

Don't just take the risk: understand it

Creating a treasury policy

Bank of Ireland 

Global Markets

Identify, understand & document risks

- What level of currency/interest rate risk can your business safely tolerate?
- Should you 'fix' or 'float'?
- Is exchange rate risk priced into your products/services?



Define roles and responsibilities

- Who needs to be involved?
- What needs to be done?
- Who needs to know about the policy?



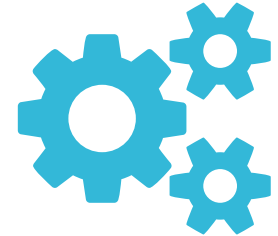
Agree the strategy



Document the policy and agree with stakeholders, so it becomes the policy of the company, not one person.

Execute, monitor, review

This is when the work really begins!



We can help.

Talk to your usual Business Banking Manager, or your Global Markets Relationship Management Team on 01 609 4300.

Don't just take the risk: understand it

Managing currency risk

There are different FX products available to help you manage your currency risk.
This is a simple comparison of the main features:

| | Removes currency fluctuation | No upfront cost | Known worst case | Known best case | Flexibility to reprice |
|---------|------------------------------|-----------------|------------------|-----------------|------------------------|
| Spot | ✗ | ✓ | ✗ | ✗ | ✓ |
| Forward | ✓ | ✓ | ✓ | ✓ | ✗ |
| Option | ✓ | ✗ | ✓ | ✓ | ✓ |

You should consider the following questions:

- What level of currency volatility can your business tolerate?
- Do you favour flexibility or control?
- Do you need a range of solutions for different situations?

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