

Interest rate risk management

GOALS

At the end of the course, the participant is familiar with the interest rate risk and the derivative financial instruments used to manage it. The hedging techniques are clearly explained using examples inspired by current market conditions.

The presentation discusses:

- firm commitments (bond forward, currency forward, forward rate agreement, STIR, interest rate swap and cross currency swap);
- option contracts on these instruments (callable and putable bonds, currency options, cap, floor, swaptions).

SUMMARY

Category:

- Risk, finance & treasury

Difficulty level:

Advanced

Certification type:

In class training

Price:

- Member: € 550.00
- Non member: € 650.00
- Partner BZB: € 550.00
- Incompany: custom tailored, prices on demand

INTENDED AUDIENCE

The training course can be taken by various target groups:

- management, members of management and employees responsible for portfolio management and / or investment advice;
- management, members of the executive and employees of the product, risk, compliance, accounting, legal, tax, operational and administrative departments;
- members of the Board of Directors, management of operational bodies and collaborators of a pension fund (OFP);
- management, members of management and employees of monetary or controlling bodies.

FOREKNOWLEDGE

Advanced: offers practice-based applications to complement the theoretical knowledge already acquired through the “basic level” courses (in-depth learning).

CONTENT

Content

Introduction

- Money market, currency market, capital market , credit market
- Speculation, hedging, arbitrage

Interest rate

- Fixed and floating rate, simple interest and compound interest
- Price, return, yield, forward rate, (modified) duration

Market instruments

- Deposit, zero coupon bond, coupon bond, floating rate note

No-arbitrage

- No-arbitrage pricing, ESTR and SOFR
- Continuous interest, valuation models, law of one price, value adjustments

Forwards

- Bond futures, currency forward, forward rate agreement, STIR
- Interest rate swap, cross currency swap

Options

- Call (put) on a bond futures, callable (putable) bond
- Call (put) on a foreign currency, on a STIR, on a swap

Conclusions

- Risk Management 101

Exercises & Appendix

PRACTICAL INFORMATION

Duration: 1 day (6 hours)

Time: 9h - 17h

Location: Febelfin Academy, Phoenix Building - Koning Albert II-laan/Boulevard du Roi Albert II 19 1210 Brussels

METHODOLOGY

You follow a **‘Classroom training’** in a group. You, the other participants and the teacher are all present in the same classroom at an agreed time. There is an opportunity for interaction and feedback, both from the participants to the teacher and vice versa. The teaching material consists as a basis of a presentation via the MyFA learning platform, supplemented with various other items (such as digital syllabus, presentation, audiovisual fragments, etc.).

Type of training: Classroom

During our **theoretical training courses** we offer a combination of theory and practical exercises. The cases, examples and exercises are taken from everyday situations or are contributed by you and then solved under the guidance of the trainer.

Training materials: PowerPoint presentation