Objectives
 - Risk appetite and tolerance
- ALCO
 - Oversight
 - Information flow
 - Contingency planning and recovery
- Regulatory and Proprietary Trading
 - Ring fencing
 - Market making and proprietary trading

Resource persons

Darryl Connoley

Darryl Connoley worked as an Executive Director, Group Treasury and Head of Foreign Currency Funding, Commonwealth Bank of Australia (CBA). He also worked as an Executive Director, Markets and Head of Short Term Interest Rates, Treasury Funding and Productivity Australasia at CBA. He held important roles in Treasury for Bankers Trust, JP Morgan, KPMG and Macquarie Group. He obtained his Masters of Applied Finance from Macquarie University and Bachelor of Commerce from the University of Melbourne. He is a member of the Australian Institute of Chartered Accountants.

Dr Md Akhtaruzzaman

Dr Md Akhtaruzzaman is a National Discipline Leader, Accounting, Finance and Economics, and Lecturer in Finance at Peter Faber Business School, Australian Catholic University. Prior to working in academia, he worked as the Managing Director of SimArch Asia Pte Ltd, Singapore in 2007–2009. He worked as a resource person on topics such as Asset and Liability Management in Banks, Interest Rate Risk Management, Financial Institutions Risk Management, Basel II, Basel III, Liquidity Risk Management and Advanced Excel Modelling in Australia, South Africa, Viet Nam, Cambodia, Nepal, and Bangladesh. He obtained his PhD degree in Finance from The University of Newcastle, Australia. He is a regular member of CFA Institute, USA and CFA Society of Sydney, Australia.