

**MEETING OF HEADS OF  
FINANCIAL RISK MANAGEMENT  
IN CENTRAL BANKS**

**SAN JOSÉ, COSTA RICA**  
**Hybrid Meeting**  
**June 8 - 9, 2022**

WEDNESDAY

**08**  
JUNE  
**2022**

Costa Rica  
time (UTC -6)

09:00 – 09:10

**Welcoming remarks**

- Dr. Manuel Ramos Francia, Director General, *CEMLA*

09:10 – 10:00

**Keynote session**

**Collateral markets and central bank risk management**

**Chair:** Matias Ossandon Busch, Director of Financial Stability, *CEMLA*

- Timothy Lane, Deputy Governor, *Bank of Canada*

10:00 – 10:10

**CEMLA/BCCR central banks financial risk maturity model**

- Matias Ossandon Busch, Director of Financial Stability, *CEMLA*
- Peter Karlström, Senior Economist, *CEMLA*

10:10 – 10:30

**Break**

10:30 – 11:35

**Introductory tour de table on emerging financial risk challenges**

**Chair:** Luis González Mosquera, Director of Financial Risks, *Banco de España*

In this round table, countries' representatives are invited to share their views in short 3-minutes interventions on current challenges for central banks' risk management. The conversation can be motivated by (but not limited to) the following topics:

- Which are the main challenges and concerns for central banks' financial risk management in the context of the Covid-19 pandemic?
- How is the global increase in inflation and interest rates affecting central banks' risk management strategies?

11:35 – 11:45

**Break**



## MEETING OF HEADS OF FINANCIAL RISK MANAGEMENT IN CENTRAL BANKS

11:45 – 13:15

### Panel Session 1

#### The implication of central banks' collateral and guarantees for financial risk management

**Chair:** Francisco Chamú Morales, Director of Risk Management, *Banco de México*

This session discusses international experiences in dealing with financial risk exposures derived from central banks' collateral and guarantees choices. The need to provide massive liquidity support during the pandemic led at first to adjustments in central banks' collateral policies, with implications for financial exposures. Recently, as inflation has spiked, central banks face the challenge of unwinding these policies. This session will discuss these topics addressing the following questions:

- Which are relevant rules governing the eligibility of collateral and its terms of use within risk-management frameworks?
- How does capital markets' development and the availability of high-quality liquid assets affect central banks' collateral choices?
- How has the Covid-19 pandemic change the composition of collateral?

#### Speakers:

- Fernando Monar Lora, Director of Risk Management, *European Central Bank*
- Christian Ferrada, Head of the Financial Risk Department, *Banco Central de Chile*
- Antonio Marcelo Antuña, Head of Risk Measurement Division, *Banco de España*

13:15

### End of online session

13:15 – 15:00

### Lunch

15:00 – 16:30

#### Discussion round on central banks' risk committees (in-person only)

**Chair:** Pablo Villa Michel Morales, Director of Risk Management, *Banco Central de Costa Rica*

In this discussion round, central banks' representatives are invited to address in an open round the current functioning and emerging challenges



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for central banks' risk committees. The conversation can be motivated by (but not limited to) the following topics:

- *Which are risk committees' main roles and responsibilities?*
- *Which are the banks' main investment guidelines and how do risk committees monitor financial exposures?*
- *How do risk committees interact with other units within banks, including audit committees and banks' operational units?*

18:00

**Welcome reception**



## MEETING OF HEADS OF FINANCIAL RISK MANAGEMENT IN CENTRAL BANKS

THURSDAY

**09**  
JUNE  
**2022**

Costa Rica  
time (UTC -6)

08:30 – 08:35

### Welcome remarks and introduction of the agenda

- Matias Ossandon Busch, Director of Financial Stability, *CEMLA*

08:35 – 09:55

### Panel Session 2

#### Central banks' FX exposures and reserve management during the Covid pandemic

**Chair:** Matias Ossandon Busch, Director of Financial Stability, *CEMLA*

This session reviews international experiences on how central banks' have addressed financial risks arising from their foreign reserve asset positions during the Covid-19 pandemic. During the pandemic, most central banks' have seen an unprecedented accumulation of FX reserves, which have been key to underpin policy actions. This session discusses recent trends in central banks' FX risk profile with a focus on the following questions:

- *Which governance structures help to assess the inherent risks arising from holding FX reserve assets?*
- *Which mechanisms are used by central banks to hedge FX risks?*
- *Has the Covid-19 pandemic change the currency composition and risk profile of central banks' FX portfolios?*

#### Speakers:

- *Sophie Faber, Head of Risk Management, Swiss National Bank*
- *Albina Soultanaeva, Deputy Head of the Markets Department, Sveriges Riksbank*
- *Andrea Galeano Rodríguez, Deputy Director of Risk, Banco de la República (Colombia)*

09:55 – 10:20

### Break

10:20 – 11:30

### Keynote session

#### The return of inflation: challenges and implications

**Chair:** Peter Karlström, Senior Economist, *CEMLA*

#### Speaker:

- *Ricardo Reis, London School of Economics*



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11:30 – 11:45

**Break**

11:45 – 13:00

**Panel Session 3**

**Evaluating central banks' financial exposure to environmental risks**

**Chair:** Peter Karlström, Senior Economist, *CEMLA*

This session discusses the increasing need to assess central banks' exposures to environmental risks. These exposures can arise both from direct portfolio investments, as well as from the financial sector own exposure to environmental risks. The discussion aims at identifying successful strategies to integrate the assessment of climate-related risk into existing risk-management frameworks. This session will discuss these topics addressing the following questions:

- *How can central banks set up strategies for identifying and assessing the impact of climate-related risks?*
- *Can climate-related risk be integrated into existing risk management frameworks?*
- *Which methodologies exist to measure the impact of physical and transition risks on credit facilities and investment portfolios?*

**Speakers:**

- **Marc Baran**, Director for Operations Risk and Compliance, *Banque de France*
- **Juan Carlos García Vargas**, Economic and Financial Analyst, *Banco Central de Costa Rica*
- **Antonio Scalia**, Head of Financial Risk Management, *Banca d'Italia*

13:00 – 13:15

**Conclusions of the meeting and next steps**

**Chaired:** By the organizers

13:15

**End of online session**

13:15 – 14:45

**Lunch**

14:45 – 16:00

**Tour de table on central banks' financial risk governance (in-person only)**

**Chair:** Francisco Chamú Morales, Director de Gestión de Riesgo, *Banco de México*



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In this round table, central banks' representatives are invited to share in an open round their experiences in setting up financial risk governance structures. The conversation can be motivated by (but not limited to) the following topics:

- *How are central banks' financial risk management units structured and organized?*
- *Which are the most relevant information collection and processing systems used by central banks to monitor risks?*
- *Has the Covid-19 pandemic led to relevant adjustments in financial risk management approaches?*

16:00

**End of the meeting**