



## Advanced Financial Risk Management for Corporations - A Practitioner's Guide

This three-day course presents a practical, case-based approach to financial risk management for corporations, including interest rate, commodity and foreign exchange risks. Through cases derived from real-world situations, delegates will learn how to identify, measure and manage financial risks in a corporate framework. Issues that will be addressed include: increasing firm value through risk management, FAS 133 compliance, budgeting for risk and developing a centralized risk management program.

### Available Session(s):

22-Sep-2008 -- 24-Sep-2008	Chicago	USD \$3275
NY Institute of Finance - Chicago	9:00am - 4:30pm	Mon Tue Wed

Instructor(s):[Aaron J. Gould; ]

### Targeted Audience

Corporate accountants, risk managers, analysts and auditors. Derivatives sales staff covering corporations. Ratings agency and regulatory staff, and others who analyze corporate-wide risk.

### Special Offer

Clients who register for this course will receive a complimentary 6 month subscription to the Financial Times and FT.com. The Financial Times is the world's most respected financial newspaper providing a broad assessment on finance, business and the industrial sector. Subscriptions will start within 6-8 weeks of the application process, and are limited to one per client. For questions about your subscriptions call 800-628-8088 or email [uscirculation@ft.com](mailto:uscirculation@ft.com). US and Canada enrollees only.

### Advance Preparation

No advance preparation required.

### Prerequisites

Introduction to Financial Risk Management, Risk Management Suite, Derivative Products Suite OR equivalent knowledge. Familiarity with FAS 133 and knowledge of

Excel. Financial calculator required.

## Learning Objectives

Students will be able to:

- Identify and measure financial risks faced by corporations
- Model financial risks with practical Excel based tools
- Assess hedge effectiveness for FAS 133 compliance
- Develop an effective, risk based hedging program
- Understand the role that financial risk management plays in a corporation

**Level:** Advanced

**CPE Credits:** 21.5

**Instructional Method:** Group-Live

## Detailed Outline

### Tools and Rules of Risk Management

#### Identification and Measurement of Risks

- Interest rate risk
- Commodity risk
- Foreign exchange (FX) risk
- Credit risk
- Cash flow vs. fair value risks
- Measurements of risk; standard deviation, volatility, value-at-risk (VaR), Earnings-at-Risk (EaR), stress testing, etc.

#### Executing Derivative Transactions

- Treasury derivatives
- Interest rate swaps & options
- FX forwards & options
- Cross currency swaps
- Commodity forwards & options
- Credit charges in derivative transactions

#### FAS 133 Review

- Scope and implications
- Definition of a derivative
- Types of hedges

### Risk Management in Action: Risk Management & Hedging

#### Hedge Decision Making & Reporting

- Setting hedge objectives
- Quantifying risk reduction
- Reporting results

#### Interest Rate Risk

- Hedging anticipated debt issuances and repurchases
- Hedging floating rate debt
- Managing fixed vs. floating rate debt mix with swaps

#### Commodity Risk

- Managing basis risk
- Assessing hedge effectiveness using regression

#### Foreign Exchange (FX) Risk

- Payables/receivables
- Hedging foreign denominated inter-company loans and debt
- Net investment in foreign operations

- Assessing hedge effectiveness
- Measurement of hedge ineffectiveness
- Relevant emerging issues

### **Pension Risk Management**

- Identify and measure key financial risks
- Options for managing risks

### **Credit Risk Management**

- How does credit risk arise?
  - Using credit derivatives
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## **Putting it all Together: Enterprise Risk Management**

### **Portfolio View of Risk**

- Portfolio risk vs. individual risks
- Effects of correlation
- Centralized risk management
- Portfolio VaR

### **Developing a Hedge Program**

- Risk identification
- Setting hedge objectives
- Determine hedge horizon
- Quantify risk reduction
- Reporting results
- FAS 133 compliance

### **Financial Risk Management: Best Practices**

### **Does Risk Management Increase Shareholder Value?**

For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.