

CZECH FINANCIAL ACADEMY

Upcoming Workshop:

INTEREST RATE AND FX RISK HEDGING WORKSHOP

Locations and Dates:

Zagreb: November 10 – 11, 2010

Prague: November 25 – 26, 2010

Registration Deadlines:

October 27, 2010 (Zagreb)

November 9, 2010 (Prague)

INTEREST RATE AND FX RISK HEDGING WORKSHOP

DATES: **November 10 – 11, 2010** • PRICE: € 1,500 • LOCATION: **Zagreb, Croatia**

DATES: **November 25 – 26, 2010** • PRICE: € 1,500 • LOCATION: **Prague, Mövenpick Hotel**

NEW

- **The Hedging Process**
- **Measuring Interest Rate Exposure**
- **Hedging Fixing Risk and PV Risk**
- **Hedging Yield Curve Risk**
- **Hedging FX Transaction Exposure**
- **Fair Value and Cash Flow Hedges**
- **Practical “Real Life” Workshops**

The purpose of this workshop is to give you a practical understanding of and “hands-on” experience with tools and techniques for measuring and managing interest rate and FX risk.

We start with a general introduction to interest rate risk and FX risk management. We explain the “anatomy” of interest rate and FX risk and present framework for assessing and managing these risks. We also give an overview of tools and methodologies used for managing interest rate and FX risk and we discuss their advantages and limitations.

We then explain methods for measuring interest rate risk. We present and explain concepts such duration, convexity and key rate duration, and we also how interest rate risk can be assessed at the portfolio level.

Further, we present, explain and demonstrate a variety of methods for hedging interest rate risk at the micro and macro levels. These methods include the use of derivative instruments such as futures, swaps, caps, floors and swaptions. We give examples of “fair value” and “cash flow” hedges. We also discuss some of the practical problems arising from the use of these methods, including their accounting treatment.

After the theoretical discussion you will have the opportunity of working “hands-on” with cases on measuring and hedging interest risk.

We then turn to look at FX risk. We explain how economic, translation, transaction and contingent exposures can be identified and measured in Treasury and investment portfolios, and we explain and demonstrate how these exposures can be hedged using forwards, swaps, futures and options. We present different hedging approaches, including cross hedges, proxy hedges and quanto hedges. We also explain how exotic options can be used for the hedging of commercial FX transactions. Further, we discuss the accounting, regulatory and other practical issues related to currency risk management.

You will also have the opportunity to work “hands-on” with practical cases in FX hedging.

DAY ONE

09.⁰⁰–09.¹⁵

Welcome and Introduction

09.¹⁵–12.⁰⁰

General Introduction to Interest Rate and FX Risk Management

- The Anatomy of Interest Rate and FX Risk
- Overview of Tools and Methods for IR and FX Risk Management

Hedging Interest Rate Risk

- The Hedging Process
- Measuring Interest Rate Risk
 - Positions, sensitivities and IR volatility
 - Cash flow sensitivity to IR changes
 - NPV sensitivity to IR changes
 - Duration and convexity
 - Yield curve risk (key rate durations)
 - Measuring aggregate interest rate risk (VaR)
- Practical Exposure Calculation Examples
- Workshop: Measuring Interest Rate Risk

12.⁰⁰–13.⁰⁰

Lunch

13.⁰⁰–16.³⁰

Hedging Interest Rate Risk (Continued)

- Overview of Strategies for Interest Rate Risk in Portfolio Management
 - Matching
 - Immunization and factor immunization
- Using FRAs and Futures to Manage Fixing Risk
- Using Interest Rate Swaps to Hedge Fixed and Floating Rate Assets and Liabilities Loans
 - “Fair Value” and “Cash Flow” hedges
- Using Caps, Floors and Collars
- Using Swaptions Hedge Long-Term Interest Rate Risk
- Using Swaptions to Hedge Contingent Interest Rate Risk

- Hedge Accounting: Fair Value and Cash Flow Hedges

- Practical Hedging Examples

- Workshop: Using Interest Rate Derivatives to Hedge Interest Rate Risk at the “Micro” Level

DAY TWO

09.⁰⁰–09.¹⁵

Recap

09.¹⁵–12.⁰⁰

Hedging Interest Rate Risk (Continued)

- Using “Macro Swaps” to Hedge Loan and Deposit Portfolios
- Macro Hedging of Bond Portfolios Using Futures, Swaps
- Workshop: Macro Hedging of Loan and bond Portfolios
- Practical Hedging Examples

FX Risk Management

- Sources of Currency Risk
- Identifying and Measuring FX Exposure
 - Economic exposure
 - Translation exposure
 - Transaction exposure
- Measuring FX Exposure at the “Micro” Level
- Measuring FX risk at the Portfolio Level (VaR)
- Practical Hedging Examples
- Workshop: Identifying and Measuring FX Exposure

12.⁰⁰–13.⁰⁰

Lunch

13.⁰⁰–16.⁰⁰

Hedging FX Risk

- Hedging Economic FX Exposure
- Hedging Transaction Risk Exposure
 - Using forwards
 - Using “protective puts”
 - Using “covered calls”
 - Using swaps

- Hedging Contingent Exposures

- Using Exotic Options for Hedging Currency Risk

- Using Cross Hedges and Proxy Hedges

- Hedge Accounting: Fair Value and Cash Flow Hedges

- Practical Hedging Examples

- Workshop: Hedging FX Transaction Exposure

- Workshop: Hedging FX Risk of Investment Portfolio

Evaluation and Termination of the Workshop

Terms and Policies of the Czech Financial Academy

CZECH FINANCIAL ACADEMY

The Czech Financial Academy is a joint venture between the consultancy companies MONECO and BASISPOINT that offers a comprehensive programme of English-language seminars, trainings and practical workshops lectured by qualified tutors. Our objective is to provide the industry professionals with advanced financial know-how and up-to-date analytical methods and skills.

SEMINAR VENUE

All Czech Financial Academy seminars are held at the international four-star Mövenpick Hotel in Prague at Mozartova 1 (Mozart Street). Accommodation is not included in the seminar price, but we are happy to offer hotel reservations at discounted prices for our clients.

TUITION LANGUAGE

Seminar tuition is in English language, as are all manuals, training software etc. Therefore, in order to benefit from participation, at least a passive knowledge of English, including common financial phrases and related terminology, is required.

REGISTRATION

Clients who decided to participate, should submit us in advance a registration for a particular seminar (letter, fax, internet etc.). Subject to availability, the participant will then receive a confirmation of participation. The number of participants is always strictly limited in order to secure an effective and focused learning environment.

SEMINAR PRICES

The quoted seminar prices are per person and include all the training manuals, lunches and refreshments, certification diploma in English and selected software solutions used at the seminar. The price does not include hotel accommodation. Quoted prices are exclusive of local V.A.T. "Bundle" prices represent the total fee for participation in mutually related seminars (i.e. "Models 3+2, 2+3, 2+2, 1+3, 3+1, 1+2+2 and 2+2+1"). "Bundle" prices are provided in the Calendar of the Czech Financial Academy Seminars.

DISCOUNTS

Bulk discounts are offered when submitting an application for the participation of more than one person. A 10% discount is offered when at least two participants from one company register for a seminar or one participant registers at once for two or more seminars. The discounts do not apply for "bundle" prices, as these already represent discounted prices.

INVOICING AND PAYMENT

An invoice for the seminar price will be sent to the participants no later than 3 weeks prior to the beginning of the seminar. **Full payment of the invoice must be made before the start of the seminar as a precondition of participation.**

TERMS OF CANCELLATION

If for whatever reasons a registered participant is unable to attend, a substitute delegate may be appointed to participate instead. For cancellations received 20 days or more before the beginning of the seminar, a 10% cancellation fee of the full price will be invoiced i.e. 90% of the price is refunded. **For cancellations received less than 20 days prior to the beginning of the seminar, the full price is payable i.e. no refund will be provided. All cancellations must be in writing.** The organizers of the Czech Financial Academy reserve the right to cancel the individual participation or cancel the entire seminar or part of it for whatever unspecified reasons, including possible force majeure. In this case, the price paid will be refunded in full or in part, accordingly.

Czech Financial Academy® is registered trade mark of MONECO, Ltd.

**Registration Deadlines:
October 27, 2010 (Zagreb)
November 9, 2010 (Prague)**

REGISTRATION FORM

• Interest Rate and FX Risk Hedging Workshop	<input type="checkbox"/>	November 10 – 11, 2010	€ 1,500
• Interest Rate and FX Risk Hedging Workshop	<input type="checkbox"/>	November 25 – 26, 2010	€ 1,500

COMPANY

Name:

Approving Manager:

Person responsible for training:

Address:

Tax Registration No.: VAT Identification No.:

PARTICIPANTS

1. Title: Name: Phone:
Mr/Mrs/Ms
E-mail: Position:

2. Title: Name: Phone:
Mr/Mrs/Ms
E-mail: Position:

3. Title: Name: Phone:
Mr/Mrs/Ms
E-mail: Position:

Date: Signature: