

# DACT ACADEMY

## Risk Management & Corporate Finance in Academic Context

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GOLD / CORPORATE FINANCE STREAM &  
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**Rabobank**

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SILVER / RISK MANAGEMENT STREAM

 **Marsh**

9+10 November 2023 | Location: Van der Valk Hotel Breukelen

# PROGRAMME

## THURSDAY 9 NOVEMBER

12:30 - 13:30	Registration & Lunch	
13:30 - 13:35	Opening by Joan Schutte, chair DACT	
13:35 - 14:10	Geopolitical shifts and the risks for corporate treasurers <i>Menno Middeldorp, Rabobank</i>	
14:10 - 15:00	Trustworthy AI <i>Dr. Mona de Boer, PWC</i>	
15:00 - 15:30	<b>Break</b>	
15:30 - 16:30	Risk management and corporate finance: lessons from the past in the current context <i>Prof. dr. Abe de Jong, University of Groningen</i>	
16:30 - 17:00	<b>Break</b>	
17:00 - 18:00	<b>Risk management</b> Fundamentals of derivatives valuation by no arbitrage: the case of futures and forwards <i>Dr. Svetlana Borovkova, VU Amsterdam</i>	<b>Corporate finance</b> How do Rating Agencies work? With a special on country ratings <i>Prof. dr. Herbert Rijken, VU Amsterdam</i>
18:00	<b>Closing and Dinner</b>	

[Click on title for more info](#)

## FRIDAY 10 NOVEMBER

9:00 - 9:30	<b>Morning session 1</b> ESG Risk Ratings: How effectively are banks managing their ESG Risks? <i>Dora Batoudaki, Sustainalytics</i>	<b>Morning session 2</b> Improved FX hedging with AI - Machine Learning <i>Rick Schreurs, ASML</i>
9:30 - 10:15	Link between treasury and insurance - risk appetite and risk-bearing capacity of a company <i>David Kraft, Marsh</i>	
10:15 - 10:45	<b>Break</b>	
10:45 - 11:45	<b>Risk management</b> Higher interest rates: how to manage the related risks, including those in relation to your counterparties? <i>Dr. Stanley Myint, BNP Paribas &amp; Saïd Business School - University of Oxford</i>	<b>Corporate finance</b> Sustainable Finance: Transition Tools for a Treasurer <i>Daniël Poolen, Rabobank</i>
11:45 - 12:15	<b>Break</b>	
12:15 - 13:00	Leadership Culture, Inclusivity & Risk Management <i>Lema Salah, Radboud University</i>	
13:00 - 14:00	<b>Lunch</b>	
14:00 - 16:00	Soft skills training - story telling In collaboration with Debat.nl	
16:00	<b>Closure and awarding of participation certificates for those who attended the full program</b>	



# THURSDAY

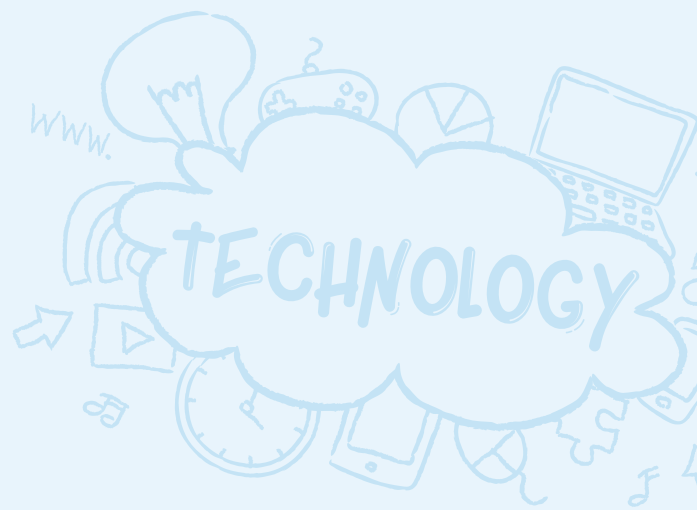
## GEOPOLITICAL SHIFTS AND THE RISKS FOR CORPORATE TREASURERS

Tensions between major powers have been rising for years. The Ukraine War is part of this dynamic. But how the tensions between the US and China will develop will truly shape the future of the global economy and financial system. Scenarios range from a more modest form of globalization, to a new cold war or even a military conflict. This leads to a much more complex and risky world for corporate treasurers. Trade and supply chains are shifting and could be disrupted by economic conflict. The financial system itself is a battlefield. Risks go beyond just mere volatility in markets to money flows being made impossible. That requires a broader view of risk and means supplementing traditional financial risk management tools with more structural risk mitigation strategies.

## TRUSTWORTHY AI

The world of (Generative) AI is evolving rapidly, providing organizations with exciting new possibilities to digitally transform their operations and innovate at an unprecedented rate. However, as with any emerging technology, the application of AI comes with its own set of risks and challenges. These challenges often present organizations with dilemmas that they have not encountered before.

In this presentation, we delve into the opportunities and challenges that arise from AI innovation in today's business landscape. We explore real-life examples to illustrate the practical implications of AI implementation. By examining these emerging experiences, we aim to provide insights and pragmatic lessons that attendees can take away to and apply to their own organizations.



# RISK MANAGEMENT AND CORPORATE FINANCE: LESSONS FROM THE PAST IN CURRENT CONTEXT

**Required pre-work: read through the VOC business case. Will be shared upon registration.**

The Dutch East India Company (Verenigde Oostindische Compagnie, VOC) was founded in 1602 and became one of the first and largest public companies, existing for almost two hundred years. Its long-term goal was to take military and commercial control of the Indonesian archipelago. The company was closely affiliated with the government of the Dutch Republic. Some company directors aimed to turn the VOC into an instrument of the state, while a diverse group of investors did not want the company to go to war, or preferred it to continue as a commercial enterprise with only the shareholders as its principal. In the years 1602-1623, the company struggled for survival and step-by-step developed a viable financial and governance structure. During this period, the company also set up a very large insurance contract. We discuss this 1613 contract – of half the value of the firm's equity – and try to understand the contract from modern risk management practice and within the firm's broader corporate finance policies.

## Risk management

### FUNDAMENTALS OF DERIVATIVES VALUATION BY NO ARBITRAGE: CASE OF FUTURES AND FORWARDS

In this one-hour session, Dr Borovkova will introduce the fundamental principle of valuing derivatives: the principle of no-arbitrage, and will zoom in on one class of derivatives where this principle is easily understood: futures and forwards. We will consider equity, FX and commodity futures and forward contracts, their valuation and hedging. Time allowing, we will briefly venture into the world of (simple) interest rate derivatives such as Forward Rate Agreements, as well as the concept of options.





## Corporate Finance

### HOW DO RATING AGENCIES WORK? WITH A SPECIAL ON COUNTRY RATINGS

Rating agencies give opinions on country risk with their country ratings. The agencies' methodology converts a complex web of many country risk factors into a single rating. We will have a look at how this is done. Alternative country ratings could be achieved by a bottom-up approach by taking the average PD values of individual companies, which gives insight into the real drivers behind country risk.

Attention will also be given to stability versus accuracy of agency credit ratings. The role and performance of credit-rating agencies are still under debate. Most investors believe rating agencies are too slow in adjusting their ratings to changes in corporate credit-worthiness. It is well known that agencies achieve rating stability by their through-the-cycle methodology, maybe to serve their reputation but also to protect companies from defending a volatile credit rating to their investors. What is the right balance between rating stability versus rating accuracy?

The results of a study will be presented providing quantitative insight into the through-the-cycle methodology from an investor's point-in-time perspective and quantifies the effects of the methodology of three, somewhat conflicting, objectives: rating stability, rating timeliness and rating accuracy in terms of predicting default events. And last but not least: can we expect the same through-the-cycle methodology behavior for country ratings, or can we expect even more stability?

# FRIDAY

## MORNING SESSION 1: ESG RISK RATINGS: HOW EFFECTIVELY ARE BANKS MANAGING THEIR ESG RISKS?

This session will offer you an understanding of the key components of Sustainalytics' ESG Risk Ratings and what ESG Risk Rating scores measure. The session will be focused on the banking sector, the most material ESG issues and the management of large, diversified banks. The case study will help you better understand the mechanics of the ESG Risk Rating model, how a bank's business model, among other factors, affect its exposure to ESG issues and how well the bank is managing those ESG issues through policies, programmes and controversies.



## MORNING SESSION 2: IMPROVED FX HEDGING WITH AI – MACHINE LEARNING

At ASML we've developed a data science model that predicts future material intake based on historic actuals. This material intake prediction serves as input for our purchase hedging program. With the implementation of the AI-Machine learning model, we've seen a significant increase in the accuracy of the hedging program.

# LINK BETWEEN TREASURY AND INSURANCE – RISK APPETITE AND RISK BEARING CAPACITY OF A COMPANY

Since many treasurers nowadays also have a responsibility for insurance, it might be interesting to learn more about Risk Appetite and Risk Bearing Capacity in relation to an optimal Insurance Program Design. What financial resources are available to deal with risk?



Insurance is a source of capital which can be used to help manage and mitigate volatility. It should be viewed in that context, alongside other sources of capital available to you to finance insurable losses, for example, debt and equity. Determining the optimal balance between risk retention and risk transfer requires an understanding of:

- Your Risk Appetite
- Your Risk Bearing Capacity / Risk Tolerance
- Your Weighted Average Cost of Capital (WACC)
- Volatility of your key insurance risks
- Insurance market pricing

This analysis is called Risk Finance Optimisation (RFO) and the output assists in your Insurance Program Design and Placement.

During this interactive workshop, we will give you a holistic insight into the world of Risk Finance Optimisation. Based on a case, we will share with you how to calculate Risk Appetite, Risk Bearing Capacity and explain to you how you can use these results to optimize your Insurance Programs. Finally, we will introduce to you the concept of Economic Cost of Risk (ECOR) versus Total Cost of Risk (TCOR).

## Risk management

# HIGHER INTEREST RATES: HOW TO MANAGE THE RELATED RISKS, INCLUDING THOSE IN RELATION TO YOUR COUNTERPARTIES?

For this session, we focus on two topics from the “Handbook of Corporate Financial Risk Management” second edition, published by Risk Books in 2019 and co-authored by Stanley Myint and Fabrice Famery.

1. **Interest rate risk management.** Given the rising interest rate environment companies have experienced since early 2022, many corporate borrowers are revisiting their fixed-floating mix of debt. The first topic we cover is, what are the main drivers of the fixed-floating decision for corporates and how does the end of the hiking cycle by the central banks influence your interest rate hedging strategy. This topic, while of perennial interest, has attracted a lot of interest from companies over the past 2 years and we will share our views on how to think about the fixed-floating mix.

2. **Counterparty risk management.** After Lehman Brothers crisis of 2008, no Treasurer will ever be able to assume that their banking counterparties are perfectly safe. The level of concern with counterparty risk from banks goes up and down as we experience periodic episodes of higher volatility in the banking sector, most recently last spring with the crisis of Silicon Valley Bank and Credit Suisse. We give some general pointers on how to quantify and manage the counterparty risk of your banking partners, while taking into account their Credit Default Swaps and more liquid alternatives.





## Corporate Finance

# SUSTAINABLE FINANCE: TRANSITION TOOLS FOR A TREASURER

In the early years of sustainability, it was a case of marketing or engagement from the new sustainability officer. Sustainability was about making pledges, doing green or social projects, creating awareness and setting out a rough strategy for the company. All of this happened far away from the Treasury domain.

Fast forward to 2023 and the world has changed dramatically. Rabobank has seen how sustainability matured within corporates and slowly starts merging with the Treasury. We see the impact of the European Green Deal, including the CSRD, CSDDD, EUGB, SFDR and many more abbreviations have been added to the ESG alphabet soup. Banks and investors are increasing their efforts to become net zero and incentivize their clients to transition. We are in a perfect green storm, with a lot of questions, but also a lot of opportunities for treasurers to take the sustainable steering wheel and help their company to a sustainable and circular future.

In this presentation Daniël Poolen will share the tools for treasurers to help their company transition based on the latest developments in sustainable finance, interesting client cases and a glimpse into the future of sustainable finance.



## LEADERSHIP CULTURE, INCLUSIVITY & RISK MANAGEMENT

How can leadership enhance an inclusive working space for everyone on board and why should this be a priority in risk-management? This question is at the core of this seminar.

In recent years we have seen an increase in debates on inclusivity, work spaces and good/bad leadership. In this seminar we first discuss numbers and facts, related to the field of risk management. What do we know and where do we stand? Then we shift from theory to practice, to discuss how personal and professional privilege is connected and plays a significant role when it comes to inclusivity and our work spaces. What are the possibilities and challenges? What is the role of (in)direct leadership? Join us for this session.

# FRIDAY AFTERNOON SOFT SKILLS TRAINING



## SPEAKING LIKE A TRUE TED TALK

Speaking like a true TED Talk speaker starts with presenting in a calm and persuasive manner. That is why we start with your posture, breath and use of voice. Then we move to your story: What is your message and how can you structure it powerfully? We finish with a layer of rhetorical devices to increase the impact of every sentence.

Personal style: what should you emphasize and what is perfect already? A TED Talk Masterclass provides you with a persuasive story, increases your confidence and enlarges your impact.

This Masterclass will be available in both English and Dutch. We kindly request participants to complete a questionnaire in advance through the registration form.

# SPEAKER



## **Dora Batoudaki**

Dora Batoudaki leads the Banks Research team at Morningstar Sustainalytics, and is based in Stockholm. She manages ESG research for the banking sub-industries. Her role focuses on assessing how companies manage their exposure to ESG risks and engaging with investors to share insights. She has in-depth ESG knowledge of the banking sector, the TCFD framework, sustainability regulation and industry trends. She has previously collaborated with the European Federation of Financial Analyst Societies (EFFAS), lecturing and contributing to case studies for the Certified ESG Analyst (CESGA). Prior to joining Morningstar Sustainalytics, she worked at Rystad Energy, an energy consultancy firm, where she was involved in valuation of North American oil and gas companies, as well as in corporate banking. Dora holds a MSc in Finance from BI Norwegian Business School, and has the EFFAS's CESGA and the CFA Institute's ESG Investing certificates.



## **Dr. Mona de Boer**

Dr. Mona de Boer is Partner Data & Technology at PwC Netherlands, where she leads the Responsible AI & Digital Ethics practice. Mona is Chair of the Algorithm Assurance expert group of the Dutch professional association for IT auditors (NOREA), and a lecturer and scientific researcher at the University of Amsterdam.



## **Dr. Svetlana Borovkova**

Dr. Borovkova is a partner and Head of Quantitative Modelling at risk advisory firm Probability & Partners. She is also an Associate Professor of Quantitative Finance and Risk Management at Vrije Universiteit Amsterdam. She has over 25 years of both academic and practical experience in quantitative finance and risk management. She is the author of over 60 publications and a frequent speaker at the main quant finance events. Find her research on SSRN and her columns on various issues in finance in Financial Investigator.



## **Prof. dr. Abe de Jong**

Abe de Jong is a professor of corporate finance at the University of Groningen (the Netherlands) and Monash University (Australia). He has a PhD in economics from Tilburg University (the Netherlands, 1999). Abe teaches corporate finance for master-level and PhD students, and in executive programs. His research deals with corporate finance decisions – financing, risk management, and governance – using both contemporary and historical data. He is currently working on the early years of the Dutch East India Company (from 1602), plantation financing with mortgage-backed securities (late 18th century) and the internationalisation of the Amsterdam Stock Exchange (1860-1940).



## **David Kraft**

David Kraft is currently Head of Marsh Advisory Analytics Solutions in Continental Europe. In this role he is responsible for the sales and delivery of Marsh's wide range of capabilities in risk analytics. These capabilities include data-based risk modelling, development of risk coverage options (including alternative risk transfer solutions) leveraging Marsh analytical tools and global perspective on risk management solutions.

He has more than sixteen years experience in the insurance industry, mostly within multinational program structuring, captive insurance solutions and alternative risk transfer areas. Before joining Marsh, he spent most of his career working for large global insurance companies, where he had various responsibilities including alternative risk transfer, underwriting and multinational program structuring and development.



### Menno Middeldorp

Menno Middeldorp is responsible for research at Rabobank. Menno has over twenty years of international experience in economics and financial markets. Earlier he was Chief Economist and Head of RaboResearch Netherlands.

Before that he was an investment strategist at APG, the asset manager of pension fund ABP, and worked at the Bank of England, New York Fed and the Hong Kong Monetary Authority. Earlier in his career Menno also held different research positions at Rabobank with responsibilities ranging from interest rates and FX strategy, to the US economy, to the Dutch economy. He has a doctorate in economics from Utrecht University and wrote his thesis on how monetary policy communication impacts the efficiency of financial markets.

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### Dr. Stanley Myint

Dr Stanley Myint is the Head of Risk Management Advisory at BNP Paribas. In this role, he advises large multinational corporations on issues related to risk management and capital structure. Stanley's expertise is in quantitative and corporate finance, focusing on fixed income derivatives and optimal capital structure. He has more than 20 years experience in this field, including his work at BNP Paribas and previously at McKinsey & Company, the Royal Bank of Scotland and the Canadian Imperial Bank of Commerce.

Stanley has a PhD in Physics from Boston University, a BSc in Physics from Belgrade University and he speaks French, Spanish, Serbo-Croatian and Italian. Stanley is a co-author of The Handbook of Corporate Financial Risk Management, published by Risk books. Stanley teaches on the MBA and a MSc Financial Economics with Professor Dimitrios Tsomocos and Dr Manos Venardos.

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### Daniël Poolen

Daniël Poolen is Director Sustainable Capital Markets my focus area is advisory on sustainability-linked / green loans and bonds with specific attention to the European Green Taxonomy and the EU Green Bond Regulation. Daniël has experience as an Energy Transition Specialist and worked on the topic of plastic pollution with (inter)national environmental organizations. He holds an MSc in Sustainable Industrial Design Engineering at the University of Twente. Before Rabobank, he has been a consultant for multiple environmental organizations and an investigative journalist for several Dutch television programs on sustainability at the Dutch Foundation for Public Broadcasting (NPO). Besides his work at Rabobank I'm the writer of the kid's book 'Tot over mijn oren in het plastic' (Head of heels with plastic).

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### Prof. dr. Herbert A. Rijken

Professor Rijken is full professor in Corporate Finance at the Vrije Universiteit Amsterdam. He is teaching in various bachelor/master programs, executive MBA programs and special corporate programs. He is the program director of the VU program Treasury Management & Corporate Finance and the co-program director of the VU/RUG program in M&A and Valuation. Topics of current research interests are equity and credit risk modelling and pricing.

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### Lema Salah

Lema Salah is a historian & DEI-expert. Currently she works as a Ph.D. researcher at Radboud University Nijmegen / Netherlands Defense Academy where she conducts research on leadership, organizational culture and employee retention in high-risk organizations. She is also a moderator and program maker for events on science, cultural sector and current societal issues.

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### Rick Schreurs

Rick Schreurs is the Team lead Treasury Front Office at ASML. Since his teenage years he has had a passion for financial markets hence he decided to study Finance. In the last part of his studies, he did two internships at ASML where he was introduced to the Treasury profession. It was a good match and he has worked in corporate Treasuries ever since.