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*Institute of Bankers Malaysia*

e-learning and reference solutions for the global finance professional

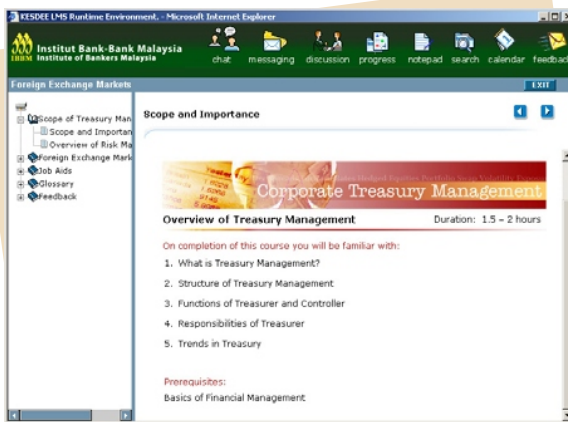
# CTM - Interest Rate Risk Management

**After completing this course you will be conversant with:**

- Managing interest rate risk using derivative instruments
- Pricing and valuation of interest rate derivatives
- Building hedging strategies



# CTM - Interest Rate Risk Management



## Overview

Financial markets have seen an enormous growth in fixed-income obligations, which in turn has increased volatility of interest rates. The management of interest rate risk using various derivative instruments (futures, swaps and options) forms the focus of this course. The mechanics and application of these instruments for hedging, arbitrage and speculation purposes are discussed. Caselets and simulation exercises facilitate better understanding of interest rate risk management.

### **Course Level & Number of Courses**

Intermediate Level  
Library of 6 Courses

### **Instructional Method**

Dynamic, Interactive e-learning

### **Recommended Background**

Familiarity with basic financial concepts

# CTM - Interest Rate Risk Management

## Library of 6 Courses

Time taken to complete each Course: Two - Three hours

### 1. Treasury Management – Scope and Importance

- What is Treasury Management?
- Structure of Treasury Management
- Functions of Treasurer and Controller

### 2. Overview of Risk Management

- Concept of Risk
- Risk Management Process
- Determination of Business Objectives
- Identification of Risks
- Measurement of Risk

### 3. Interest Rate Futures

- Interest Rate Futures
- Forward Rate Agreement (FRA)
- T-bill Futures
- Eurodollar futures
- T-bond futures

### 4. Interest Rate Options

- Interest Rate Options
- Over-the-Counter Options
- Calls and Puts on LIBOR
- Caps, Floors and Collars
- Exchange Traded Options
- Embedded Options

### 5. Interest Rate Swaps

- Interest Rate Swaps
- Basic Structure
- Price Quoting Conventions
- Pricing & Valuing Interest Rate Swaps
- Variants of Interest Rate Swap
- Swaption

### 6. Case Studies – Applications of Interest Rate Derivatives

#### Job Aids

- Measurement Tools
- Disclosures
- Scope and Structure of FX and Derivatives Markets
- Global Best Practices
- Policy Templates
- Regulations

## Calculators in Interest Rate Risk Management - Treasury Management

1. American / European Quotes
2. Spot Cross Rates
3. Calculating Forward Rate
4. Forward Cross Rates
5. Pricing Currency Futures - Continuous Compounding
6. Pricing Currency Futures - Daily Basis
7. Valuation of Generic Currency Swaps
8. NPV of Currency Cash Flow in a Swap
9. Options strategies (Excel)
10. Operating Exposure
11. Current / Non-current Method
12. Monetary/Non-monetary Method
13. Temporal Method
14. Current Rate Method
15. Money Market Hedge
16. Forward Market Hedge
17. Break Forward
18. Range Forward
19. Participate Forward
20. Duration
21. Duration of Portfolio
22. Convexity
23. BPV of a Bond
24. BPV of a Portfolio
25. BPV of a Forward Rate Agreement
26. BPV of a Coupon Paying Bond
27. Yield Curve Interpolation
28. Calculation of FRA settlement
29. Pricing T-Bond futures contract
30. Options on Futures
31. Options on LIBOR
32. Swaptions
33. Pricing interest rate swap
34. Confidence Level for a given Standard Deviation
35. Standard Deviation for a given Confidence Level
36. VaR Moving from one Confidence Level to Another (required period and Confidence level)
37. VaR - Variance Covariance Method
38. Value at Risk for Different Weights
39. Calculation of discount and price -bill of exchange
40. Price of a Discount Instrument
41. Price of a Commercial Paper
42. Money Market yield / Cash Price of CD
43. Yield - Bill of Exchange
44. Portfolio Risk and Return (when covariance and returns of assets NOT given)
45. Portfolio Risk and Return (when covariance and returns of assets is given)

# Target Audience

Every professional involved in the global financial services industry (as a provider, user, regulator or advisor of product/services, marketplace/exchange) would benefit from KESDEE's innovative solutions.

- Supervisory Agencies
- Central Banks
- Financial Institutions
- Commercial Banks
- Investment Banks
- Housing Societies/Thriffs
- Mutual Funds
- Brokerage Houses
- Stock Exchanges
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- Insurance Companies
- Multinational Corporations
- Accountancy Firms
- Consultancy Firms
- Law Firms
- Rating Agencies
- Multi-lateral Financial Institutions
- Others

# Available Products

## KESDEE's Off-the-Shelf e-Learning Course Libraries

Product Name	No. of Courses
1. Asset Liability Management	Library of 28 Courses
2. Liquidity Management and Contingency Funding Plan	Library of 14 Courses
3. Financial Institution Analysis - CAMELS Approach	Library of 08 Courses
4. Financial Mathematics	Library of 07 Courses
5. Global Banking Supervision	Library of 15 Courses
6. Capital Adequacy Planning (Basel I)	Library of 07 Courses
7. Basel-II-University	Library of 63 Courses
8. Operational Risk Management – Basel II	Library of 09 Courses
9. Futures and Forwards	Library of 07 Courses
10. Swaps	Library of 07 Courses
11. Options	Library of 10 Courses
12. Market Risk - Basic	Library of 08 Courses
13. Market Risk - Intermediate	Library of 08 Courses
14. Market Risk - Advanced	Library of 04 Courses
15. Value at Risk	Library of 16 Courses
16. Credit Analysis	Library of 13 Courses
17. Credit Ratings	Library of 03 Courses
18. Counter party Credit Risk	Library of 09 Courses
19. Credit Risk Modeling	Library of 06 Courses
20. Credit Derivatives	Library of 23 Courses
21. Operational Risk Management	Library of 21 Courses
22. Asset Securitization	Library of 28 Courses
23. Asset Liability Management for Insurance Companies	Library of 29 Courses
24. Anti-Money Laundering	Library of 06 Courses
25. Financial Privacy	Library of 06 Courses
26. Corporate Governance	Library of 09 Courses
27. Sarbanes-Oxley Act	Library of 12 Courses
28. Governance, Risk and Compliance	Library of 07 Courses
29. Money Markets	Library of 09 Courses
30. Fixed Income Markets	Library of 17 Courses
31. Equity Markets	Library of 10 Courses
32. Foreign Exchange Markets	Library of 09 Courses
33. Commodity and Energy Markets	Library of 03 Courses
34. CTM - Foreign Exchange Management	Library of 07 Courses
35. CTM - Treasury Analytics	Library of 05 Courses
36. CTM - Interest Rate Risk Management	Library of 04 Courses
37. CTM - Funding and Investments	Library of 05 Courses
38. CTM - Implementation	Library of 04 Courses
39. CTM - Case Studies	Library of 05 Courses
40. CTM - Trading Operation Controls	Library of 04 Courses
41. Understanding Financial Statements	Library of 02 Courses
42. Budgeting	Library of 05 Courses
43. Management Accounting	Library of 07 Courses
44. Financial Accounting	Library of 09 Courses
45. Mutual Funds	Library of 10 Courses
46. Financial Planning	Library of 09 Courses
47. UCP600	Library of 07 Courses
48. International Trade Services	Library of 09 Courses
49. Bank Branch Management - Deposits	Library of 04 Courses
50. Bank Branch Management - Advances	Library of 07 Courses

# Available Products

## KESDEE's Off-the-Shelf e-Learning Course Libraries

<b>Product Name</b>	<b>No. of Courses</b>
51. Bank Branch Management - Marketing	Library of 03 Courses
52. Bank Branch Management - Payment and Settlement System	Library of 02 Courses
53. Bank Branch Management - Foreign Exchange Operations	Library of 03 Courses
54. Bank Branch Management - Trade Finance	Library of 02 Courses
55. Bank Branch Management - Book Keeping and accounting	Library of 03 Courses
56. Bank Branch Management - Ancillary Services	Library of 02 Courses
57. Bank Branch Management - Risk Management	Library of 03 Courses
58. Bank Branch Management - Technology and Security	Library of 02 Courses
59. Bank Branch Management - HRM and CSR	Library of 02 Courses
60. Bank Branch Management - Retail Banking	Library of 03 Courses
61. Introduction to Bank Lending Environment	Library of 07 Courses
62. Basics of Banking	Library of 10 Courses
63. Flotation	Library of 04 Courses
64. Project Valuation	Library of 03 Courses
* CTM: Corporate Treasury Management	
Certification Tutorials	
1. ePRM Coach	Library of 69 Courses
2. Associate ePRM Coach	Library of 36 Courses
3. eFRM Coach	Library of 61 Courses
4. eCoach for the CFA® Program	Library of 76 Courses

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