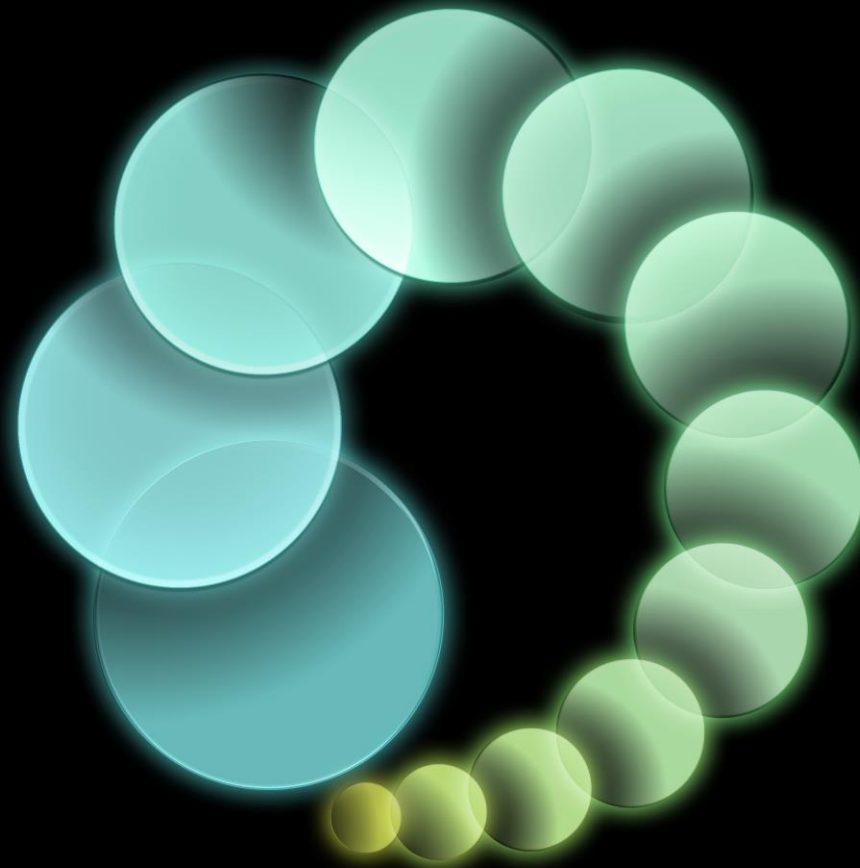


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Treasury & FX Risk and Cyber Security

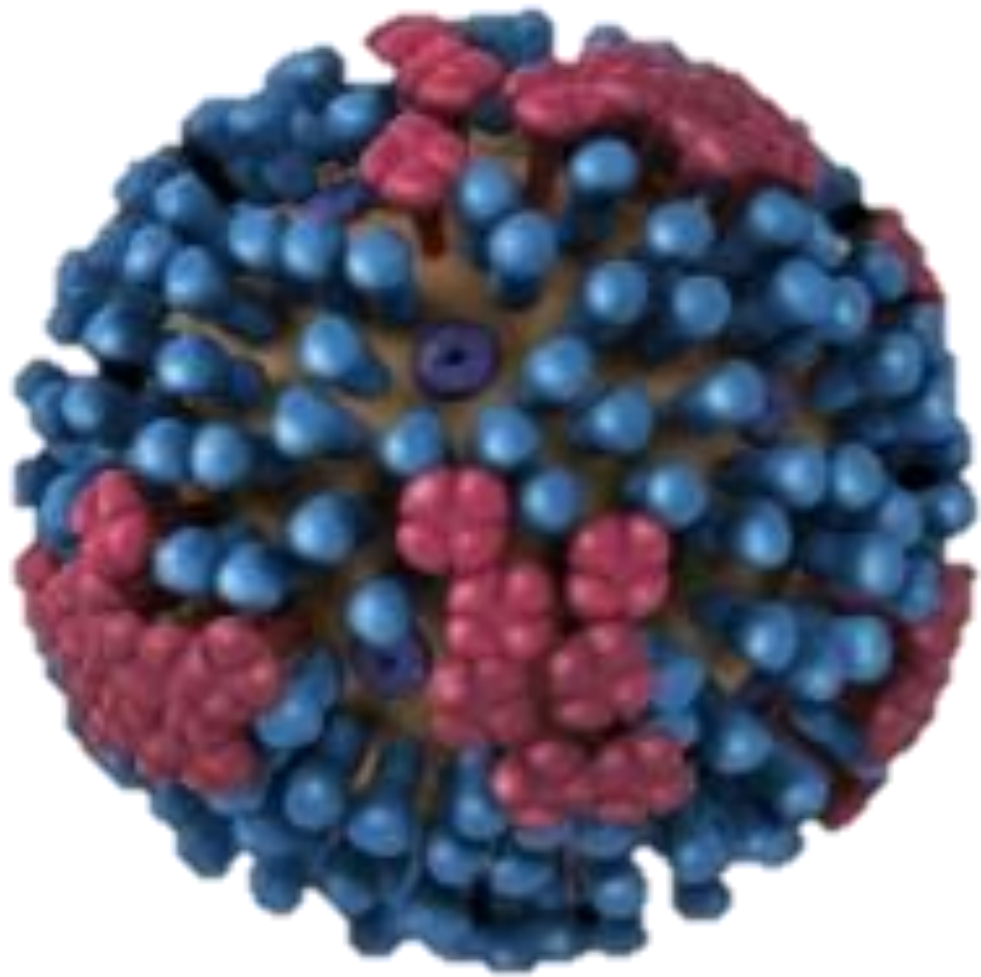
24/05/2017

Treasury & FX Risk and Cyber Security Agenda

- Opening remarks and chair Simon Cleveland
- Treasury & FX Risk Dino Nicolaides
- Cyber Security Kyle Hastings
- Questions
- Drinks and networking

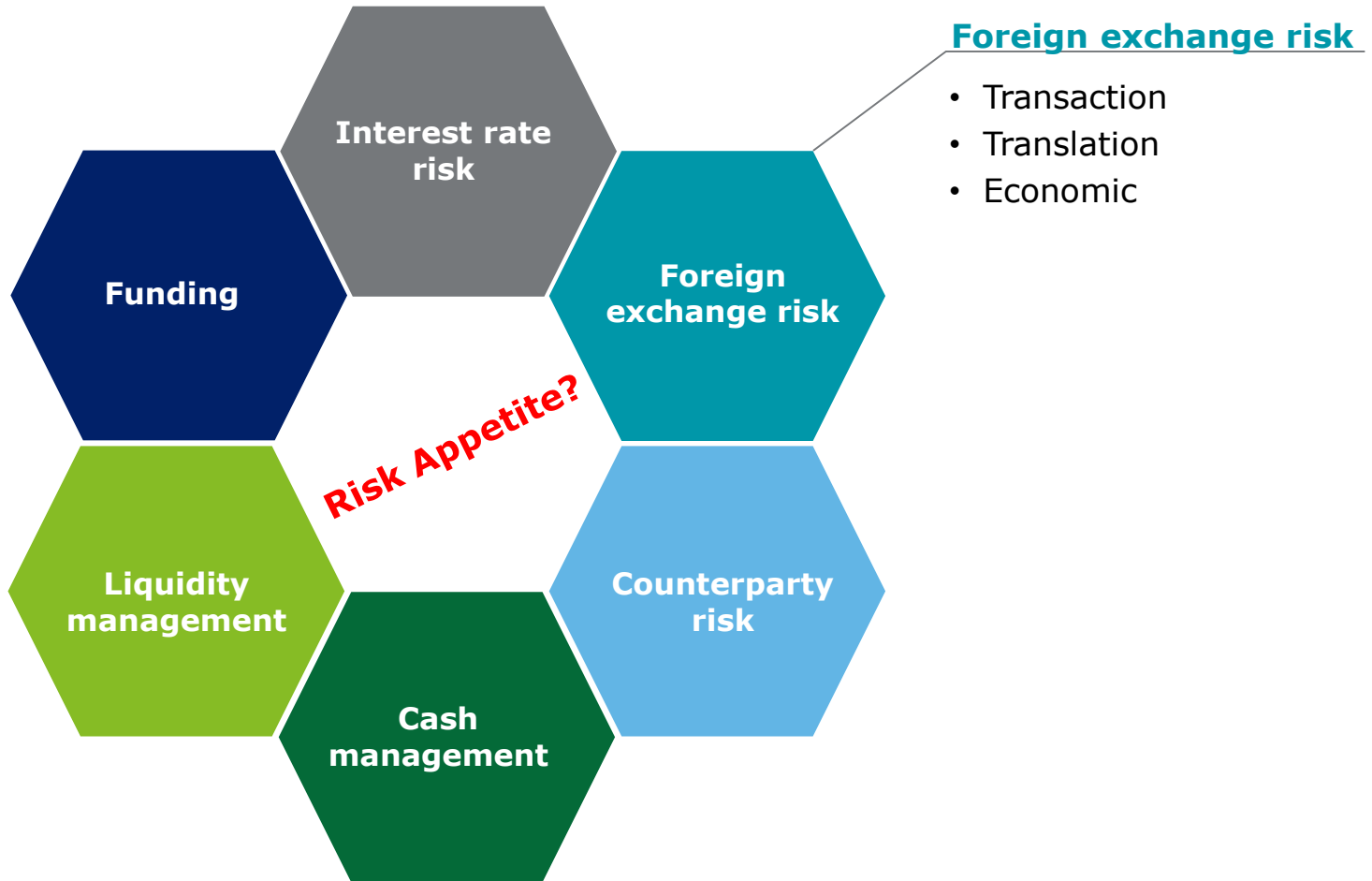
Treasury & FX Risk

Dino Nicolaides



Treasury & FX Risk

What are the key risks managed by Treasury



Treasury & FX Risk

Setting up the FX Transaction risk management policy

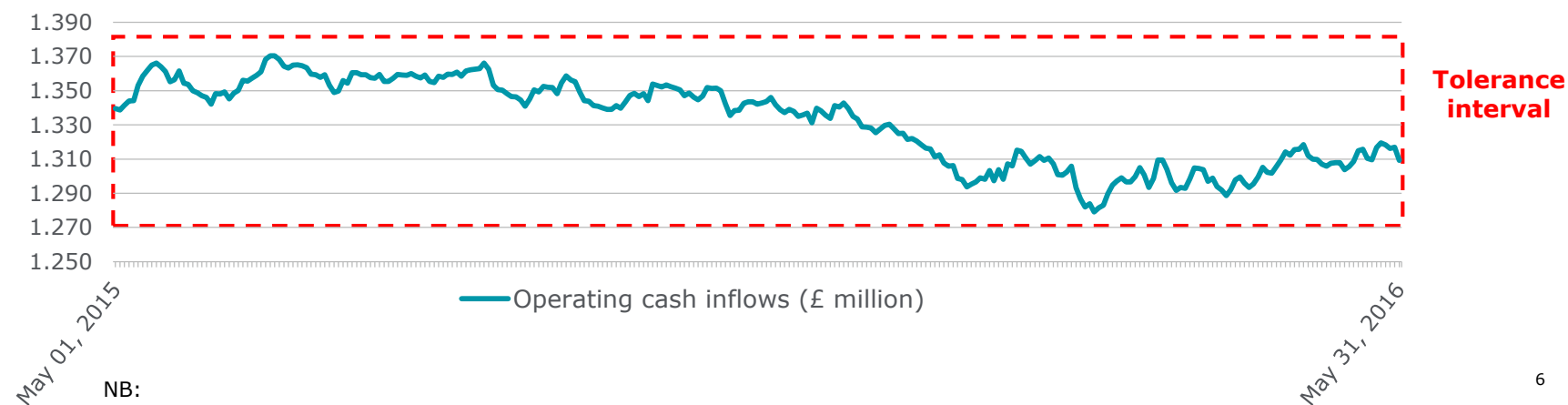
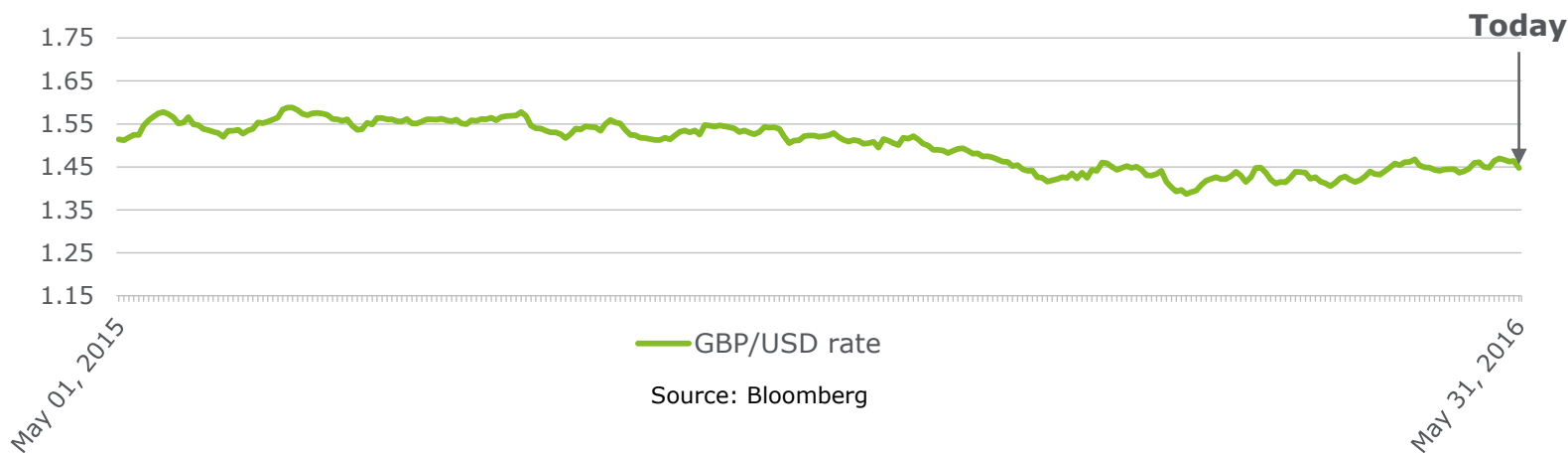
As at 31 May 2016 an organisation with GBP revenue and USD costs considers an FX hedging policy proposition as follows:

Committed exposure

- Hedge 100%

Uncommitted, but highly probable

- 0-6 months: hedge 80%
- 6-12 months: hedge 50%



NB:

- Revenue and costs in original currency assumed constant

Treasury & FX Risk

Post Brexit referendum



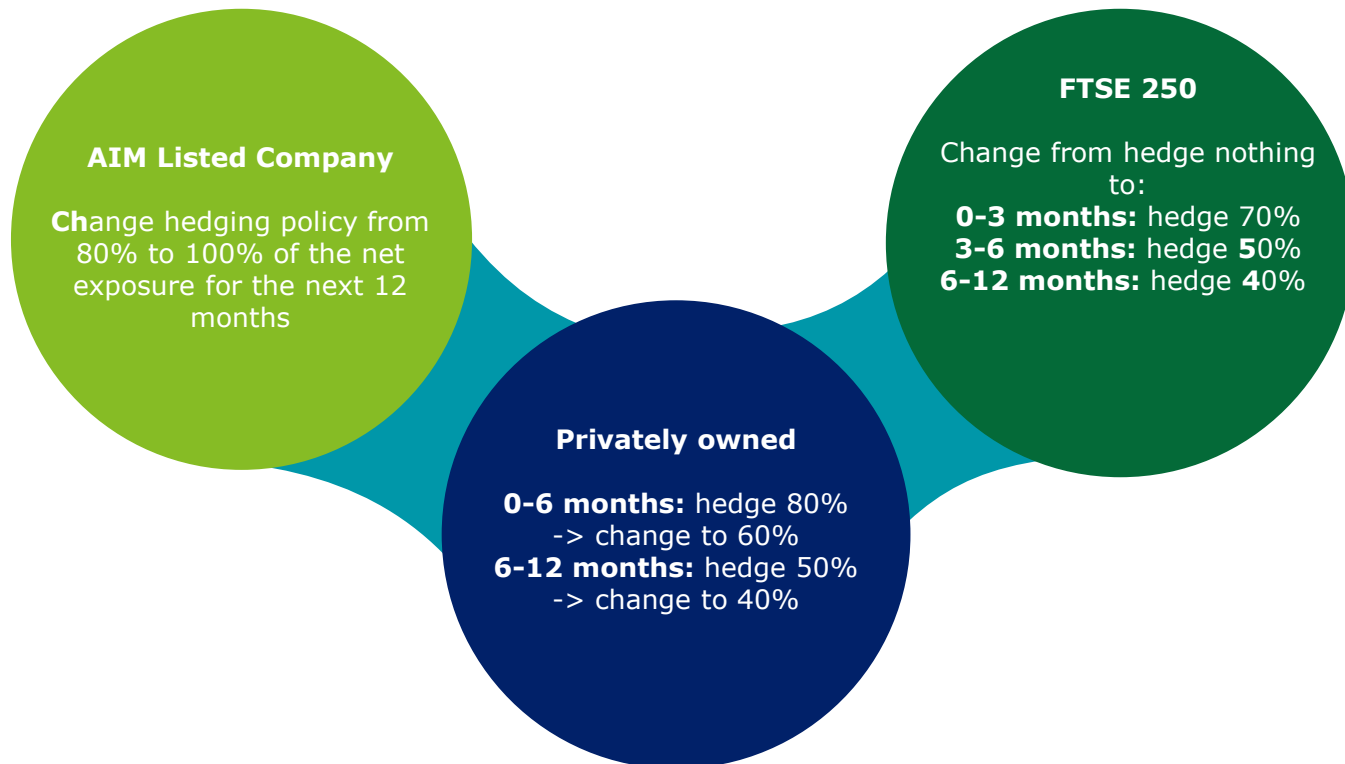
Treasury & FX Risk

How did corporates react

I. Three phases experienced by UK companies with foreign currency costs due to sterling depreciation:

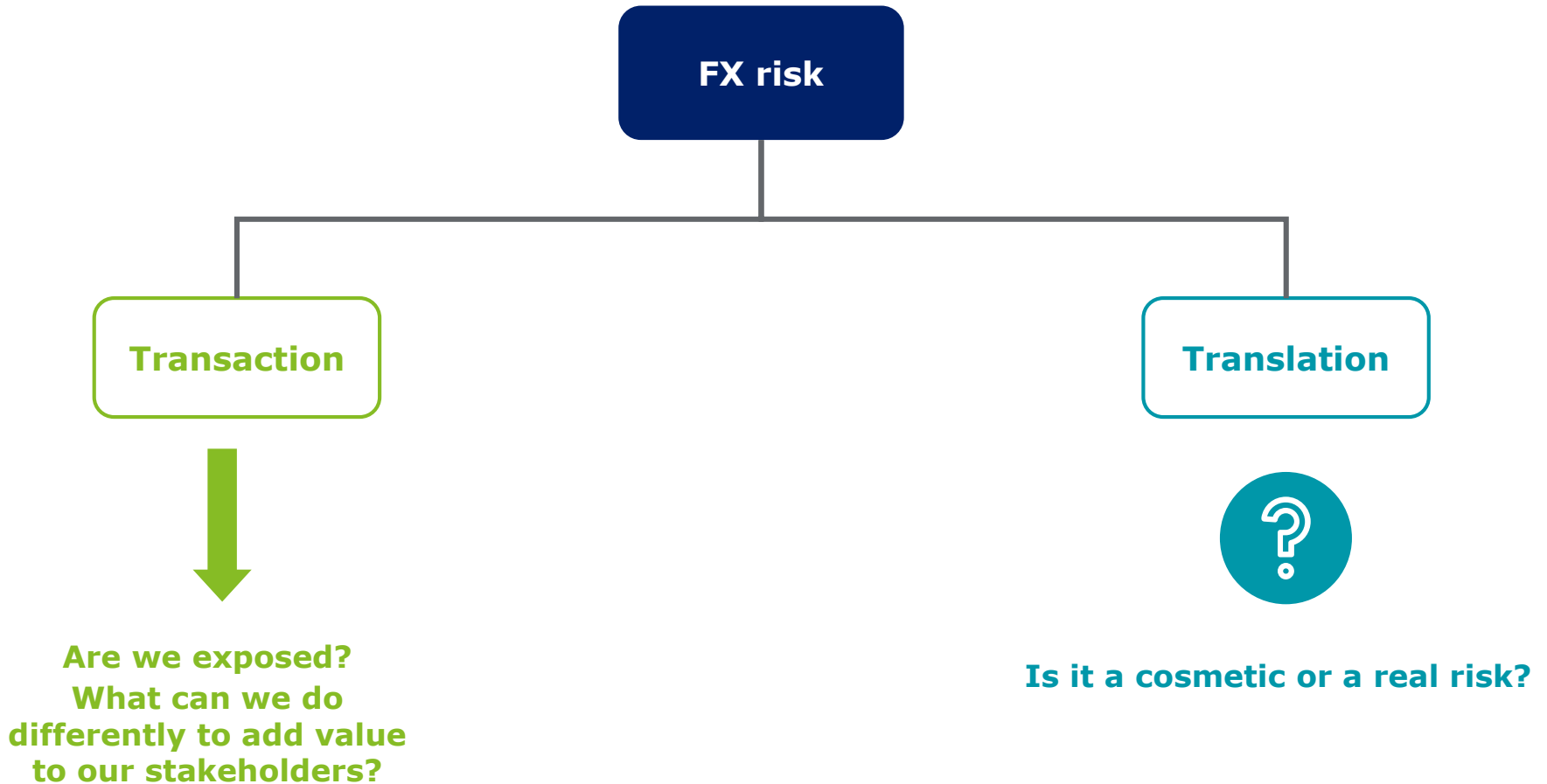
1. Trading through hedges in place until they expire
2. Try to absorb as much of the cost as they can e.g. reshaping supply chains
3. Capitulation phase – passing on price rise to customers

II. Several corporates amended their hedging policies as a result of the weakening pound:



Treasury & FX Risk

How can Finance professionals add value in this debate?



Cyber Risk and your firm's financial wellbeing

Kyle Hastings

Cyber Security

Introduction



Kyle Hastings

Director, Cyber Risk – Financial Services

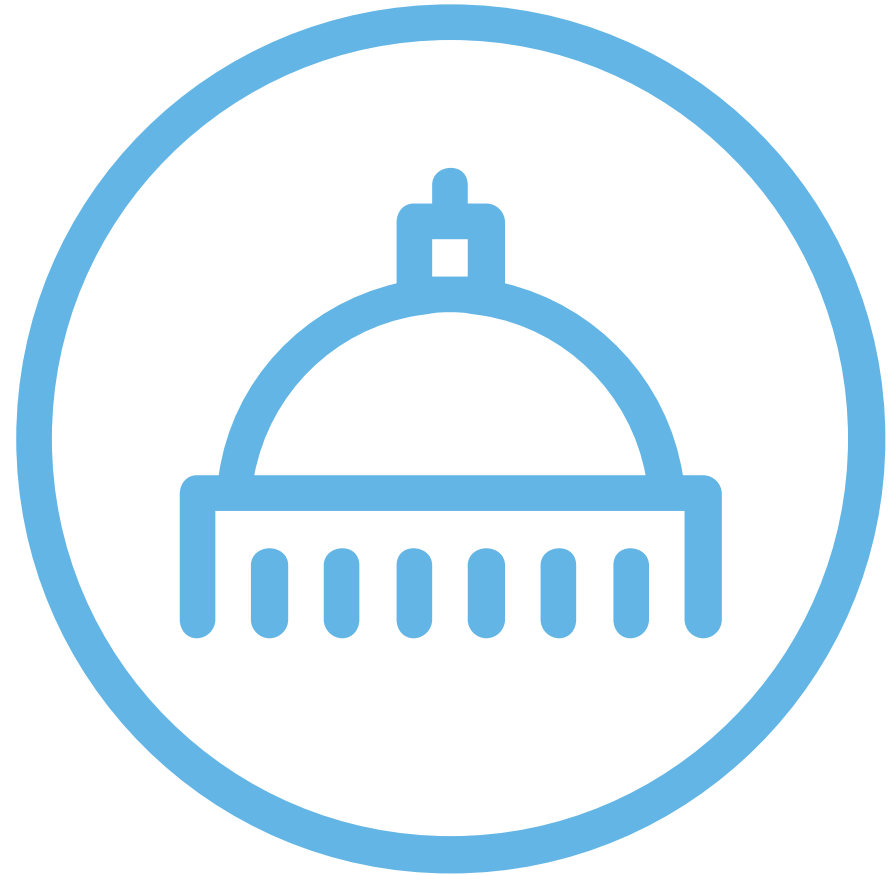
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Cyber Security Regulation

- General Data Protection Regulation (GDPR)
- Network and Information Security Directive (NISD)
- EU-US Privacy Shield



Cyber Security Reporting

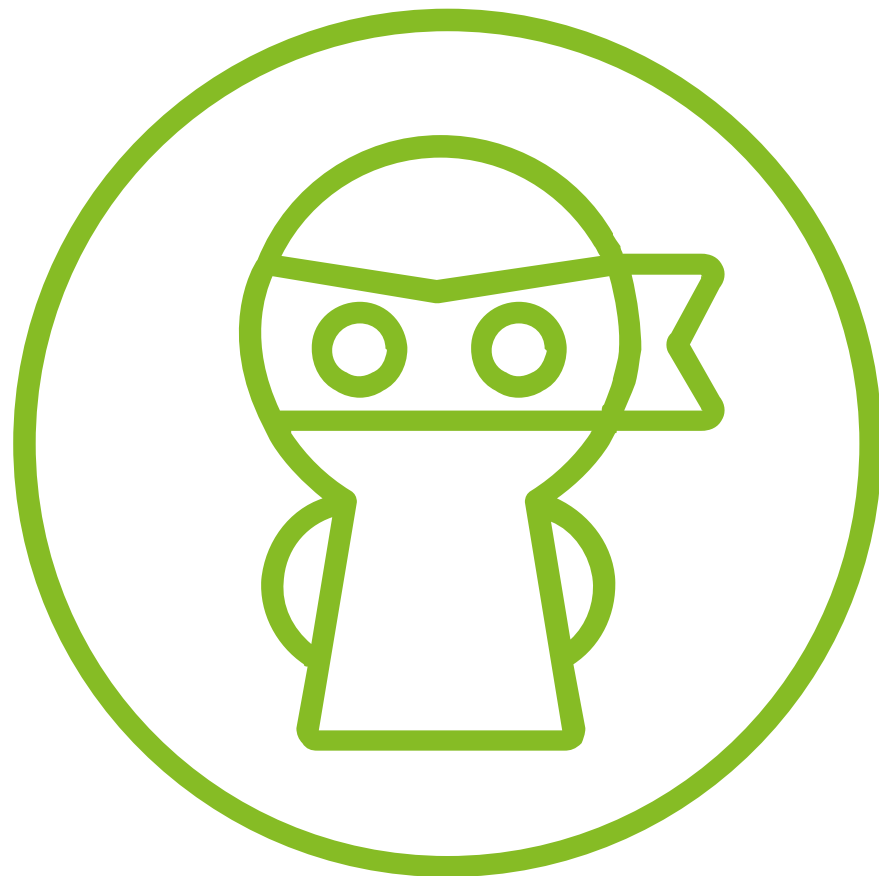
In October 2016, the UK Financial Reporting Council (FRC) wrote to audit committee chairs and finance directors, commenting that they **“encourage companies to consider a broad range of factors when determining the principal risks and uncertainties facing the business, for example cyber security”**.



Cyber Security

Business email compromise (BEC)

- Between Oct 2013 and Dec 2016, there were circa 40k global incidents resulting in over USD 5bn in losses
- Between Jan 2015 and Dec 2016, there was a 2,370% increase in exposed losses
- In March 2017, a Lithuanian man was arrested for having scammed more than USD 100m from Google and Facebook



Cyber Security

Share price

- Impact of cyber incidents / data breaches on share price
- Shorting
- Twitter / fake news



verizon^v

YAHOO!



Cyber Security

Outsider trading

- Material non-public information (MNPI)
- FIN4
- Newswire hacks



Cyber Security

Now what?

- Cyber insurance
- Cyber crisis management exercises / simulations
- Ransomware / bitcoin



Cyber Security Q&A

Kyle Hastings

Director, Cyber Risk – Financial Services

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Drinks and networking

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Contacts and resources

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Resources:

- Deloitte Finance Club home page: www.deloitte.co.uk/financeclub
- UK Accounting Plus (formerly IAS Plus): www.ukaccountingplus.co.uk



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