INTUITION®

FINANCIAL MARKETS

TUTORIAL OVERVIEW

Table of Contents

Analysis of the Balance Sheet

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Description

The balance sheet provides a 'snapshot' of an organization at a particular point in time. It indicates the organization's financial strength, providing information about what it owns (assets), what it owes (liabilities), and the 'book value' of the business. Ratio analysis can also be performed on the balance sheet in order to gain valuable insight into the organization's performance.

This tutorial introduces the various elements that make up a balance sheet and shows where these are positioned on the balance sheet itself. It also discusses consolidated balance sheets (the balance sheet of a group of businesses), before concluding with balance sheet ratio analysis.

Objectives

On completion of this tutorial, you will be able to:

- identify the different types of asset and liability and the components of shareholders' equity
- consolidate a company's balance sheet

perform ratio analysis of balance sheet items

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Program Content

Lesson(s):

Analysis of the Balance Sheet

Topics:

- Elements of the Balance Sheet
- Consolidation Balance Sheets
- Balance Sheet Ratio Analysis

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Accounting – An Introduction

Estimated Completion Time

75 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Analysis of the Income Statement

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Description

Users of financial statements attach great importance to the income statement (or P&L) statement. It's easy to see why; the income statement shows a company's revenue, its expenditure incurred in earning that revenue, and, finally, its net income or profit. A company's net income is an important indicator of its long-term prosperity and ability to create shareholder value.

Investors, analysts, and other interested parties should not focus on income exclusively, however. Depending on accounting policies employed, the effect on reported income in the financial statements can be significant. This tutorial introduces the various elements of the income statement, enabling you to look behind the key figures. With this knowledge, you should be able to make an informed judgment on a company's performance.

Objectives

What you can expect to learn

- identify the key elements of the income statement
- calculate key ratios associated with the income statement

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Program Content

Lesson(s):

Analysis of the Income Statement

Topics:

- Elements of the Income Statement
- Ratio Analysis of the Income Statement

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Accounting – An Introduction

Estimated Completion Time

75 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Asset Allocation – An Introduction

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Description

Asset allocation is the process of dividing an investment portfolio among different categories of asset, such as stocks, bonds, and cash.
This tutorial looks at the importance of asset allocation in meeting investor risk tolerance and return objectives. Different asset classes and subclasses are examined. The key role played by portfolio diversification and different asset allocation approaches are also discussed.

Objectives

On completion of this tutorial, you will be able to:

- Outline the different classes of and subclasses of asset
- Explain the importance of asset allocation in creating a well-diversified portfolio
- Discuss the different approaches to asset allocation

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Program Content

Lesson(s):

Asset Allocation - An Introduction

Topics:

- Overview of Asset Allocation
- Risk & Return
- Asset Allocation Strategies

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Asset Management – An Introduction

Estimated Completion Time

60 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Asset Management – An Introduction

Description	Program Content
Asset management is the management of portfolios of assets by professional firms serving institutional, high net worth (HNW), and retail clients. This tutorial provides an overview of the structure and activities of a typical asset management firm, including its clients, products, and services. The current state of the global asset management industry is also discussed. **Objectives** On completion of this tutorial, you will be able to: • Discuss the key client sectors of the asset management industry • Explain the concepts of asset allocation, as well as passive and active management • Outline the main types of investment vehicle used in the asset management industry • Describe the current state of play in the asset management space and future industry trends	**Lesson(s):** Asset Management – An Introduction
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Investment – An Introduction **Estimated Completion Time** 60 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Economics

Banking Regulation – An Introduction

Description	Program Content
The global financial crisis catapulted the previously uninteresting topic of banking regulation into the mainstream media. The crisis demonstrated that banks' stability affects not only the financial markets, but the broader 'real' economy. Most market economies recognize the need for private shareholders to be compensated, but the stability of the system is paramount. Because of this, regulators often face a balancing act between these two objectives. This tutorial examines how performing this balancing act throws up key questions that regulators must address. For instance, how can they best supplement capital adequacy requirements with specific rules covering key aspects of banking, such as liquidity and leverage? How should regulators deal with banks operating in multiple jurisdictions? Are the same regulations appropriate for all types of financial institution or do they need to be customized? These and other issues are considered in this tutorial. **Objectives** On completion of this tutorial, you will be able to: • describe the key role played by banks in the smooth running of an economy • explain why extensive bank regulation is widely believed to be necessary • describe some key regulatory concepts and challenges, along with the various tools available to bank regulators	**Lesson(s):** Banking Regulation – An Introduction Topics: • The Role of Banks • The Need for Regulation • Key Regulatory Concepts, Tools, & Challenges
Target Audience New or recent recruits to banking and financial institutions Compliance and regulatory staff Operations and support staff Finance and accounting staff	**Prerequisites** Financial Markets – An Introduction **Estimated Completion Time** 75 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Basel II & Basel 2.5

Description	Program Content
Regulatory capital requirements have evolved over time in an attempt to adequately guard against various risks generated by financial institutions. From simple beginnings in the 1980s, the regulations have become ever more sophisticated in an attempt to capture the increasing subtleties of credit, market, and operational risk. Yet it would seem that such developments were insufficient to deal with an event on the scale of the global financial crisis. This tutorial describes the concept of capital adequacy and looks at how the Basel requirements have progressed from the simplicity of the original Basel Capital Accord (Basel I) in 1988 to the more sophisticated requirements of Basel II. A subsequent tutorial will look at Basel III, which is the response from authorities to the issues thrown up by the financial crisis. **Objectives** On completion of this tutorial, you will be able to: • outline the evolution of regulatory capital requirements from the 1988 Basel Capital Accord (Basel I) to the 'three pillars' approach of Basel II • describe the minimum capital requirements as set out by Pillar 1 of Basel II • explain the purpose of the supervisory review process as outlined by Pillar 2 • outline the disclosure requirements mandated by Pillar 3	**Lesson(s):** Basel II Topics: • The Evolution of Basel II • Pillar 1 (Minimum Capital Requirements) • Pillar 2 (Supervisory Review) • Pillar 3 (Market Discipline)
Target Audience New or recent recruits to banking and financial institutions Compliance and regulatory staff Operations and support staff Finance and accounting staff	**Prerequisites** Banking Regulation – An Introduction **Estimated Completion Time** 75 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Basel III – An Introduction

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Description

In recent years, the business of banking has been subject to not so much a landscape change as a seismic shift. The unexpected way in which failings in a particular sector of the US property market led ultimately to a major global financial sector failure meant that banking authorities were forced to reassess their regulatory codes. Basel III is designed as a centerpiece response to the difficulties experienced in the banking sector during the financial crisis. Its goal is to make financial institutions safer, particularly by increasing capital adequacy requirements.

The tutorial describes how Basel III significantly changes the nature of previous capital adequacy regimes. It also examines other areas addressed by Basel III, such as new liquidity standards, leverage rules, and systemic risk.

Objectives

On completion of this tutorial, you will be able to:

- outline some of the reasons why major changes to the Basel II recommendations were deemed to be necessary
- describe the most important changes made by Basel III to key banking regulations such as capital adequacy, leverage, and liquidity
- summarize some of the key implementation issues in relation to Basel III

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Program Content

Lesson(s):

Basel III

Topics:

- The Need for Basel III
- Key Components of Basel III
- Implementation of Basel III

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Target Audience

New or recent recruits to banking and financial institutions
Compliance and regulatory staff
Operations and support staff
Finance and accounting staff

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Prerequisites

Basel II

Estimated Completion Time

60 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Basel III – Capital

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Description

This tutorial describes the changes to the capital requirements under Basel III, including the tighter definition of qualifying capital and increased focus on CET1, the new capital buffers, and the revised minimum ratios. The impact of these changes on banks' capital structures are explored, as are the implementation issues during the transition period.

Objectives

On completion of this tutorial you will be able to:

- describe the key elements of the amended capital adequacy regime under Basel III
- define the concept of "qualifying capital" and understand the importance of common equity capital (CET1)
- explain why additional capital buffers (capital conservation buffer and countercyclical capital buffer) were needed and what these buffers are
- detail the timelines for full implementation of the Basel III capital requirements and summarize the key implementation issues

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Program Content

Lesson(s):

Basel III

Topics:

- Capital Adequacy under Basel III
- Qualifying Capital
- Capital Buffers & Revised Capital Ratios
- Implementation of Capital Requirements

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Target Audience

New or recent recruits to banking and financial institutions.
Compliance and regulatory staff.
Operations and support staff.
Finance and accounting staff.

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Prerequisites

Basel III – An Introduction

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None Required

Delivery Method Self Study

Field of Study Specialized Knowledge and Applications

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Basel III – Risk Coverage

Description	Program Content
Trading losses during the financial crisis were larger than expected because risks were not recognized, were not measured accurately, or were understated. Other issues included various incentives for regulatory arbitrage, significant procyclicality affects, and weaknesses with OTC trading. This tutorial describes how the Basel Committee on Banking Supervision (BCBS) responded to these issues by updating and expanding risk coverage in a number of different areas. **Objectives** On completion of this tutorial, you will be able to: • describe the expanded risk coverage of the Basel framework, detail why the changes were needed, and outline their impact. Specifically, the tutorial describes the changes made with respect to: o securitizations o trading book treatment o counterparty credit risk (CCR) o central counterparties (CCPs)	**Lesson(s):** Basel III-Risk Coverage Topics: • Securitization • Trading Book • Counterparty Credit Risk (CCR) • Central Counterparties (CCPs)
Target Audience New or recent recruits to banking and financial institutions. Compliance and regulatory staff. Operations and support staff. Finance and accounting staff.	**Prerequisites** Basel III – An Introduction **Estimated Completion Time** 60 minutes
	Program Level Intermediate **Advanced Preparation** None Required **Delivery Method** Self Study **Field of Study** Specialized Knowledge and Applications

Basel III – Liquidity & Leverage

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Description

The financial crisis highlighted the weaknesses in the liquidity management practices of banks and the lack of adequate oversight by regulators. A key contributory factor was the aggressive growth in bank balance sheets that was largely financed by increased wholesale funding rather that longer-term retail deposits or increased capital.

In response to these issues, the Basel Committee on Banking Supervision (BCBS) introduced new measures as part of Basel III to address both liquidity risk and leverage. This tutorial describes the Basel III liquidity and leverage ratios, details the implementation issues, and outlines the potential impact on banks.

Objectives

On completion of this tutorial, you will be able to:

- Describe the lessons learned from the financial crisis with respect to liquidity and leverage.
- Explain how the Liquidity Coverage Ratio (LCR) is determined, including the calculation of high quality liquid assets (numerator) and net cash outflows (denominator).
- Explain how the Net Stable Funding Ratio (NSFR) is calculated and the difference between available stable funding (numerator) and required stable funding (denominator).
- Outline the need for a leverage ratio and the formula used to calculate it.
- Detail the implementation issues and timeline associated with all of these ratios.

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Program Content

Lesson(s):

Basel III – Liquidity & Leverage

Topics:

- The Financial Crises, Liquidity Risk & Leverage
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Leverage Ratio

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Target Audience

New or recent recruits to banking and financial institutions.
Compliance and regulatory staff.
Operations and support staff.
Finance and accounting staff.

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Prerequisites

Basel II

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation

Delivery Method

Field of Study

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Basel III – Pillar 2 & Pillar 3

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Description

The three pillars approach was introduced under Basel II to ensure that, in addition to specific capital requirements for credit, market, and operational risk (Pillar 1), there was a means to assess other risks and capital adequacy (Pillar 2) and to improve market discipline through increased disclosure (Pillar 3).

Since the financial crisis, the BCBS has issued updated guidance on Pillar 2 and increased disclosure requirements under Pillar 3 to ensure there is more effective and consistent implementation by banks and regulators globally.

The tutorial explains the requirements of Pillars 2 and 3, details the changes introduced by the BCBS, and explains their impact and implementation issues.

Objectives

On completion of this tutorial, you will be able to:

- explain the purpose of the three pillars approach adopted by the Basel Committee on Banking Supervision (BCBS)
- describe the requirements for banks and regulators under Pillar 2 and the associated implementation issues
- detail the disclosure requirements under Pillar 3 and the implementation challenges for bank

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Program Content

Lesson(s):

Basel III-Pillar 2 & Pillar 3

Topics:

- The Three Pillars Approach
- Pillar 2 Requirements & Implementation
- Pillar 3 Requirements & Implementation

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Target Audience

New or recent recruits to banking and financial institutions.
Compliance and regulatory staff.
Operations and support staff.
Finance and accounting staff.

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Prerequisites

Basel II & Basel 2.5
Basel III – An Introduction

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation

Delivery Method

Field of Study

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Bond Futures Basis

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Description

Futures contracts are often used in fixed income markets as a risk management tool. To know how to use these instruments correctly, it is essential to understand the concept of bond futures basis. This is the difference between the futures and the cash price for an underlying government bond.

This tutorial defines bond futures basis and identifies its sources. It also describes how basis evolves over time and analyzes the changes in the cheapest-to-deliver bond.

Objectives

On completion of this tutorial, you will be able to:
- define bond futures basis and identify its sources
- recognize how basis evolves over time

analyze how the cheapest-to-deliver (CTD) bond changes over time

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Program Content

Lesson(s):

Bond Future Basis

Topics:
- Basics of Bond Futures Basis
- Evolution of Basis Over the Life of a Contract
- Cheapest-to-Deliver Bonds

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Forwards & Futures - Hedging (Part I)
Forwards & Futures - Hedging (Part II)

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Bond Prices & Yields

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Description

Any fundamental understanding of how the capital markets perform their role requires a detailed knowledge of bond structure and pricing. The bond markets are also the engine that powers the interest rate swap market. New issue bonds and secondary market bond repackaging are powerful forces in the swap markets.

The combination of more flexible bond markets and liquid interest rate derivatives markets has transformed the way debt finance is raised for many borrowers. The differences between bond and swap pricing can lead to the creation of hybrid instruments and structured transactions that create financing and investment vehicles for astute market participants. As a result, it is vitally important that you become familiar with the bond pricing and yield to maturity concepts explained in this tutorial.

Objectives

On completion of this tutorial, you will be able to:

- Calculate a bond price given the yield to maturity of the bond and the yield to maturity of a bond given its price
- Apply these calculations to both annuity and perpetual annuity bonds

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Program Content

Lesson(s):

Bond Prices & Yields

Topics:

- Bond Pricing
- Bond Yields

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Interest Calculations
Time Value of Money
NPV & IRR

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Intuition Know-How

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Bond Strategies – Fundamentals

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Description

Before investors begin to build their bond portfolio they must ask themselves what the portfolio objective is and what strategy should be chosen to achieve this objective. One critical assumption when addressing these two key questions is diversification. This tried-and-trusted tactic protects the bond portfolio so that if one bond class is under performing, the rising value of other bond classes compensates for the negative impact. This tutorial examines the fundamental aspects of bond strategies, providing comprehensive analysis and practical examples.

Objectives

On completion of this tutorial, you will be able to:

- understand the concept of passive and active bond portfolio management
- develop the strategies needed to manage a bond portfolio

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Program Content

Lesson(s):

Bonds Strategies – Fundamentals

Topics:

- The Investment Management Process
- Passive Bond Strategies
- Active Bond Strategies

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Bonds - An Introduction

Estimated Completion Time

50 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Calculus

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Description

An important topic in finance and economics is the study of the speed of change of different economic quantities over time, such as GDP, unemployment, investment, and so on. Further, risk management instruments rely heavily on the speed of change of the underlying assets' values and prices. The mathematical concept that deals with these issues is the rate of change, otherwise known as the derivative.

This tutorial introduces the concept of differentiation and its counterpart, integration. Simple economic applications of the two concepts are also described.

Objectives

On completion of this tutorial, you will be able to:

- Determine the derivatives of various functions by applying different calculation rules
- Apply some basic rules to calculate the integral of a function and understand that integration is the reverse of differentiation

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Program Content

Lesson(s):
Calculus

Topics:

- Differentiation
- Integration

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

No prior knowledge is assumed for this tutorial.

Estimated Completion Time

90 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Cash Management

Description	Program Content
It is essential to the profitability of a business that it manages its cash efficiently and cost-effectively. This tutorial explains the process of cash collection and disbursement and shows how a firm can determine the cash balance that will minimize opportunity costs and trading costs. The use of money market instruments in cash management is also explored. **Objectives** On completion of this tutorial, you will be able to: • Define 'cash' and explain why firms hold cash • Describe the mechanisms firms use to disburse and collect cash • Calculate the target cash balance • List the major money market instruments and their features	**Lesson(s):** Cash Management Topics: • Cash Management • Cash Collection and Disbursement • Determining the Adequate Cash Balance • Cash Management and the Money Market
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Corporate Finance - An Introduction **Estimated Completion Time** 75 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Commodities – An Introduction

Description	Program Content
Commodities are raw or partly refined materials that are used to make the products that we use every day. Examples include oil, metals, and agricultural commodities. Some commodities, such as wheat and cotton, are essential to life, while others, such as gold and oil, support the quality of life. The commodities market is huge, with billions of dollars being traded daily on the world's commodity markets. This tutorial takes a detailed look at all the primary commodity types and the exchanges where they are traded. It identifies the main participants in the commodities market and explains the fundamentals of commodities trading. **Objectives** On completion of this tutorial, you will be able to: • describe the different types of commodity • identify the main participants in the commodities market • explain the fundamentals of commodities trading	**Lesson(s):** Commodities – An Introduction Topics: • Types of Commodity • Participants in the Commodity Market • How are Commodities Traded?
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Financial Markets - An Introduction **Estimated Completion Time** 75 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Convertibles – An Introduction

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Description

Convertible bonds are interest-bearing securities that give the holder the option of surrendering (converting) the bond for a pre-determined amount of stock (usually the issuer's). Convertibles permit issuers to raise finance at a lower financing cost, yet offer investors a higher income than dividends on the underlying stock, as well as offering a conversion privilege.

The size of the global convertible market is estimated at USD 550bn with over 2,500 individual issues. Growth has been particularly strong in Europe where the market has tripled since the late 1990s.

This tutorial looks at the most common types of convertible bonds and the motivations for issuing and investing in them. The mathematics of convertible bonds and their special provisions are also presented.

Objectives

On completion of this tutorial, you will be able to:

- Define a convertible bond
- Explain the mathematical terms associated with convertibles
- Outline the special provisions that can be included in the terms of a convertible
- List and describe the different convertible variants

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Program Content

Lesson(s):

Convertibles – An Introduction

Topics:

- What is a Convertible?
- The Mathematics of Convertibles
- Provisions of Convertible Bonds
- Convertible Bond Variations

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Bonds - An Introduction
Bonds – Primary & Secondary Markets
Equity Derivatives - An Introduction

Estimated Completion Time

90 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Convertibles – Introduction to Convertible Valuation

Description

Convertible bonds are hybrid instruments with characteristics of both traditional bonds and equities. Valuation of convertibles reflects this dual nature.

A convertible can be seen as a combination of a non-convertible bond and a call option. When this option is out-of-the money, that is, the bond is unlikely to be converted, the convertible trades (and is valued) as a non-convertible bond. When the option is deep-in-the-money, that is, conversion is likely, the convertible will trade and be priced as the underlying stock. Pricing a convertible that is at-the-money is more complex and requires the use of sophisticated option pricing methods.

This tutorial outlines how convertibles are priced and also the factors that influence their prices.

Objectives

On completion of this tutorial, you will be able to:

- Understand the factors that affect convertible prices
- Outline the basic concepts in the valuation of convertible bonds

Program Content

Lesson(s):

Convertibles –Introduction to Convertible Valuation

Topics:

- Factors that Influence the Price of a Convertible
- Valuation of a Convertible
- Convertible Price Sensitivity: Parity Delta and Gamma

Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

Prerequisites

Convertibles - An Introduction
Options - Introduction to Option Valuation

Estimated Completion Time

60 minutes

Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

Corporate Finance – Measuring Business Performance – Free Cash Flow

Description

The ultimate goal of any business is the creation of value for the owners of that business, whether that business is privately held by one owner or is publicly held with a multitude of owners/shareholders. Free cash flow (FCF) is an economically valid business performance measurement tool that can help view value creation within a company. This tutorial will provide you with a firm understanding of how to properly and effectively measure business performance using FCF, thereby providing you with tools to make better business decisions.

Objectives

On completion of this tutorial, you will be able to:

- Address the shortcomings of net income and some of the more widely used cash flow metrics as measures of business performance
- Describe the use of free cash flow (FCF) as an economically valid business performance measurement tool and how it can help view value creation within a company
- Recast the income and balance sheet statements in order to create a NOPAT statement that reflects the economic operating inflows and outflows and an invested capital statement that represents the economic investment made by the capital contributors

Program Content

Lesson(s):

Corporate Finance – Measuring Business Performance – Free Cash Flow

Topics:

- Overview of Performance Measurement
- Free Cash Flow
- Financial Statement Adjustments

Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

Prerequisites

Prior to studying this tutorial, you should have a basic knowledge of financial statements as described in the following tutorials:

Accounting – An Introduction
Analysis of the Balance Sheet
Analysis of the Income Statement
Analysis of Cash Flow Statement

Estimated Completion Time

75 minutes

Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

Corporate Finance – Measuring Business Performance – Economic Profit

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Description

The ultimate goal of any business is the creation of value for the owners of that business, whether that business is privately held by one owner or is publicly held with a multitude of owners/shareholders. This tutorial will show in detail how economic profit can be used to make value-creating business decisions, and why it is a superior metric to more traditional business performance measures. A comparison will also be made between economic profit and free cash flow (FCF) to show the relevant differences between these two concepts.

Objectives

On completion of this tutorial, you will be able to:

- Describe the use of economic profit as an economically valid business performance measurement tool and how it can help view value creation within a company
- Recast the income and balance sheet statements in order to create a NOPAT statement that reflects the economic operating inflows and outflows and an invested capital statement that represents the economic investment made by the capital contributors
- Compare the economic profit and FCF approaches in order to show the relevant differences between the two metrics

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Program Content

Lesson(s):

Corporate Finance – Measuring Business Performance – Economic Profit

Topics:

- Economic Profit
- Financial Statement Adjustments
- Comparison of Economic Profit & Free Cash Flow

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Prior to studying this tutorial, you should have a sound knowledge of the free cash flow (FCF) approach to measuring performance as described in the following tutorial:

Corporate Finance – Measuring Business Performance – Free Cash Flow

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Corporate Finance – Acquisition Analysis

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Description

The most important element in any acquisition process is the expected synergies to be realized through the acquisition. The more synergies that can be reasonably expected, the higher the price an acquirer will be willing to pay for the company to be acquired.

This tutorial looks at the importance of synergy in determining the ultimate value of an acquisition. It describes how acquisitions can be quantified and valued using a free cash flow or an economic profit approach. In both cases, synergy is discussed as the primary driver of value in the analysis of acquisition candidates, and the need to quantify the synergies properly is addressed.

Objectives

On completion of this tutorial, you will be able to:

- Outline the reasons why a company may want to engage in an acquisition
- Quantify an acquisition using a free cash flow (FCF) approach
- Quantify an acquisition using an economic profit approach, and recognize how both economic profit and FCF yield the same answer with respect to acquisition valuation

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Program Content

Lesson(s):

Corporate Finance – Acquisition Analysis

Topics:

- Fundamentals of Acquisition Analysis
- Quantifying the Value of an Acquisition – FCF Approach
- Quantifying the Value of an Acquisition – Economic Profit Approach

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Mergers & Acquisitions
Corporate Finance – Measuring Business Performance – Free Cash Flow
Corporate Finance – Measuring Business Performance – Economic Profit

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Corporate Finance – Capital Budgeting

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Description

One of the most important decisions a company can make is where to invest its scarce capital resources in order to maximize shareholder value. These capital budgeting decisions need to be supported by rigorous analyses that have a firm economic underpinning.

The best way to quantify the costs and benefits of a capital budgeting opportunity is to use either a free cash flow or economic profit approach. The advantage of using these measures is that they both consider the economic flows/cash flows (operating flows and investment flows) associated with capital budgeting, and also take into account the return on investment that is expected by the capital contributors of a company.

This tutorial will provide you with the quantitative tools needed to properly evaluate capital budgeting opportunities for the purpose of maximizing the value of a firm.

Objectives

On completion of this tutorial, you will be able to:

- Use a free cash flow (FCF) analysis to quantify a capital budgeting opportunity
- Use an economic profit approach to quantify a capital budgeting opportunity, and outline the similarities and differences between this approach and the FCF approach
- Calculate the terminal value of a project using two simplified quantitative approaches and a more sophisticated approach
- Describe the various qualitative issues to be addressed when conducting a capital budgeting analysis, and adopt an approach for dealing with 'strategic' investments

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Program Content

Lesson(s):

Corporate Finance – Capital Budgeting

Topics:

- Free Cash Flow Approach to Capital Budgeting
- Economic Profit Approach to Capital Budgeting
- Terminal value
- Qualitative Issues & Strategic Investments

Prerequisites

Corporate Finance – Measuring Business Performance – Free Cash Flow

Corporate Finance – Measuring Business Performance – Economic Profit

NPV & IRR

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Corporate Finance – Cost of Capital

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Description

The cost of capital is one of the most important, and least understood, concepts in corporate finance. While it can be regarded as a fundamental building block of corporate finance, the cost of capital is frequently ignored by many companies as they go about their day-to-day operations. Investments or projects that are capable of earning returns greater than the cost of capital add value for shareholders. Therefore, by ignoring the cost of capital, companies run the risk of misallocating capital and therefore destroying rather than creating shareholder value.

This tutorial will provide you with the tools necessary to determine debt and equity capital costs, so that a proper comparison can be made between a company's cost of capital and the return actually being earned on that invested capital.

Objectives

On completion of this tutorial, you will be able to:
- Describe the risk/return nature of debt capital and the tax benefits to be derived from the use of debt as a financing tool
- Explain the capital asset pricing model (CAPM) and how it is used to determine the appropriate cost of equity capital
- Calculate the weighted average cost of capital (WACC) for a company
- Describe the common pitfalls in the use of cost of capital

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Program Content

Lesson(s):

Corporate Finance - Cost of Capital

Topics:
- Cost of Debt Capital
- Cost of Equity Capital
- Weighted Average Cost of Capital (WACC)
- Cost of Capital Pitfalls

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Corporate Finance – Measuring Business Performance – Free Cash Flow
Corporate Finance – Measuring Business Performance – Economic Profit

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Corporate Governance – An Introduction

Description	Program Content
Corporate governance is a broad term to describe the rules, processes, and laws by which companies are directed and controlled for the benefit of company shareholders and other stakeholders. Good corporate governance contributes to sustainable economic development by enhancing the performance of companies and improving their access to outside sources of funds. This tutorial describes the roles and responsibilities of company boards of directors (and their sub-committees) in promoting effective corporate governance. It also looks at some of the key issues, such as director remuneration and institutional investor engagement, that are crucial to good corporate governance. Well-known examples of corporate governance failures are also highlighted. **Objectives** On completion of this tutorial, you will be able to: • explain the importance of good corporate governance • outline the key issues in corporate governance	**Lesson(s):** Corporate Governance – An Introduction Topics: • Overview of Corporate Governance • Key Issues in Corporate Governance
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Prior to studying this tutorial, you should have a basic knowledge of finance. **Estimated Completion Time** 60 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Corporate Social Responsibility (CSR) – An Introduction

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Description

CSR refers to those actions whereby business seeks to contribute to sustainable economic development. In its commitment to sustainability, a business recognizes that, in addition to serving its shareholders' interests in the pursuit of economic value, it must also understand the legitimate concerns of other stakeholders such as employees and the wider community.

Changing attitudes on the part of consumers and investors mean that CSR is no longer seen as an expensive luxury, but can in fact result in net savings for the business. This tutorial covers the fundamentals of corporate social responsibility, with particular focus on the banking industry.

Objectives

On completion of this tutorial, you will be able to:

- define corporate social responsibility (CSR)
- list some of the business case factors behind the adoption of CSR
- outline the elements of the GRI reporting guidelines
- explain how CSR affects the banking industry in particular

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Program Content

Lesson(s):

Corporate Social Responsibility (CSR) - An Introduction

Topics:

- Overview of CSR
- Building a Business Case for CSR
- Sustainability Reporting
- CSR and the Banking Industry

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Prior to studying this tutorial, you should have a basic knowledge of finance.

Estimated Completion Time

60 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Corporate Valuation – An Overview

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Description

The ultimate purpose of any firm is the creation of wealth or value for its owners (shareholders). Value creation is the key to the well-being of every organization. Therefore, if firms are to achieve the ultimate goal of maximizing value, then understanding valuation is extremely important. This tutorial introduces the concept of corporate valuation and describes in detail the concepts of equity value and enterprise value which are commonly used as measures of a company's valuation.

Objectives

On completion of this tutorial, you will be able to:

- Identify the purpose of corporate valuation and distinguish between various valuation methodologies
- Calculate key valuation and financial performance measures
- Normalize the income statement for non-recurring items

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Program Content

Lesson(s):

Corporate Valuation – An Overview

Topics:

- Overview of Corporate Valuation
- Key Valuation & Financial Performance Measures
- Normalizing Financials

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Prior to studying this tutorial, you should have a basic knowledge of financial statements and financial statement analysis.

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Corporate Valuation – Public Comparables Analysis

Description	Program Content
Public comparables analysis is a valuation technique used by finance practitioners and professionals when attempting to derive the relative value of a company compared to publicly traded peers. It is one of two methods to determine the relative value of a company – the other, acquisition comparables analysis, is based on precedent transactions in a given industry and is covered in detail in another tutorial. In this tutorial, you will learn how to perform the mechanics of public comparables analysis. This includes determining the companies in a particular peer group, sourcing public information and calculating multiples. **Objectives** On completion of this tutorial, you will be able to: • describe the use of public comparables in corporate valuation, including the criteria and methodology used in choosing a public comparables group list • perform the mechanics of spreading public comparables • calculate equity and enterprise value multiples for companies in a peer group • analyze public comparables and multiples	**Lesson(s):** Corporate Valuation – Public Comparables Analysis Topics: • Overview of Public Comparables • Mechanics of Calculating a Public Comparable • Equity & Enterprise Value Multiples • Analyzing Multiples
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Corporate Valuation – An Overview **Estimated Completion Time** 75 minutes
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Corporate Valuation – Acquisition Comparables Analysis

Description	Program Content
Acquisition comparables analysis is a valuation technique used by finance practitioners and professionals when attempting to derive the relative value of a company based on precedent transactions in a given industry. In this tutorial, you will learn how to perform the mechanics of acquisition comparables analysis. This includes determining the list of comparable precedent transactions, sourcing public information and calculating multiples and premiums. Additionally, you will analyze acquisition multiples and derive implied valuation ranges. **Objectives** On completion of this tutorial, you will be able to: • describe the use of acquisition comparables in corporate valuation, including the criteria and methodology used in determining an acquisition comparables list • perform the mechanics of spreading acquisition comparables • undertake a premiums paid analysis • analyze acquisition multiples and impute appropriate valuation ranges	**Lesson(s):** Corporate Valuation – Acquisition Comparables Analysis Topics: • Overview of Acquisition Comparables • Mechanics of Calculating an Acquisition Comparable • Premiums Paid Analysis • Analyzing Acquisition Multiples
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Corporate Valuation – An Overview Corporate Valuation – Public Comparables Analysis **Estimated Completion Time** 75 minutes
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Corporate Valuation – Discounted Cash Flow (DCF) Analysis

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Description

Discounted cash flow (DCF) analysis is a valuation technique used by finance practitioners and professionals when attempting to derive the intrinsic value of a company based on projected cash flows. In this tutorial, you will learn how to perform the mechanics of discounted cash flow analysis. This includes determining a discount rate, calculating projected cash flows, computing terminal value, and valuing a company based on DCF analysis.

Objectives

On completion of this tutorial, you will be able to:

- describe the theoretical basis of a discounted cash flow (DCF) analysis, including the advantages and other considerations
- estimate and calculate a discount rate (typically, the weighted average capital of cost) used to present value cash flows
- calculate the terminal value of a company through two popular methodologies (exit multiple and perpetuity growth)
- perform a discounted cash flow valuation
- summarize valuation ranges with comparables analyses and DCF

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Program Content

Lesson(s):

Corporate Valuation – Discounted Cash Flow (DCF Analysis)

Topics:

- Overview of DCF Analysis
- Weighted Average Cost of Capital (WACC)
- Discounting Cash Flows & terminal Value
- Deriving a Discounted Cash Flow Valuation
- Summarizing Valuation Ranges

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Corporate Valuation – An Overview
Corporate Valuation – Public Comparables Analysis
Corporate Valuation – Acquisition Comparables Analysis

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

Author Training the Street

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Corporate Valuation – Merger Consequences Analysis

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Description

Merger consequences analysis is often referred to as an affordability analysis because it is used to determine what an acquirer could pay for a possible target. In this tutorial, you will learn how to perform the mechanics of a merger consequences analysis. This includes determining the proposed transaction's impact on EPS (accretion/dilution) and credit statistics.

Objectives

On completion of this tutorial, you will be able to:

- recognize the importance of affordability analysis by evaluating the possible accretion/dilution and the impact on the acquirer's credit rating
- describe the fundamentals of purchase accounting, especially the creation of goodwill
- calculate the EPS impact of a transaction and the possible impact on credit statistics
- evaluate whether a transaction is accretive or dilutive by comparing the acquirer's price/earnings (P/E) multiple to the offer P/E multiple
- outline other common complexities and considerations that arise in merger consequences analysis

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Program Content

Lesson(s):

Corporate Valuation – Merger Consequences Analysis

Topics:

- Overview of Merging Consequences
- Fundamentals of Purchase Accounting
- Transactions Adjustments
- Relative P/E's
- Other Analyses & Considerations

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Corporate Valuation – An Overview

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Credit Analysis – An Introduction

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Description

The foundations of modern credit analysis can be traced back to the 19th century when the debt markets began to issue and trade bonds in greater numbers. However, despite the passing of time, the basic challenge for a credit analyst remains the same today – assessing the risk that an obligor will have sufficient cash to pay back an obligation on a timely basis.

This tutorial looks in detail at the goals and nature of modern day credit analysis, and the foundations of such analysis – namely capital structure and debt capacity.

Objectives

On completion of this tutorial, you will be able to:

- Understand the fundamental question that credit analysts must ask and the framework for answering that question
- Describe why assessing the appropriate ratio of debt to equity in a company's capital structure is one of the key tasks of credit analysis

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Program Content

Lesson(s):

Credit Analysis – An Introduction

Topics:

- Goals & Nature of Credit Analysis
- Foundations of Credit Analysis: Capital Structure & Debt Capacity

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Credit Risk – An Introduction

Estimated Completion Time

60 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Credit Derivatives – An Introduction

Description Credit derivatives are instruments that allow one party to transfer an asset's credit risk to another party without transferring ownership of the underlying asset. Credit derivatives have a wide range of structures and can be used for both credit risk management and for speculation. This tutorial explains what credit derivatives are and examines a basic credit derivative transaction. The evolution of the trillion-dollar credit derivatives market and the risks involved in dealing with credit derivatives are also presented. **Objectives** On completion of this tutorial, you will be able to: • define a credit derivative • outline the basic structures of credit derivatives • describe the risks associated with credit derivative transactions	**Program Content** **Lesson(s):** Credit Derivatives – An Introduction Topics: • Definition of a Credit Derivative • Evolution of the Market • Risks of Credit Derivatives
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Bonds - An Introduction Derivatives - An Overview **Estimated Completion Time** 60 minutes
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Credit Derivatives – Credit Default Swap Valuation

Description	Program Content
The pricing and valuation of credit default swaps has evolved over time and today adopts a pricing method based on calculated arbitrage-free market price relationships. This method involves using zero-coupon discount factors, recovery rates and default probabilities to price a default swap. In this tutorial, you'll learn how to calculate zero-coupon discount factors and default probabilities and use these together with recovery rates to price a CDS. You will also learn how to determine the mark-to-market value of the swap and measure its corresponding price sensitivity. **Objectives** On completion of this tutorial, you will be able to: • Link credit spreads observed in the market to implied default rates • Use assumed survival rates and default probabilities to value a risky bond • Value credit default swaps and express CDS spreads against government and swap curves • Anticipate CDS mark-to-market value sensitivity to changing credit spread levels	**Lesson(s):** Credit Derivatives – Credit Default Swap Valuation Topics: • Implied Credit Losses • Survival and Default • Pricing a Default Swap • Price Sensitivities
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Credit Derivatives – Types Credit Derivatives – Pricing Methods **Estimated Completion Time** 180 minutes
	Program Level Advanced **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Credit Derivatives – Synthetic CDOs

Description

Synthetic collateralized debt obligations offer many advantages compared to their traditional counterparts. These include reduced capital market placement and total cost of issuance.

In this tutorial, you will learn how synthetic CDOs are structured and the key determinants for valuing them. This tutorial also provides an introduction to single tranche collateralized debt obligations (STCDOs) and correlation trading.

Objectives

On completion of this tutorial, you will be able to:

- Describe the structure of synthetic CDOs and list their advantages
- Identify the main drivers in synthetic CDO tranche valuation
- Distinguish between synthetic CDO variations

Program Content

Lesson(s):

Credit Derivatives – Synthetic CDOs

Topics:

- Synthetic CDO Structures
- Valuation of Synthetic CDO Tranches
- Correlation Trading & Single Tranche CDOs

Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

Prerequisites

Securitization – An Introduction
Securitization - CDOs - An Introduction
Securitization - CDOs - Structures & Ratings
Credit Derivatives - Credit Default Swaps

Estimated Completion Time

90 minutes

Program Level Advanced

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

Credit Management

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Description

Firms that plan to offer credit terms to customers need to address the issues such as assessing credit worthiness, trade terms, credit period, collecting payments etc., before the credit decision can be made. These issues will be discussed in this tutorial.

Objectives

On completion of this tutorial, you will be able to:

- Explain the fundamentals of credit management
- Calculate the relevant ratios to determine the viability of a proposal
- Outline the procedures involved in the credit control process

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Program Content

Lesson(s):

Credit Management

Topics:

- Terms of Sale
- Credit Agreements
- Credit Analysis
- The Credit Decision
- Collection Policy

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Corporate Finance - An Introduction

Estimated Completion Time

65 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Credit Risk Mitigation – An Introduction

Description	Program Content
This tutorial introduces the concept of credit risk mitigation and outlines the two broad categories of mitigation – funded and unfunded. The benefits of mitigation are described, and its impact on expected loss is demonstrated. The tutorial also discusses the taking and management of mitigation, the different types of mitigant used, and the various risks associated with credit risk mitigation. **Objectives** On completion of this tutorial, you will be able to: • describe the concept of credit risk mitigation (CRM) and the benefits of taking mitigation • recognize the main risks associated with taking mitigation	**Lesson(s):** Credit Risk Mitigation – An Introduction
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Credit Risk Measurement – An Introduction **Estimated Completion Time** 60 minutes
	Program Level Intermediate **Advanced Preparation** **Delivery Method** Self-study **Field of Study** Economics

Credit Risk Mitigation – Collateralization

Description	Program Content
This tutorial discusses the use of collateral (or security) as a credit risk mitigant, describing the motivations for collateral usage from the point of view of collateral takers and providers. The tutorial also examines the increasingly important and ever-evolving role of a bank's collateral management function. Finally, the tutorial describes the various types of collateral taken as security and the attractions/drawbacks of each as a credit risk mitigant. **Objectives** On completion of this tutorial, you will be able to: • outline the various uses of collateral and the motivations for providing and taking collateral • describe the various forms of collateral that can be used to reduce credit risk exposure	**Lesson(s):** Credit Risk Mitigation – Collateralization
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Credit Risk Mitigation – An Introduction **Estimated Completion Time** 60 minutes
	Program Level Intermediate **Advanced Preparation** **Delivery Method** Self-study **Field of Study** Economics

Intuition Know-How

INTUITION

Credit Risk Mitigation – Management & Realization

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Description

This tutorial looks at the key stages involved in effectively managing mitigants taken in support of a loan or other credit facility. It begins by outlining the assessment and approval stages of proposed mitigation, and the differences between disclosed and undisclosed mitigation.

The importance of legal certainty and enforceability of mitigation is explained, as are the capital eligibility requirements under the Basel framework.

Subsequent topics describe the key requirements in relation to CRM both before and after drawdown of credit facilities, as well as the process of actually realizing mitigation when necessary to do so.

Objectives

On completion of this tutorial, you will be able to:

- outline the key stages involved in effectively managing credit risk mitigation (CRM)
- describe the key requirements in relation to CRM prior to drawdown of credit facilities as well as post-drawdown
- describe the process for realizing both funded and unfunded mitigation

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Program Content

Lesson(s):

Credit Risk Mitigation – Management & Realization

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Credit Risk Mitigation – Other Types of Mitigant

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation

Delivery Method Self-study

Field of Study Economics

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Duration & Convexity

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Description

For market participants that buy a bond, collect the coupon payments and hold the bond to maturity, market volatility is not a major concern (ignoring the possible reinvestment risk for their coupon payments); interest is received according to a predetermined rate and schedule, and the principal is returned at maturity. However, non-‘buy-and-hold’ investors that buy and sell bonds prior to maturity are exposed to many risks, most significantly interest rate volatility (bond prices and yields/interest rates are inversely related). Duration and convexity – the subject of this tutorial – are important concepts used in measuring the price volatility of a bond, or its price sensitivity with respect to a change in its yield. Being aware of these concepts helps investors to protect themselves from bond price risk.

Objectives

On completion of this tutorial, you will be able to:

- use the Taylor approximation formula to estimate the change in the price of a bond for a small change in yield
- measure the price volatility of a bond using the concept of duration and modified duration
- employ the properties of duration to construct a portfolio of bonds to immunize future obligations against interest rate risk
- calculate the degree of non-linearity of the price-yield curve by means of the convexity equation

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Program Content

Lesson(s):

Duration & Convexity

Topics:

- Taylor Approximation Formula
- Duration
- Risk Immunization
- Convexity

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Bond Prices & Yields

Estimated Completion Time

90 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Emerging Markets – An Introduction

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Description

Over the past generation or so, emerging markets, most notably the BRIC economies of Brazil, Russia, India, and China, have grown rapidly – growth that is projected to continue in the years to come as these markets strengthen their global positions and drive the world economy. China is already the world's largest exporter and in 2010 overtook Japan as the world's second largest economy after the United States.

Although astute investors can earn impressive returns on emerging market investments, this is not an area for the faint-hearted. Significant market volatility, frequent political crises, currency risk, and lack of regulatory oversight, are just some of the risks faced by investors in these markets.

This tutorial outlines the development of emerging markets and how they differ from developed economies. The key emerging markets and the risks of investing in these markets are also discussed.

Objectives

On completion of this tutorial, you will be able to:

- define an 'emerging market' and describe how these markets have developed over the years
- outline the key emerging markets, notably the 'BRIC' economies
- describe the main considerations and risks associated with investing in emerging markets

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Program Content

Lesson(s):

Emerging Markets – An Introduction

Topics:

- Overview of Emerging Markets
- Key Emerging Markets
- Investing in Emerging Markets

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Financial Markets – An Introduction

Estimated Completion Time

75 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Emerging Markets – China

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Description

Once remote from the international community, a series of reforms since the late 1970s has seen China evolve into an economic powerhouse. In 2010, the country surpassed Japan as the world's second largest economy after the United States. Such has been its phenomenal growth that China is predicted to overtake the US at some point in the 2020s. However, despite the lofty predictions, China faces some significant economic and other challenges.

This tutorial looks in detail at China and its meteoric rise to economic superpower, in addition to some of the challenges the country faces. It also describes the banking and financial sector, which has had to evolve in line with China's explosive economic growth.

Objectives

On completion of this tutorial, you will be able to:

- describe China's evolution from a centrally-planned economy to the world's second largest market economy
- outline the structure of the Chinese banking system and the importance of the major reforms it has seen in recent times
- explain how Chinese financial markets are evolving, but remain underdeveloped relative to those in developed economies

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Program Content

Lesson(s):

Emerging Markets - China

Topics:

- Country Overview
- Banking in China
- Financial Markets

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Emerging Markets – An Introduction

Estimated Completion Time

75 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Equities – Research & Valuation

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Description

Fundamental analysis of stock markets has a broad scope, incorporating both a qualitative and quantitative assessment of companies, in attempt to derive an intrinsic value for the stocks. While a qualitative assessment is essential, it naturally incorporates factors that are difficult or impossible to quantify.

This tutorial focuses on the quantitative side of things. Ratio analysis, the subject of the first part of the tutorial, is one form of quantitative assessment. It provides a way of summarizing a large volume of financial accounting information into simple measurements. The second part of this tutorial looks at stock valuation models, beginning with the oldest and simplest method of valuing stocks - the dividend discount model - which equates the fundamental value of a stock to the present value of the stock's expected future dividends. The divided discount model is regarded by many analysts these days as conservative and outmoded, although much of the intuition from the model is also embedded in other valuation models. Two of these - the discounted cash flow model and residual income model - are also covered in this tutorial.

Objectives

On completion of this tutorial, you will be able to:

- separate a company's return on equity into a number of key financial metrics in order to identify where within the firm superior/inferior return is being earned
- describe the different models used to estimate the fundamental value of a stock

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Program Content

Lesson(s):

Equities – Research and Valuation

Topics:

- Primary Financial Ratios
- Valuation Methods & Analysis

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Equities – An Introduction

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Equities – Returns-Based Valuation

Description	Program Content
Research analysts typically focus on market multiples and discounted cash flow (DCF) techniques to derive estimates of valuation for a company. In times of economic uncertainty, however, with volatile markets and opaque forecasts, it can be extremely challenging to derive reliable estimates using these techniques. In this tutorial, we examine alternative 'returns-based' valuation techniques, which can be used to determine how efficiently a company is using its capital resources. In particular, the concept of EVA as a method of calculating shareholder value creation is explored in detail. We demonstrate how EVA can be reconciled to the DCF valuation technique and compare the differences between accounting returns and cash returns used for discounting. Finally, we highlight what adjustments should be made to enterprise value in deriving a single stock price target. **Objectives** On completion of this tutorial, you will be able to: • Outline the differences between return on equity (ROE) and return on invested capital (ROIC) • Understand and apply Economic Value Added (EVA) as a technique for assessing shareholder value creation • identify the differences between cash returns versus accounting returns on invested capital • convert enterprise value into a single stock price target	**Lesson(s):** Equities – Returns-Based Valuation Topics: • ROE & ROIC • Economic Value Added • Cash Returns & Accounting Returns • Enterprise Value & The Single Stock Price Target
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Equities – Research & Valuation Corporate Valuation – Discounted Cash Flow (DCF) Analysis **Estimated Completion Time** 75 minutes
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Equity Derivatives – An Introduction

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Description

An equity derivative is a derivative instrument whose underlying instrument is a stock or stock index. Hence, the value of an equity derivative is a function of the value of the stock or index. The market for equity derivatives continues to expand with new product structures constantly appearing. This tutorial introduces the most important equity derivatives including, stock and stock index futures and options, warrants and convertibles, structured and synthetic equity derivatives.

Objectives

On completion of this tutorial you will be able to describe the structures and applications of:

- stock options and futures
- convertibles and warrants
- stock index options and futures
- synthetic equity derivative structures, including contracts for difference (CFDs)
- structured equity derivative products

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Program Content

Lesson(s):

Equity Derivatives – An Introduction

Topics:

- Stock Options and Futures
- Convertibles and Warrants
- Stock Index Options and Futures
- Synthetic Equity Derivative Structures
- Structured Equity Derivative Products

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Options – An Introduction

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Equity Derivatives – Types

Description The equity derivatives market has witnessed substantial growth in recent years, with increased participation by hedge funds, commodity traders and asset managers, as well as by conservative investors, who mainly trade listed derivatives. Hedge funds are the drivers of product innovation, with new instruments such as contracts for difference (CFDs), volatility futures, correlation options and dividend swaps being traded in the market. In this tutorial, you will learn about three different types of equity derivatives: contracts for difference (CFDs), equity index futures, and equity index options. The tutorial explains their mechanics, uses, and benefits. **Objectives** On completion of this tutorial, you will be able to: • identify the reasons for the strong growth of equity derivatives in recent years • describe the mechanics and uses of contracts for difference (CFDs) • describe the mechanics and uses of index futures • describe the mechanics and uses of index options	**Program Content** **Lesson(s):** Equity Derivatives – Types Topics: • Market Overview • Contracts for Difference (CFDs) • Equity Index Futures • Equity Index Options
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Equity Derivatives – An Introduction **Estimated Completion Time** 75 minutes
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Estimating Volatility

Description	Program Content
In simple terms, the concept of volatility refers to an asset's degree of unpredictable price change over a specified period of time. The more volatile an asset, the more difficult it is to predict where its price might be on a future date, and hence the greater the risk associated with the asset. Volatility reached unprecedented levels in many markets in 2008 and huge losses were incurred by many market participants. This tutorial looks at the concept of volatility and how it is assessed and estimated, with particular emphasis on the market volatility of 2008. **Objectives** On completion of this tutorial, you will be able to: • recognize the significance of market volatility and some indicators of this volatility • outline the main methods for estimating volatility	**Lesson(s):** Estimating Volatility Topics: • Overview of Volatility • Approaches to Volatility Estimation
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Options – An Introduction **Estimated Completion Time** 60 minutes
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Exchange-Traded Funds (ETFs)

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Description

Although stock market indexes have been around since the 19th century, the concept of index investing is far more recent. The concept was boosted significantly by the launch of exchange-traded funds (ETFs) in the early 1990s. After a relatively slow start, ETFs have subsequently grown to become a worldwide phenomenon.

In line with increases in both the number and size of ETFs, the complexity and sophistication of the funds has also grown. For the first 10 years or so of their existence, ETFs were based almost exclusively on stock indexes. Sector-based ETFs then emerged, while diversification into new asset classes – such as fixed income, real estate, and commodities – gathered pace. The next generation included products such as leveraged ETFs and actively-managed ETFs.

This tutorial covers the fundamentals of ETFs, including their creation, features, and market development. It also describes many of the different types of ETF available in the marketplace, including those we've just mentioned.

Objectives

On completion of this tutorial you will understand how to:

- describe the main characteristics of ETFs, including the creation process for these funds
- understand the different structures and types of ETF that are available in the market

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Program Content

Lesson(s):

Exchange-Traded Funds (ETFs)

Topics:

- Overview of ETFs
- Types of ETF

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Financial Markets – An Introduction
Investment – An Introduction

Estimated Completion Time

75 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Financial Authorities (Asia)

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Description

In the aftermath of the Asian financial crisis of the late 1990s, many Asian economies took advantage of improved global conditions to strengthen their economic and financial fundamentals. As a result, when the global financial and economic crisis erupted in 2007, Asian economies were well positioned to avoid its worst effects. The learning experience gleaned from the region's own financial crisis nearly a decade earlier helped Asia emerge relatively unscathed. Notably, most banks in the region were not heavily exposed to distressed markets for structured credit products and other toxic securities. A number of institutions actually seized the opportunity to acquire assets at fire-sale prices. The expectation is that Basel III – the new global capital standards – is unlikely to be too onerous for most Asian banks due to their reasonable core capital buffers, modest reliance on hybrid capital, and generally good liquidity.

This tutorial describes the regulatory framework and the key financial authorities operating in four major Asian economies – Japan, China, Hong Kong, and Singapore.

Objectives

On completion of this tutorial, you will be able to describe the financial regulatory environment in the following Asian economies:

- Japan
- China
- Hong Kong
- Singapore

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Program Content

Lesson(s):

Financial Authorities (Asia)

Topics:

- Japan
- China
- Hong Kong
- Singapore

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Target Audience

New or recent recruits to banking and financial institutions
Compliance and regulatory staff
Operations and support staff
Finance and accounting staff

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Prerequisites

Banking Regulation – An Introduction

Estimated Completion Time

75 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Financial Markets – An Introduction

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Description

This tutorial introduces the major financial markets. What are their functions? Who needs them? What products do they offer? Where are they? How do they operate? How are they changing?

Broadly speaking, the tutorial outlines the financial markets' defining characteristics, focusing on the way in which money shifts between participants. More specifically, it describes the types of financial market, the products offered, the people/participants involved, and the different types of marketplace.

Objectives

On completion of this tutorial, you will be able to:

- describe the broad categories of financial markets – investment/funding markets, transactional markets, and risk management markets – and their purpose
- identify the key participants in these financial markets and the roles they play
- explain the difference between exchange-traded and off-exchange/OTC markets, and how the distinction between the two is becoming increasingly blurred

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Program Content

Lesson(s):

No prior knowledge is assumed for this tutorial.

Topics:

- Overview of Financial Markets
- Market Participants
- Marketplaces

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

No prior knowledge is assumed for this tutorial.

Estimated Completion Time

75 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Economics

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Financial Planning

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Description

Financial planning is vital for every firm because:
- It outlines the firm's goals and provides benchmarks against which future performance can be measured.
- It identifies the interaction between the firm's investment and financing decisions.
- The firm must cope with changing business conditions.

This tutorial outlines the financial planning process and shows how models can be used to forecast a firm's future financial performance.

Objectives

At the end of this tutorial you should be able to:
- explain what financial planning is
- identify the main components of a typical financial plan
- explain the role of modeling in financial planning

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Program Content

Lesson(s):

Financial Planning

Topics:
- What is Financial Planning?
- Components of a Financial Plan
- Forecasting
- Use of Models in Financial Planning

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Corporate Finance - An Introduction

Estimated Completion Time

100 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Fixed Income – Credit Risk

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Description

Increasingly, agents and investors in fixed income have set their sights beyond the traditional government bond markets towards the more lucrative returns available when credit risk is allied to interest rate risk. In recent years, developments have led to the emergence of credit as a truly independent asset class, with its own derivative markets and idiosyncrasies. As involvement has grown, investors have become more sophisticated, and analysis and products have become more complex.

This tutorial extends the analysis of risks facing fixed income investors beyond merely interest rate risk, and into the sphere of credit risk. It describes the credit characteristics of differing forms of debt issuance, market evaluation of credit risk, and the roles of rating agencies in the credit universe.

Objectives

At the end of this tutorial you should be able to:

- describe how the credit exposure on some bonds affects their return characteristics relative to 'riskless' debt
- explain how credit seniority and simple covenants affect the credit risk of an issue
- explain how market prices give an indication of credit evaluation
- outline the roles, methodologies, and challenges faced by the major rating agencies
- describe how credit has evolved into a distinct asset class

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Program Content

Lesson(s):

Fixed Income – Credit Risk

Topics:

- Credit Exposure
- Rankings & Risk
- Credit Spreads & Evaluation
- Rating Agencies
- Credit as an Asset Class

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Bonds – An Introduction

Estimated Completion Time

90 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Forwards & Futures – Hedging (Part I)

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Description

The elimination of future price risk lies at the heart of derivatives, whether in the form of forward trades or futures contracts. This tutorial explains the basic principle behind hedging using 'prices in the future' and shows how this principle is applied across many markets. It also outlines the differences between, and relative attractions of, using either futures contracts or OTC forwards when hedging a position. The additional difficulties of hedging interest rate risk are covered in a subsequent tutorial.

Objectives

On completion of this tutorial, you will be able to:

- explain how futures contracts and forward trades are used to hedge an existing or anticipated asset position
- compare and contrast hedging using futures with hedging using forwards
- outline some of the different hedging approaches used in different markets

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Program Content

Lesson(s):

Forwards & Futures – Hedging (Part I)

Topics:

- Simple Hedges
- Futures or Forwards
- Hedging Other Major Assets

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Futures Markets

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Forwards & Futures – Hedging (Part II)

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Description

The use of futures hedging for both short and long-term interest rate risks is extremely widespread. Of the five most liquid exchange-traded contracts in the world, the most actively traded futures contract was the Eurodollar contract quoted on the CME.

This tutorial focuses on the hedging of interest rate risk, both for shorter-dated and longer-dated instruments. It examines the construction of hedges using bond and money market futures, and outlines some of the particular issues unique to these markets.

Objectives

On completion of this tutorial, you will be able to:

- identify the different long-term interest rate risks faced by market participants
- explain how long-term interest rate risks can be managed, particularly through hedging using bond and swap futures
- identify the different short-term interest rate related risks faced by market participants, and explain how these risks can be managed, either through OTC FRA transactions or through the use of money market futures contracts

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Program Content

Lesson(s):

Forwards & Futures – Hedging (Part II)

Topics:

- Bond Futures
- Heading Using Futures
- Short-Term Hedging

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Forwards & Futures – Hedging (Part I)

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Intuition Know-How

INTUITION

Green Investing – An Introduction

Description Green investing is a form of socially responsible investing (SRI) that focuses on investing in businesses and technologies that are considered to be good for the environment. It encompasses sustainable (or clean) technologies that are less polluting and more energy-efficient, and can help reduce dependence on fossil fuels. This tutorial provides a broad overview of the green investment universe, including the different types of clean technology, green investment vehicles, market indexes, and global green initiatives. **Objectives** On completion of this tutorial, you will be able to: • explain the concept of green investing and how it originated • describe the various types of green investment	**Program Content** **Lesson(s):** Green Investing – An Introduction Topics: • Overview of Green Investing • Types of Green Investment
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Socially Responsible Investment (SRI) – An Introduction **Estimated Completion Time** 60 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Hedge Funds – An Introduction

Description This tutorial looks at the key characteristics of hedge funds and provides an outline of the development of the hedge fund industry. It then discusses the key players in the hedge fund industry and the roles they perform. **Objectives** On completion of this tutorial, you will be able to: • Outline what a hedge fund is and describe the main characteristics of a hedge fund • Identify the key players in the hedge fund industry	**Program Content** **Lesson(s):** Hedge Funds – An Introduction
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** N/A **Estimated Completion Time** 60 minutes
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Hedge Funds – Investing

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Description

In this tutorial we describe the benefits and shortfalls of various measurements of risk and return and highlight the way in which an investor can examine alternative opportunities. We look at how it is possible to separate measurements of return which are “skill-based” from those due to overall market movements and how a potential investor can distinguish between “good” and “bad” hedge fund investments.

Objectives

On completion of this tutorial, you will be able to:

- Explain the performance of hedge funds versus other asset classes
- Outline the key measures of hedge fund risk
- Discuss the issues involved in evaluating hedge funds

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Program Content

Lesson(s):

Hedge Funds - Investing

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Hedge Funds – An Introduction

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Economics

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Hedge Funds – Strategies

Description	Program Content
Hedge funds exist to make money from investing – anywhere. This leads to numerous different and ever-evolving investing styles. These hedge fund investing styles are the subject of this tutorial. It examines the key differences between such styles in terms of market exposure, required leverage, correlation to major markets, and gives a description of the key categories. It also briefly examines the topic of hedge fund factor analysis and replication. **Objectives** On completion of this tutorial, you will be able to: • show how hedge fund returns are related to market movements • describe the major hedge fund investment styles (such as relative value trading, event-driven strategies, and directional trading) and their different characteristics, market exposure, and leverage requirements	**Lesson(s):** Hedge Funds - Strategies
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Hedge Funds – Investing **Estimated Completion Time** 60 minutes
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Economics

Hong Kong Equity Market

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Description

Hong Kong is seen as the gateway to Mainland China; a commercial dynamo, strategically located in a region renowned for high levels of growth, and with close trading and business links to the rest of the Asian region. The Hong Kong equity market is an important source of capital for local companies and increasingly for companies incorporated in the People's Republic of China (PRC), with the result that it has managed to attract a significant amount of investment interest from overseas. This tutorial provides a detailed introduction to the various aspects of equity securities traded in Hong Kong, including the history and development of the market, the different securities traded and trading locations, leading stock indexes, listing requirements and procedures, and trading operations.

Objectives

On completion of this tutorial, you will be able to:

- list the stock exchanges, market regulators, stock indexes, and types of security in the Hong Kong market
- describe the listing, trading, and settlement procedures for equities in Hong Kong

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Program Content

Lesson(s):

Hong Kong Equity Market

Topics:

- Market Overview
- Listing, Trading & Settlement Procedures

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Equities – An Introduction
Equities – Issuing

Estimated Completion Time

60 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Interest Rate Risk – Identification & Measurement

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Description

Historically banking was seen as a simple business, but things have changed in recent times. As new products and services appear in the industry, they are affected by interest rates in different ways. For much of the 20th century, interest rates in major economies were docile creatures. There was little variation in absolute rates, and the term structures (yield curves) were mildly positive. More recent decades saw a dramatic change. Rates and curves became much more volatile, and yield curves would move from positive to negative (or vice versa) in short periods of time.

This tutorial looks at the issues surrounding the identification of this type of risk and the subsequent measurement of it.

Objectives

On completion of this tutorial, you will be able to:

- identify the key sources of interest rate risk for a banking business
- describe how gap and duration measurements are used to quantify the extent of interest rate risk from different perspectives

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Program Content

Lesson(s):

Interest Rate Risk – Identification & Measurement

Topics:

- Identifying Interest Rate Risk
- Measuring Interest Rate Risk

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Target Audience

Senior managers
New recruits to banking and financial organizations
All risk management personnel
Treasury department staff
Operations and support staff
Finance and accounting staff
IT staff
Compliance and regulatory staff

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Prerequisites

Risk – Measurement & Management

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Interest Rate Risk – Management

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Description

Interest rate risk is a phenomenon that is integral to the nature of banking. It is not always desirable to eliminate this risk, even if it is possible to do so, because banks would be denying themselves opportunities and hampering their ability to handle customer business profitably.

This tutorial looks at the structures banks put in place to manage interest rate risk and the various approaches to such management – from 'passive' responses such as the imposition of limit systems to 'active' responses involving hedging rate risk via derivatives.

Objectives

On completion of this tutorial, you will be able to:

- describe how most banks attempt to centralize the process of managing interest rate risk through a treasury function, which adopts both passive and active approaches to handling this risk
- outline how derivative instruments are used to hedge interest rate risk

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Program Content

Lesson(s):

Interest Rate Risk – Management

Topics:

- Overview of Managing Interest Rate Risk
- Hedging Interest Rate Risk

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Target Audience

Senior managers
New recruits to banking and financial organizations
All risk management personnel
Treasury department staff
Operations and support staff
Finance and accounting staff
IT staff
Compliance and regulatory staff

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Prerequisites

Interest Rate Risk – Identification & Measurement
Derivatives – An Overview

Estimated Completion Time

50 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Investment – An Introduction

Description	**Program Content**
Terms like 'investment' or 'investing' are used in the media everyday without anyone actually defining what exactly they might mean. This tutorial adopts a different perspective and will set you out on the road to understanding the fundamentals of investment and its management. Beginning with a discussion of the concept of investment as a whole and the various perspectives on it, the tutorial goes on to deal with a variety of fundamental issues that must be grasped by all investment industry professionals. **Objectives** On completion of this tutorial, you will be able to: • outline a number of different perspectives on investment and some of the motives for investment • describe the key characteristics of the various investable asset classes • explain the risk-return trade-off and the main risks to which investors are exposed	**Lesson(s):** Investment – An Introduction
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Financial Markets – An Introduction **Estimated Completion Time** 60 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Loan Trading

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Description

The secondary market for loans, primarily syndicated loans, involves the activities of buying, selling, and brokering loans and credit facilities. A secondary market is created when a syndicate participant decides to sell a part or all of its rights and obligations under the credit agreement to a third party. A variety of techniques are used to accomplish the transfer.

The secondary market for trading in syndicated loans has mushroomed in recent years. This tutorial outlines the historical development and current status of this vibrant market, and describes the process from initial loan trade to final settlement.

Objectives

On completion of this tutorial, you will be able to:

- describe the secondary market for loans and how it has evolved
- explain how loan transactions are executed and settled

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Program Content

Lesson(s):

Loan Trading

Topics:

- Market Overview
- Loan Trading & Settlement

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Syndicated Lending

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Mergers & Acquisitions (M&A)

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Description

This tutorial provides a broad overview of mergers and acquisitions (M&A). It describes the potential motives for engaging in a merger such as synergies, revenue enhancement and tax benefits. The defensive tactics available to firms subject to a hostile takeover bid and the different stages and participants in the merger process are described in detail. Finally, the history and development of the M&A market and relevant market codes and regulation are also discussed.

Objectives

On completion of this tutorial, you will be able to:

- outline the key types of mergers and acquisitions
- explain the motives behind these transactions and the defensive tactics adopted by targets
- describe the key steps in the merger process

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Program Content

Lesson(s):

Mergers & Acquisitions (M&A)

Topics:

- Overview of Mergers & Acquisitions
- Motives for Mergers & Acquisitions
- The Merger Process

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Target Audience

New or recent recruits to banking and financial organizations
Finance and accounting staff
Financial analysts/managers
Operations and support staff
Regulation and compliance

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Prerequisites

Corporate Finance - An Introduction

Estimated Completion Time

75 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Intuition Know-How

Money Markets – Interest Rates

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Description

You will almost certainly know quite a bit about interest rates already from your experience with everyday financial matters. An interest rate is the price at which money is lent or borrowed for a stated period. It represents the return or cost associated with the use of money for the specified period. In the money markets, interest rates are usually expressed as a percentage per annum that is charged or received for the use of funds.

This tutorial will look at interest rates in more detail, examining the different types of rates in the market, the effect of maturity and the interaction of interest rates with the economy as a whole.

Objectives

On completion of this tutorial, you will be able to:

- state how an interest rate is defined and explain why different rates are charged to different borrowers
- explain the basic term structure of interest rates
- analyze the relationship between interest rates and the economy

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Program Content

Lesson(s):

Money Markets – Interest Rates

Topics:

- Interest Rate Basics
- Interest Rates & the Yield Curve
- Interest Rates & the Economy

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Money Markets - An Introduction

Estimated Completion Time

50 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Money Markets – Repurchase (Repo) Agreements

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Description

A repo is a bilateral contract to sell and buy back securities. It has many uses in the market and is becoming increasingly popular among market professionals and their customers. We will look at the most common structures used in this market and how they are constructed.

We will also look at the calculations used for the proceeds of the deals, consider why the market for repos has increased so much in popularity, and how the market has sought to clarify the detail on these deals by the adoption of standard market documentation.

Objectives

On completion of this tutorial, you will be able to:

- Define a repurchase agreement, its uses, and advantages
- Describe the development of the repo market
- Characterize the key features of repurchase agreements
- Classify types of repurchase agreement
- Calculate repurchase agreements
- Document repurchase agreements

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Program Content

Lesson(s):

Money Markets – Repurchase (Repo) Agreements

Topics:

- Repurchase Agreements
- Development of the Repurchase Market
- Calculating Repurchase Agreements
- Features of Repurchase Agreements
- Types of Repurchase Agreement
- Executing Repurchase Agreements
- Documenting Repos

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Bonds - An Introduction
Money Markets - An Introduction
Interest Calculations

Estimated Completion Time

90 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Money Markets Calculations – Short-term Instruments

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Description

Money market instruments are a very important subset of the capital markets. They offer short-term investors liquidity and (usually) high credit quality, but at a lower yield than is available in the bank deposit market. There are interest bearing and discount instruments to suit varied requirements, but structural conventions in the market make straight comparisons difficult.

It is important to have a grasp of the structuring and pricing conventions in the money market in order to evaluate investment alternatives correctly. In addition, these markets are the foundation for more complex capital markets instruments and the construction of some yield curves. In the market, it is necessary to be comfortable relating one instrument to another in order to arrive at the best investment alternative. Therefore, a solid understanding of this tutorial is essential.

Objectives

On completion of this tutorial, you will be able to:

- interest bearing money market instruments such as standard deposits, certificates of deposit, and repurchase agreements
- discount instruments such as discount notes, commercial paper, and treasury bills

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Program Content

Lesson(s):

Money Markets – Short-Term Instruments

Topics:

- Interest Bearing Money Market Instrument
- Discounted Money Market Instruments

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Interest Calculations
Time Value of Money
NPV & IRR

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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NPV & IRR

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Description

When investing, borrowing, or making other economic decisions, it is important to be able to compare alternative opportunities using an objective yardstick, regardless of the pattern of the cash flows that result from each opportunity.

The purpose of this tutorial is to provide a framework for analyzing alternative investments. Using the fundamental concepts of present value and discounting, it is possible to evaluate most kinds of financial assets and liabilities in the common framework of net present value, or NPV.

While NPV is not the only relevant evaluation measure, it is usually the starting point in measuring different alternative investments, and the one to which most other measures of investment value relate.

Objectives

On completion of this tutorial you should be able to:

- Determine the best set of cash flows from different investment alternatives by calculating the net present value (NPV) of the investment opportunities
- Calculate the internal rate of return (IRR) on an investment and use this in conjunction with NPV to decide between investment alternatives
- Explain how reinvestment assumptions affect a decision based on IRR
- Understand the concepts of the payback period and the discounted payback period as alternatives to NPV and IRR

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Program Content

Lesson(s):

NPV & IRR

Topics:

- Net Present Value (NPV)
- Internal Rate of Return (IRR)
- NPV & IRR as Decision Rules
- Payback Period

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Time Value of Money

Estimated Completion Time

60 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Operational Risk – Management & Regulation

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Description

Operational risk is not new – it has existed ever since the first bank opened its doors for business. What is relatively new, however, is how modern-day financial institutions manage this category of risk. In the past, banks managed OpRisk almost exclusively through internal control mechanisms, supplemented by the internal audit function. While these remain very important, OpRisk management has evolved into a discipline in its own right with specialized personnel, policies, procedures, reporting, measurement techniques, and related technology.

This tutorial looks in detail at this more holistic approach to managing this key category of risk. It also describes the Basel requirements for measuring and managing OpRisk, which will impact on how individual institutions organize their own risk frameworks.

Objectives

On completion of this tutorial, you will be able to:

- outline, for a typical institution, how operational risk management is organized
- describe the operational risk regulatory context in which banks operate

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Program Content

Lesson(s):

Operational Risk – Management & Regulation

Topics:

- Measuring Operational Risk
- Operational Risk & Regulation

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Target Audience

Senior managers
New recruits to banking and financial organizations
All risk management personnel
Treasury department staff
Operations and support staff
Finance and accounting staff
IT staff
Compliance and regulatory staff

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Prerequisites

Operational Risk – Identification & Measurement

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Options – Introduction to Option Valuation

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Description

Option valuation can be (ultimately) a very complex process - considerations include the option pricing factors, the way in which an option pays out, the market processes of underlying assets, and the relationships between multiple assets. It is at this point that the subject enters the esoteric realms of advanced mathematics. However, before embarking on any complex valuation, there are a number of fundamental foundations.

This tutorial examines these matters and also outlines the way in which prices can be 'enforced' by arbitrage possibilities. This absence of 'free lunches' is fundamental to most financial markets pricing, but in particular options.

Objectives

The main topics covered are:

- Explain when an option is 'in' or 'out' of the money
- Show how an option price is broken into two components: intrinsic value and time value
- Describe the major influences on option values
- Outline the upper and lower boundaries of option prices and explain the factors affecting the exercise decision
- Describe the 'put-call' parity relationship

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Program Content

Lesson(s):

Options – Introduction to Option Valuation

Topics:

- Option Moneyness
- Components of Option Value
- Factors Affecting Option Value
- Option Price Limits & Exercise Decisions
- Put-Call Parity & No-Arbitrage

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Options – An Introduction

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Options – Beyond Black-Scholes

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Description

The Black-Scholes approach to option pricing, while a massive advance on what little had been seen before, contains serious shortcomings. For example, the market assumptions are somewhat unrealistic, and the pricing formulas can only value a limited number of instruments.

This tutorial examines alternative numerical methods which allow option practitioners to value a wider range of instruments, and can also incorporate different price evolution assumptions

Objectives

On completion of this tutorial, you will be able to:

- Describe how the binomial pricing model generates an option price through discrete changes in a future asset price, and how this procedure can be used to calculate American option prices
- Explain how numerical procedures have evolved beyond the binomial pricing model
- Describe how Monte Carlo simulations can be used to calculate values for options which are outside the scope of simple Black-Scholes or lattice models

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Program Content

Lesson(s):

Options – Beyond Black-Scholes

Topics:

- Binomial Option Pricing
- Extensions to Basic Numerical Methods
- Monte Carlo Simulation

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Options – Replication, Risk-Neutrality, & Black-Scholes

Estimated Completion Time

90 minutes

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Program Level Advanced

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Options – Replication, Risk-Neutrality, & Black-Scholes

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Description

Although options in financial markets have a long history, it is only recently that option pricing has been seen as having a sound theoretical basis. This tutorial introduces the Black-Scholes pricing model for options, one of the most famous in modern finance. It examines the foundations of the approach, particularly the key issues of replication and risk-neutrality, and gives examples of both the basic pricing formula and the simple extensions that followed soon after. It also highlights some potential shortcomings with the approach.

Objectives

Completion of this supplementary tutorial will enable you to:

- Explain the concepts of the riskless portfolio and risk-neutrality
- Price simple European options using the basic Black-Scholes 'family' of option pricing models
- List the shortcomings of the Black-Scholes approach

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Program Content

Lesson(s):

Options – Replication, Risk-Neutrality, & Black-Scholes

Topics:

- The Riskless Portfolio
- The Black-Scholes Approach to Option Pricing
- Beyond Black-Scholes

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Options – Introduction to Option Valuation
Options – Future Asset Prices & Volatility

Estimated Completion Time

75 minutes

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Program Level Advanced

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Project Finance – An Introduction

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Description

Project finance is a financing method used to fund capital-intensive projects, especially those involving power generation, public infrastructure, and extractive industries. It differs from corporate finance deals in that the project is separated from its sponsors who set up a bankruptcy-remote special purpose vehicle (SPV) to hold the project assets.

This tutorial provides a broad overview of the project finance market, showing a typical project finance deal and the main players involved. The costs, benefits, and risks associated with project finance are also described.

Objectives

On completion of this tutorial, you will be able to:

- explain what project finance is and its role in funding large scale projects
- outline the key players in a project finance deal
- describe the costs and benefits of project finance for sponsors

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Program Content

Lesson(s):

Project Finance – An Introduction

Topics:

- Overview of Project Finance
- Project Finance Participants & Structures
- Project Risk

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Lending – An Introduction

Estimated Completion Time

75 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Project Finance – Deal Structuring

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Description

Project finance deals are complex transactions involving a large number of participants. Most project finance is raised through a group of bank lenders, known as a syndicate, who pool their resources to extend credit to the project SPV. This structure enables lenders to share the considerable risk of project finance, which is non-recourse in nature. Some finance deals may also involve a bond issue, which is typically placed and underwritten by a strong, reputable bank with a global outreach. Project sponsors will also contribute funds to a project finance deal in the form of equity or subordinated debt/mezzanine finance.

This tutorial looks at how loans are raised for project finance deals, and outlines the costs and benefits of this approach for borrowers. Other sources of project finance are also described.

Objectives

On completion of this tutorial, you will be able to:

- outline the key stages in a project finance deal
- describe the different forms of project debt

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Program Content

Lesson(s):

Project Finance – Deal Structuring

Topics:

- Stages in a Project Finance Deal
- Types of Project Debt

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Project Finance – An Introduction

Estimated Completion Time

90 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Risk & Credit Structure

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Description

All extensions of credit are based upon an understanding that cash will exist to repay the obligation. But, cash can come from two sources – cash flow from operations or the liquidation of an asset. When lenders believe that the risk of repayment from cash flow is too high relative to the anticipated return, the assignment of collateral can often be used to make the risk/reward equation acceptable. And, there are many cases where credit can be extended solely on the value of the collateral. But just as the lender against cash flow must understand all of the factors than impact future cash flow, the lender against an asset must fully understand the factors that will affect the value and marketability of that asset.

This tutorial describes how loans can be structured with terms and conditions, covenants, and collateral in order to reduce the risk of default. It also looks at the role of collateral in the subprime lending crisis.

Objectives

On completion of this tutorial you will be able to describe the structures and uses of:

- explain how the risk of default on a loan can be mitigated by proper loan structuring
- describe how a commercial loan can be structured in order to create a low risk obligation from a high risk obligor

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Program Content

Lesson(s):

Risk & Credit Structure

Topics:

- Risk & Credit Structure
- Commercial Finance

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Credit Analysis – An Introduction

Estimated Completion Time

60 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Risk Management – An Introduction

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Description

Banks are in business in order to generate returns for their stakeholders. To achieve this, they must take risks and embed them in the products and services they provide. Risk management has become ever more important as the complexity of banking has increased and regulators attempt to more closely match capital with risk profiles. From a regulator's point of view, the most desirable aspect of banking is survivability rather than profitability – and the key to survivability is risk management.

This tutorial looks at the links between risk, return, and survival, in addition to outlining the main types of risk that banks face and the key elements of an effective framework for the management of these risks.

Objectives

On completion of this tutorial, you will be able to:

- explain how a bank is a 'risk factory' and how regulators are concerned about survival in the face of these risks
- describe the fundamentals of the risk management process in a bank
- outline the major categories of risk that banks must address

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Program Content

Lesson(s):

Risk Management – An Introduction

Topics:

- Risk, Return, and Survival
- Risk Management Framework
- Risk Types

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Financial Markets – An Introduction

Estimated Completion Time

75 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Risk Management for Senior Executives

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Description

This tutorial is designed to identify the most important aspects of bank risk management processes and show how senior executives are central both to the construction of an appropriate framework and to the leadership that generates a risk management culture.

Note that the tutorial is emphatically not a detailed description of individual risk management issues – as a senior executive, you may be comfortable with most of these issues already (if not, the detailed information is located in separate, specific tutorials). The approach in this tutorial is to provide an overview of where the key risks arise and the core management issues contained in these risks.

Objectives

On completion of this tutorial, you will be able to explain:

- how risks arise in banking; certain risks are specific to financial institutions, while others are generated by any large organization
- why it is not clear that quantitative techniques alone give sufficient guidance to senior executives when assessing the extent of various risks
- what the key roles and responsibilities of senior executives are in ensuring that an institution conducts its business in accordance with the appropriate risk tolerance parameters
- how the viewpoint of regulators often contrasts with that of banks, and places an increasing burden on banks' risk management teams

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Program Content

Lesson(s):

Risk Management for Senior Executives

Topics:

- What is Risk Management?
- Where Does the Risk Come From? (Identify)
- How Much Risk is There? (Measure)
- How is Risk Navigated? (Manage)
- Why are Banks Regulated?

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Target Audience

Senior executives in the banking industry

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Prerequisites

Not applicable

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Risk – Measurement & Management

Description	**Program Content**
Banks in recent years had been feeling increasingly sanguine about their ability to deal with risk. However, the events between 2007 and 2009 eradicated any complacency in the area. The complexities and subtleties of financial risk generated some unpleasant surprises, despite the extensive advances in the quantitative and qualitative work performed in the area. This tutorial examines the foundations of both risk measurement and management, and analyses the increasing need for banks to pay attention to the regulatory context. **Objectives** On completion of this tutorial, you will be able to: • explain how risk measurements are used in and across different business areas and outline the major difficulties faced in measuring risk • describe the organizational challenges facing a bank as it deals with risk management and measurement issues and outline the key processes of risk management • explain how regulatory risk management affects the process for an individual bank	**Lesson(s):** Risk – Measurement & Management Topics: • Risk Management • Managing Risk • Regulatory Context
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Risk Management – An Introduction **Estimated Completion Time** 75 minutes
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Securitization – An Introduction

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Description

The process of securitization collects together financial assets, such as mortgages, into a single pool. The returns generated by a collection of such assets are more predictable than returns on individual assets. Securities backed by the pool can then be issued to investors and the returns on such securities are linked to the returns on the assets.

This tutorial examines in detail the main elements of the securitization process, providing information on a variety of topics including the main players involved in the process, the construction of the securities, and the motivations for a securitization.

Objectives

The main topics covered are

- define 'securitization' and explain how the process evolved
- describe the process of securitization and the roles of the different players involved
- explain how the resultant securities are constructed
- explain the motivations involved in the securitization of a pool of assets

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Program Content

Lesson(s):

Securitization – An Introduction

Topics:

- Fundamentals of Securitization
- The Securitization Process & Participants
- Constructing the Securities
- Benefits of Securitization

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Bonds - An Introduction

Estimated Completion Time

90 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Securitization – Asset-backed Securities (ABS)

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Description

Although the residential mortgage-backed securities (RMBS) market accounts for the majority of securitized transactions, the basic securitization technique is asset-independent. This tutorial looks at how securitization has evolved to face the challenges presented by different asset classes. In addition to descriptions of some of the major classes outside of RMBS, the tutorial also examines how the markets for the associated securities operate and how valuation techniques have been developed to cope with the idiosyncrasies associated with securitization.

Objectives

At the end of this tutorial you we be able to describe:

- Explain how the securitization technique has extended beyond its roots in the US residential mortgage market
- Describe the various asset-independent structures of securitization
- Identify the key factors in a securitization that are examined by investors, rating agencies, or other analysts
- Explain how measurements of value have evolved beyond simple fixed interest paradigms

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Program Content

Lesson(s):

Securitization - Asset-backed Securities (ABS)

Topics:

- Overview of the ABS Market
- Asset Independent Structures
- Key Factors
- Pricing & Performance

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Securitization – An Introduction
Securitization – Mortgage-Backed Securities (MBS)

Estimated Completion Time

120 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Securitization – CDOs – An Introduction

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Description

A collateralized debt obligation (CDO) is a security backed by a pool of loans, bonds or other securities. A CDO deal is broken into multiple tranches, each with separate maturity and credit risk, appealing to different classes of investors. Various forms of credit enhancement are used and CDO tranches are rated by the main credit rating agencies. CDOs represented the fastest growing segment of the securitization market in the years leading up to the global financial crisis of 2007/9.

This tutorial explains how CDOs are issued and structured, and outlines the common issuer and investor motivations for entering CDO deals.

Objectives

On completion of this tutorial you will be able to describe the structures and uses of:

- identify the main features of collateralized debt obligations
- differentiate between the variants of collateralized debt obligations
- explain issuer and investor motivations in relation to collateralized debt obligations

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Program Content

Lesson(s):

Securitization – CDOs – An Introduction

Topics:

- Basics of Collateralized Debt Obligations
- CDO Structures
- Issuer & Investor Motivations

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Securitization – An Introduction

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Securitization – Commercial Mortgage-Backed Securities

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Description

Mortgage-backed securities can be classified as residential or commercial mortgage-backed securities (CMBS). This tutorial focuses on the CMBS market, which is more varied and complex than its residential mortgage-backed equivalent. The CMBS market grew tremendously in the years leading up to the global financial crisis, as investor appetite for real estate products increased and interest rates remained relatively low. CMBS products were pivotal in distributing risk across a wide variety of investors.

This tutorial will cover the mechanics and structures of CMBSs, the analysis of CMBS collateral, and the rating of CMBSs. As with the RMBS market, the CMBS market in the US developed much earlier, and has traditionally been the innovator of new products. In this tutorial, descriptions refer to the US CMBS market, unless otherwise stated.

Objectives

On completion of this tutorial you will be able to describe the structures and uses of:

- outline the structure of commercial mortgage-backed securities and describe the dynamics of the commercial mortgage-backed securities market
- analyze the collateral characteristics of a commercial mortgage-backed security (CMBS)
- outline the rating process for CMBS transactions

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Program Content

Lesson(s):

Securitization – Commercial Mortgage-Backed Securities

Topics:

- Mechanics & Structure of CMBS Transactions
- Analyzing CMBS Collateral
- CMBS Ratings

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Securitization – Mortgage-Backed Securities
Securitization – European Mortgage-Backed Securities

Estimated Completion Time

75 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Securitization – Mortgage Backed Securities (MBS)

Description This tutorial focuses on mortgage-backed securities, both in the United States and elsewhere on the globe. It examines the scale of the markets and the key characteristics as regards the underlying collateral and the construction of the subsequent securities. In particular, it highlights the areas of prepayment risk and the sequential repayment of different classes of mortgage-backed securities. **Objectives** The main topics covered are • identify the major features of mortgage-backed security markets in the United States and across the globe • explain the characteristics of mortgage collateral pools • describe how subsequent securities are differentially structured in order to balance investor appetite with collateral risk	**Program Content** **Lesson(s):** Securitization – Mortgage Backed Securities (MBS) Topics: • The Growth of The MBS Market • The Collateral Pool • Security Types
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Securitization – An Introduction **Estimated Completion Time** 90 minutes
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Singapore Equity Market

Description	Program Content
Singapore is one of the key financial centers in Asia, being recognized in particular as the leading global foreign exchange trading hub outside London, New York, and Tokyo. It is also a major wealth management center in the Asia-Pacific region. Leading financial institutions and other market participants regard Singapore as a springboard to capture regional opportunities. Located at the heart of Southeast Asia, it is strategically well placed to serve the fast-growing markets of the Asia-Pacific region. This tutorial provides a detailed introduction to the various aspects of equity securities traded in Singapore, including the history and development of the market, the different securities traded, leading stock indexes, listing requirements and procedures, and trading operations. **Objectives** On completion of this tutorial, you will be able to: • list the stock exchanges, market regulators, stock indexes, and types of security in the Singapore market • describe the listing, trading, and settlement procedures for equities in Singapore	**Lesson(s):** Singapore Equity Market Topics: • Market Overview • Listing, Trading & Settlement Procedures
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Equities – An Introduction Equities – Issuing **Estimated Completion Time** 60 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Structured Trade Finance

Description The nature and complexity of international trade has changed dramatically over the past generation or so. Emerging markets now play the most dynamic role in international trade and are the focus of global supply chain development. As large-scale projects and global supply chains reach deeper into emerging markets, the risk of nonperformance and nonpayment increases. These prevailing trends in international trade have created the need for financing solutions that are more robust and can mitigate most of the risks associated with complex trade initiatives involving riskier emerging markets. Structured trade finance has emerged to support these initiatives by addressing risks related to the performance or completion of a transaction, rather than more traditional reliance on the financial soundness of the parties to a transaction. This tutorial describes the concept of structured trade finance in detail and how it differs from traditional trade finance. You will also learn about the different types of structured trade finance solutions and the role of the different lending institutions involved. **Objectives** On completion of this tutorial, you will be able to: • explain the concept of structured trade finance and how it differs from traditional trade finance • describe the different solutions offered by structured trade finance providers • outline the role of development banks and export credit agencies (ECAs) in structured trade finance	**Program Content** **Lesson(s):** Structured Trade Finance Topics: • Overview of Structured Trade Finance • Structured Trade Finance Solutions • Role of Development Banks & ECAs in Structured Trade Finance
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Other financial market professionals who need to better understand the fundamentals of international trade finance	**Prerequisites** Export Finance **Estimated Completion Time** 60 mins
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

S**waps – Asset Swaps – An Introduction**

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Description

Asset swap is a generic term for the repackaging of an interest-bearing security using one or more interest rate swaps. The asset swap adds value for investors because it allows the repackaging of bonds issued under different market conditions, giving them par prices and floating rate coupons more or less at the current market rate. The result is a synthetic security that presents the characteristics uniquely sought by the investor.

In this tutorial, we will explain the structure of asset swaps and outline some of their uses and applications.

Objectives

On completion of this tutorial, you will be able to:

- Define an asset swap
- Differentiate between the different types of asset swap
- Outline the different uses of asset swaps

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Program Content

Lesson(s):

Swaps – Asset Swaps – An Introduction

Topics:

- Asset Swap Basics
- Uses & Applications of Asset Swaps

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Estimated Completion Time

50 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Swaps – Constant Maturity Swaps

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Description

Constant maturity swaps (CMS), a variation of interest rate swaps, are relatively new in the derivatives market. The basic CMS structure offers the exchange of two floating rate coupon streams, one based on a par swap rate or government bond yield and the other based on a short-term rate (such as Libor). These instruments are an ideal product for investors looking to take a view on the shape of the implied forward curve.

In this tutorial, we describe the structure of constant maturity swaps and explain how these instruments are priced. Concepts related to their pricing, such as sensitivities and convexity adjustments, are also included.

Objectives

On completion of this tutorial, you will be able to:

- Identify opportunities to use constant maturity swaps profitably
- Target market conditions that make constant maturity swaps an ideal client product
- Identify the important sources of mark-to-market sensitivity for constant maturity swaps
- Apply convexity adjustments while pricing constant maturity swaps

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Program Content

Lesson(s):

Swaps – Constant Maturity Swaps

Topics:

- Structure of a Constant Maturity Swap
- Pricing a Constant Maturity Swap
- Price Sensitivities
- Convexity Adjustment

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Swaps – An Introduction
Swaps – Pricing & Valuation (Part I)
Swaps – Pricing & Valuation (Part II)

Estimated Completion Time

120 minutes

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Program Level Advanced

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Swaps – Currency Swaps

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Description

Currency swaps were first used in the 1970s. Along with interest rate, equity and commodity swaps, these instruments have changed the face of finance. At the surface level, they have allowed risks to be managed and capital markets accessed in ways that were unimaginable before. At a deeper level, they facilitate the understanding and measurement of risks across enterprises so that those enterprises can operate more effectively.

In this tutorial, we will describe the different types of currency swaps and explain how they are priced.

Objectives

On completion of this tutorial you will be able to describe the structures and uses of:

- Describe the basic features and characteristics of currency swaps
- Price different types of currency swaps

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Program Content

Lesson(s):

Swaps – Currency Swaps

Topics:

- Introduction to Currency Swaps
- Types & Pricing of Currency Swaps

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Swaps – Differential Swaps

Description	Program Content
A differential swap – also known as diff swap, index differential swap, cross currency interest rate swap or quanto swap – is a variation of an interest rate swap, distinguished by the fact that at least one (and possibly both) of the payment rates refers to a currency different from that of the notional principal. By using a differential swap, a counterparty can exploit the interest rate differential between two currencies without directly incurring any exchange rate risk. This tutorial looks at differential swaps in detail, examining their features and characteristics and showing how to price these structures **Objectives** On completion of this tutorial you will be able to describe the structures and uses of: • Describe the features and characteristics of differential swaps • Outline the main considerations in the pricing of differential swaps	**Lesson(s):** Swaps – Differential Swaps Topics: • Basics of Differential Swaps • Pricing Differential Swaps
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Swaps - Pricing & Valuation (Part I) Swaps - Pricing & Valuation (Part II) **Estimated Completion Time** 60 minutes
	Program Level Intermediate **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Swaps – In-Arrears Swaps

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Description

An in-arrears swap is a variation of a traditional interest rate swap. The difference between the two relates to the floating rate payment. With a traditional swap, floating rate payments are based on the level of the reference index at the start of the interest period. With an in-arrears swap, floating rate payments are based on the level of the reference index rate at the end of the interest period.

In-arrears swaps are used to speculate on changes in the shape of the yield curve and are particularly well suited to steep yield curve environments.

This tutorial looks at how in-arrears swaps are structured and describes in detail how they are priced. Other topics, such as price sensitivities and hedging, are also covered.

Objectives

On completion of this tutorial, you will be able to:

- Structure an in-arrears swap
- Price an in-arrears swap
- Identify the three sources of mark-to-market sensitivity for in-arrears swaps
- Explain hedging of an in-arrears swap
- Calculate the convexity adjustment required for in-arrears swaps
- Target market conditions that make in-arrears swaps an ideal client product

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Program Content

Lesson(s):

Swaps – In Arrears Swaps

Topics:

- Structure of an In-Arrears Swap
- Pricing an In-Arrears Swap
- Pricing Sensitivity
- Hedging an In-Arrears Swap
- Understanding Convexity Adjustments
- Favorable Market Conditions

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Swaps – An Introduction
Swaps – Pricing & Valuation (Part I)
Swaps – Pricing & Valuation (Part II)

Estimated Completion Time

180 minutes

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Program Level Advanced

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Swaps – Forward, Amortizing, & Zero Coupon Swaps

Description	Program Content
Forward, amortizing and zero-coupon swaps are variations of the traditional interest rate swap structure that are often used in combination with one another. Forward swaps are used to take a view on forward interest rates, amortizing swaps are used to match the underlying principal to an amortizing loan, while zero-coupon swaps are useful if the floating rate receiver has a short-term cash flow deficit. In this tutorial, you will learn about how each of these swap types is used, structured and priced. **Objectives** On completion of this tutorial, you will be able to: • Identify opportunities to use the swaps profitably with clients • Target market conditions that make the swaps ideal client products • Identify pricing requirements • Price the swaps based on market conditions • Identify all sources of mark-to-market sensitivities	**Lesson(s):** Swaps – Forward, Amortizing & Zero Coupon Swaps Topics: • Forward Swaps • Amortizing Swaps • Zero-Coupon Swaps
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Swaps - Pricing & Valuation (Part I) Swaps - Pricing & Valuation (Part II) **Estimated Completion Time** 180 minutes
	Program Level Advanced **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Swaps – Overnight Indexed Swaps

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Description

An overnight indexed swap (OIS) is a special type of fixed-to-floating interest rate swap. The floating rate is linked to a published overnight interbank call money index. The term of an OIS typically ranges from two days to two years, but can extend beyond this if required. Overnight indexed swaps are used primarily to manage the interest rate risk on overnight rates. They are also use to speculate on movements in these rates. The importance of these swaps is derived from their impact on activity at the shortest end of the yield curve – the overnight (O/N) rate. This allows market participants to manage overnight interest rate risk, promoting better leverage and liquidity, mitigating credit risk and lowering transaction costs and capital charges.

This tutorial looks at overnight indexed swaps in detail, examining their features, markets, and characteristics, and showing how to price these structures

Objectives

On completion of this tutorial you will be able to describe the structures and uses of:

- Define an overnight indexed swap and outline its main features
- Calculate the cash flow on an overnight indexed swap

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Program Content

Lesson(s):

Swaps – Overnight Indexed Swaps

Topics:

- Basics of Overnight Indexed Swaps
- Pricing an Overnight Indexed Swap

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Finance and accounting staff
Dealers and traders

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Prerequisites

Swaps – An Introduction
Swaps – Pricing & Valuation (Part I)
Swaps – Pricing & Valuation (Part II)

Estimated Completion Time

60 minutes

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Program Level Intermediate

Advanced Preparation Intermediate

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Syndicated Lending

Description	**Program Content**
The syndicated loan market in its current form was originally developed in the US in the 1980s as a means of financing leveraged buyouts (LBOs). Since then, the global syndicated lending market has since grown significantly, rising to USD 4.5 trillion in 2007. For lenders, syndicating a loan agreement splits the lending risk among a number of participants. It also allows for a diversification of the lending portfolio from both a geographical and sectoral point of view. For borrowers, syndicated loans are an efficient way to raise larger amounts of capital and extend their banking relationships. This tutorial looks at the fundamentals of syndicated lending, including the syndication process, players involved, fees, and the history of the syndicated lending market. **Objectives** On completion of this tutorial, you will be able to: • understand the basic principles of syndicated lending • outline the syndication process and the players involved • describe the secondary market for syndicated loans	**Lesson(s):** Syndicated Lending **Topics:** • Overview of Syndicated Lending • The Syndicated Lending Process • The Secondary Market for Syndicated Loans
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Lending – An Introduction **Estimated Completion Time** 75 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

The Lending Cycle

Description	**Program Content**
The lending cycle refers to the period from the time a loan is first negotiated to when it is fully paid off. The lending cycle could be as short as one month or as long as 40 years. The tutorial takes a detailed look at the various stages of the lending cycle. It covers topics such as loan origination, negotiation and structuring, documentation, disbursement/drawdown, administration, and review. The focus is primarily on commercial/corporate lending, but retail and real estate loan examples are also provided where appropriate. **Objectives** On completion of this tutorial you will be able to describe: • describe the various stages in the lifecycle of a typical loan	**Lesson(s):** The Lending Cycle Topics: • Stages of the Lending Cycle
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Lending – An Introduction **Estimated Completion Time** 60 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Time Value of Money

Description	Program Content
In financial markets, there are many examples of cash flows that occur at some point in the future but which need to be evaluated today. A cash flow in the future has a value today called the present value. Similarly, a cash flow today has a value in the future known as the future value. Present value and future value are determined by the interest rate and the time period elapsed. They are crucial concepts in finance. For example, the price of a bond is the sum of the present value of all the cash flows expected to be generated by the bond in the future, the mark-to-market value of an interest swap is the sum of the present values of all the cash inflows and outflows from the swap in the future, and the value of an option is the present value of the expected payoff of the option at the exercise date. This tutorial describes the concepts of present value and future value, and the relationship between them. It is essential for understanding the way in which securities and derivatives are priced, and how decisions are made in financial markets. **Objectives** On completion of this tutorial you should be able to: • Calculate the future value of an investment for a given present value and a given interest rate • Recognize the relationship between the present value, future value, and discount factor • Calculate the value of a perpetuity and an annuity • Use the present value and future value formulas to solve for an unknown rate or number of periods, and distinguish between nominal and real interest rates	**Lesson(s):** Time Value of Money Topics: • Future Value • Present Value • Perpetuities & Annuities • Present Value & Future Value – Other Considerations
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Interest Calculations **Estimated Completion Time** 60 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Trade Finance – An Introduction

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Description

Many of the products we buy and consume on a daily basis are traded internationally. In some cases, these items will have been transported half-way across the world before arriving in our shopping baskets. However, cross-border transactions present a number of potential difficulties for the parties – importers (buyers) and exporters (sellers) – involved. In addition to dealing with the practical problems arising from the movement of, and payment for, goods from one country to another, importers and exporters are simultaneously subject to numerous risks related to differing legislation, customs, and practices in these countries.

This tutorial provides an overview of international trade finance, including the main risks associated with cross-border trade, the various payment methods used by importers/exporters, the key commercial documents, and the role of banks in international trade.

Objectives

On completion of this tutorial you will be able to:

- outline the main risks associated with international trade
- describe the main methods of payment used to settle cross-border trades
- list and describe the main commercial documents used in international trade
- explain the role of banks in both facilitating payments and providing funding for international trade

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Program Content

Lesson(s):

Trade Finance– An Introduction

Topics:

- Risks of International Trade
- Methods of Payment
- Key Commercial Documents
- Role of Banks in Trade Finance

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Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Other financial market professionals who need to better understand the fundamentals of international trade finance

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Prerequisites

Financial Markets – An Introduction

Estimated Completion Time

75 minutes

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Program Level Introductory

Advanced Preparation None required

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

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Trade Finance Security

Description

International trade transactions can give rise to significant risks and complexities, including nonpayment risk and cash flow uncertainties. In large-scale projects, these risks are often increased. This makes it necessary to consider instruments that can better secure transactions.

Trade finance security is the collective term for risk mitigation instruments which are particularly suited to large-scale international projects. This tutorial focuses on bank guarantees or bonds, standby letters of credit, and demand guarantees, which are the most common risk mitigation tools in this area. These instruments can help to reduce cash flow uncertainty, nonpayment risk, and nonperformance risk.

Objectives

On completion of this tutorial you will be able to:

- describe the differences between various guarantees/bonds that are offered by banks for international trade transactions
- outline the purpose of standby letters of credit and demand guarantees
- explain the role of export credit agencies (ECAs) in the provision of security for trade finance transactions

Program Content

Lesson(s):

Trade Finance Security

Topics:

- Bank Guarantees/Bonds
- Demand Guarantees & Standby Letters of Credit
- Role of Export Credit Agencies in Trade Finance Security

Target Audience

New or recent recruits to banking and financial organizations
Operations and support staff
Other financial market professionals who need to better understand the fundamentals of international trade finance

Prerequisites
Export Finance

Estimated Completion Time 60 mins

Program Level Intermediate

Advanced Preparation None

Delivery Method Self-study

Field of Study Specialized Knowledge and Applications

Trade Processing – Foreign Exchange

Description	Program Content
A foreign exchange (FX) transaction represents the sale of one currency against the purchase of another. The FX market is the largest and most liquid sector of the global financial markets and is the primary mechanism for making cross-border payments, transferring funds, and determining exchange rates between different currencies. This tutorial focuses on the processing of FX trades and examines the key aspects of the trade lifecycle from trade execution right through to ongoing position and trade management tasks. **Objectives** On completion of this tutorial, you will be able to: • describe the different ways in which FX trades can be executed in the market • recognize the requirement for FX trades to be enriched and validated prior to settlement • explain the methods by which trade agreement can be reached between FX trading parties • describe how an FX trade is settled on the value date and the implications of settlement failure • recognize the need for ongoing position and trade management in relation to FX trading	**Lesson(s):** Trade Processing – Foreign Exchange Topics: • Trade Execution & Capture • Trade Enrichment & Validation • Trade Agreement & Reporting • Trade Settlement • Ongoing Position & Trade Management
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Prior to studying this tutorial, you should have a fundamental understanding of trade processing as outlined in the tutorial on Trade Processing – An Introduction. You should also be familiar with FX markets and instruments as described in the course on Equities. **Estimated Completion Time** 75 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

Understanding Financial Reports

Description	**Program Content**
Those without a financial background commonly misunderstand the reality of financial reports and tend to assume that they are statements of unquestionable fact. In practice, financial reports are very often subjective in nature in that they allow latitude to those who prepare them. Different accounting treatments allow companies to 'window dress' their financial performance, thereby portraying a healthier picture of their financial position and performance. The focus of this tutorial is to examine the primary financial statements in context with other sources of information and beyond the pure mechanics of their creation. Only with a rounded view of the spectrum of available information can an interested party make an informed view on a company. **Objectives** On completion of this tutorial, you will be able to: • Identify some fundamental considerations underpinning the use of financial statements • Recognize the significance of the notes to financial statements and other supplementary information • Understand the value of analyst and industry reports	**Lesson(s):** Understanding Financial Reports Topics: • Interpreting the Basic Financial Statements • Notes & Supplementary Information • Analyst Reports
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Accounting – An Introduction Analysis of the Balance Sheet Analysis of the Income Statement Analysis of the Cash Flow Statement **Estimated Completion Time** 60 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications

US Equity Market

Description	Program Content
The fortunes of the US stock market are felt worldwide, with the market inextricably linked to global equity market performance and significantly influencing the overall global economy. It is by far the most important market of its kind, containing not only the largest stock market in the world (the New York Stock Exchange) but also the world-famous NASDAQ, an electronic stock market that lists more companies and, on average, trades more shares per day than even the NYSE. This tutorial examines not only the NYSE and the NASDAQ, but the US equity market as a whole. **Objectives** On completion of this tutorial, you will be able to: • List the stock exchanges, market regulators, stock indexes, and types of security in the US market • Describe the listing, trading, and settlement procedures for equities in the US	**Lesson(s):** US Equity Market Topic: • Market Overview • Listing, Trading, & Settlement Procedures
Target Audience New or recent recruits to banking and financial organizations Operations and support staff Finance and accounting staff Dealers and traders	**Prerequisites** Equities – An Introduction Equities – Issuing **Estimated Completion Time** 90 minutes
	Program Level Introductory **Advanced Preparation** None required **Delivery Method** Self-study **Field of Study** Specialized Knowledge and Applications