



TRAINING FINANCE

FINANCIAL MARKET PRODUCTS
FINANCIAL MARKET TECHNIQUES
ASSET MANAGEMENT - PRIVATE BANKING
OPERATIONS
ALM - RISK MANAGEMENT
CORPORATE FINANCE
REAL ESTATE
SALES & MANAGEMENT
(www.first-finance.com)

FIRST FINANCE
TRAINING/CONSULTING

YOUR GLOBAL TRAINING PARTNER

EDITORIAL

Created in 1996, FIRST FINANCE has now ensured its position as a global training partner for financial institutions. We passed the bar of 30,000 people trained and provide extensive skill development programmes for our clients.

Our development in Europe and throughout the world has accelerated due to the excellent satisfaction rate which has become our signature. Our training practice of over 10 years has been validated by:

- the development of partnerships with our clients on a global scale
- in order to improve the internal skills of all their associates
- thanks to an extensive range of operational training programmes following the best professional practices
- created by our internal team of educational experts composed of experienced professionals.

In order to respond to the evolution of the markets and to accompany you with greater efficiency in your long-term development, we constantly update our range of public or in-house courses.

Our wide range of training schemes has allowed us to create solutions for your various needs in skill development: graduate programmes for international, high-potential executives; coaching of executives at the beginning of their functions; career specialisation programmes and skill diversification (with an official validation certificate, if needed).

So whether a customised or a standard programme is better suited to your needs, we can offer you the best solution: one that will improve the performance of you and your company.

FIRST FINANCE

A global leader in financial training

- Created in 1996
- More than 10.000 delegates trained every year
- 490 customers, 280 of which are banks and investment management companies
- 55 full-time employees in Paris, London, New-York and Hong-Kong

A critical mass of financial and educational expertise

- 20 full-time trainers organised in 7 divisions
- 200 consulting expert-practitioners
- Partnership with a leading European business school

Recognised training expertise

- Priority given to operational knowledge
- Extensive use of practical workshops
- A maximum of 12 delegates per session

Guaranteed satisfaction

- A satisfaction rate above 95% (score between 4/5 and 5/5)
- Value-adding advisory team
- Training growth with main customers up 33% / year

CONTACT

FIRST FINANCE Paris

56, rue Laffitte 75009 PARIS
Tél : +33 (0) 1 44 53 75 75
Fax : +33 (0) 1 44 53 75 76
info@first-finance.fr
www.first-finance.fr

FIRST FINANCE UK

Providian House,
16-18 Monument Street
LONDON EC3R 8AJ
Tel: +44 (0) 20 7868 5277
Fax: +44 (0) 20 7868 5278
info-uk@first-finance.com
www.first-finance.com

FIRST FINANCE Asia

Unit 1401, 14/F - Euro Trade Centre
21-23 Des Voeux Road, Central -
Hong Kong
Tel: +852 2116 5040
info-asia@first-finance.com
www.first-finance.com

FIRST FINANCE North America

World Financial District
35th floor - Suite 3502
60 Broad Street
NEW YORK NY10004
Tel: +1 212 321 7095
info-us@first-finance.com
www.first-finance.com

COLOR CODE

 Financial Market Products 42 courses	 ALM - Risk Management 10 courses
 Financial Market Products 10 courses	 Corporate Finance 16 courses
 Asset Management - Private Banking 20 courses	 Real Estate 2 courses
 Operations 9 courses	 Sales & Management 4 courses
	 New Courses

FIRST FINANCE

- P02 - FIRST FINANCE, the culture of Finance
- P04 - FIRST FINANCE, your partner in skills development
- P06 - FIRST FINANCE, your global partner
- P08 - Toolbox

P09 - FINANCIAL MARKET PRODUCTS

MULTI-MARKET

- P10 - Introduction to Capital Markets
- P11 - Using Standard and Exotic Derivatives
- P12 - **MASTERCLASS** Fundamentals of Capital Markets
- P14 - Fundamentals of Capital Markets
- P16 - Hybrid Structured Products: Structuring and Main Uses **N**

CREDIT

- P17 - Introduction to Credit Markets **N**
- P18 - Credit Derivatives and Structured Products 1: Mechanics and Main Uses
- P19 - Credit Derivatives and Structured Products 2: Pricing and Book Management
- P20 - CDO and CFO: Structures and Uses
- P21 - Introduction to Securitisation
- P22 - Securitisation: ABS, ABCP and CDO
- P23 - Modelling and Valuing Credit Risk for Basel II
- P24 - Default Correlation: Principles and Pricing in EXCEL™ **N**

INTEREST RATE

- P25 - Bond and Money Markets: Mechanics and Main Uses (Cash and Derivatives)
- P26 - Repo: Mechanics, Pricing and Strategies
- P27 - Bonds: Pricing and Book Management
- P28 - Convertible Bonds: Pricing and Book Management
- P29 - Bond Origination
- P30 - Interest Rate Derivatives: Characteristics and Uses
- P31 - Structured Interest Rate Products: Structuring and Main Uses
- P32 - Interest Rate Swaps: Pricing and Book Management
- P33 - Advanced Swaps **N**
- P34 - Duration and Convexity
- P35 - Interest Rate Options: Characteristics, Uses and Sensitivities
- P36 - Standard and Exotic Interest Rate Options: Advanced Pricing and Book Management Techniques
- P37 - Inflation-Linked Products: Cash and Derivatives
- P38 - Cash, Derivative and Structured Interest Rate Products: Pricing and Book Management
- P40 - **MASTERCLASS** Valuing Interest Rate Products (Cash and Derivatives)
- P42 - **MASTERCLASS** Interest Rate Instruments: Risk Measurement and Control

FOREX

- P45 - Cash and Derivative Forex Products: Characteristics and Uses
- P46 - Structured Forex Products: Structuring and Main Uses

INTEREST RATE & FOREX

- P47 - Interest Rate and Forex Trading Simulation **N**

EQUITY

- P48 - Fundamentals of Equity Markets
- P49 - Equity Derivatives: Characteristics and Uses
- P50 - Standard and Exotic Equity Options: Pricing and Book Management
- P51 - Structured Equity Products 1: Mechanics and Basics of Pricing **N**
- P52 - Structured Equity Products 2: Structuring and Main Uses **N**
- P53 - Primary Equity Markets **N**

COMMODITY

- P54 - Introduction to Commodity Markets
- P55 - Energy Derivatives

VOLATILITY AND VARIANCE PRODUCTS

- P56 - Variance Swaps and Conditional Variance Swaps **N**
- P57 - Dispersion and Correlation Products **N**

P58 - FINANCIAL MARKET TECHNIQUES

ANALYSIS

- P59 - Analysis of Macro-Economic Indicators
- P60 - Charts and Technical Analysis

FINANCIAL MATHEMATICS AND MODELLING

- P61 - Introduction to Financial Mathematics
- P62 - Financial Market Mathematics 1: Zero-Coupon Valuation
- P63 - Financial Market Mathematics 2: Option Pricing
- P64 - Financial Market Mathematics 3: Interest Rate Models
- P65 - Monte Carlo and other Numerical Pricing Methods **N**

MODELLING IN EXCEL™

- P66 - Financial Modelling in EXCEL™

CORPORATE TREASURER

- P67 - FX and Interest Rate Risk Management for Corporate **N**
- P68 - Cash Management **N**

P69 - ASSET MANAGEMENT-PRIVATE BANKING

FUNDAMENTALS

- P70 - Introduction to Asset Management
- P71 - Fundamentals of Investment Management **N**
- P72 - Advanced Investment Management Programme **N**

INTEREST RATE MANAGEMENT

- P73 - Fixed Income Management **N**
- P74 - Managing Credit Risk in Investment Portfolios **N**
- P75 - Credit Analysis: Financial Issuers
- P76 - Credit Analysis: Corporate Issuers **N**
- P77 - Credit Analysis: Emerging Market Issuers **N**
- P78 - Using Derivatives to Manage Fixed Income Portfolios **N**

EQUITY MANAGEMENT

- P79 - Equity Management **N**
- P80 - Financial Analysis and Equity Valuation **N**
- P81 - Using Derivatives to Manage Equity Portfolios **N**

MULTI-MARKET MANAGEMENT

- P82 - Asset Allocation
- P83 - Quantitative Techniques for Investment Managers **N**
- P84 - Introduction to Hedge Funds **N**
- P85 - Hedge Funds: Due Diligence **N**
- P86 - Hedge Funds: Advanced Techniques **N**
- P87 - Structured Products for Asset Management **N**
- P88 - Portfolio Insurance: CPPI and other Techniques **N**

MARKETING-SALES

- P89 - Investment Performance Measurement and Analysis

P91 - OPERATIONS

COMMON SKILLS

- P91 - Front to Back Process **N**

MARKETS

- P92 - Capital Market Operations
- P93 - FX Operations **N**
- P94 - Interest Rate and Credit Derivatives Operations **N**
- P95 - Equity Derivatives Operations
- P96 - P&L: Computation and Control **N**

SECURITIES

- P97 - Securities Operations
- P98 - Delivery and Settlement Processes **N**
- P99 - Repo Operations **N**

P100 - ALM - RISK MANAGEMENT

ALM

- P101 - ALM 1: Fundamentals
- P102 - ALM 2: Tools and Advanced Techniques

RISK MANAGEMENT / BASEL II

- P103 - Introduction to Value at Risk (VaR)
- P104 - Risk Management 1: Risk Assessment
- P105 - Risk Management 2: Practical Cases and Stress Tests
- P106 - Risk Management 3: Implementation - Methods
- P107 - Risk Management 4: Operational Risks
- P108 - Credit Risk: Analysis and Management Tools for Credit Managers
- P109 - Introduction to Basel II
- P110 - Basel II: Implications for Risk Management and Capital Allocation

P111 - CORPORATE FINANCE

FUNDAMENTALS OF CORPORATE FINANCE

- P112 - Introduction to Corporate Finance
- P113 - Corporate Funding Techniques
- P114 - Fundamentals of Corporate Finance **N**

FINANCIAL ANALYSIS AND VALUATION

- P116 - Introduction to Financial Analysis **N**
- P117 - Fundamentals of Corporate Valuation **N**
- P118 - Corporate Valuation

CAPITAL INVESTMENT

- P119 - Basics of Private Equity **N**
- P120 - Principles of Mergers & Acquisitions
- P121 - Private Equity & LBO Techniques
- P122 - Techniques of Mezzanine Funding **N**

SPECIALISED FINANCING

- P123 - Project Finance
- P124 - Advanced Techniques of Project Finance **N**
- P125 - Advanced Modelling for Project Finance **N**
- P126 - Financial Aspects of PPP / PFI **N**
- P127 - Structured Asset Finance
- P128 - Trade Finance: Fundamentals and Risks

P129 - REAL ESTATE

FINANCING

- P130 - Fundamentals of Real Estate Financing **N**

INVESTMENT

- P131 - Real Estate Investments: Structures and Valuation Techniques **N**

P132 - SALES & MANAGEMENT

SALES AND COMMUNICATION TECHNIQUES

- P133 - Sales Techniques in a Trading Room **N**
- P134 - Pitch to Win: Increase your Impact **N**
- P135 - Public Speaking Techniques for Analysts, Asset Managers and CRMs **N**

MANAGEMENT

- P136 - Being a Manager in Investment Banking or Asset Management **N**

P137 - REGISTRATION

FIRST FINANCE,

Your trusted partner for over 10 years...

FIRST FINANCE was created in 1996 by Eric Chardoillet, who worked at the time as head of Derivatives in a large bank. He noticed that with the rapidly changing nature of Finance, financial institutions were faced with a major difficulty: training their staff. The challenge was to have their personnel assimilate sophisticated techniques and position themselves within an ever-more complex industry.

Eric's vision upon creating FIRST FINANCE was to assemble a team of professionals capable of:

- offering operational training programmes
- adapted to all functions and situations
- adhering to the best market practices
- to establish lasting partnerships with clients

... comprising a team of experienced professionals...

Over the last 10 years, FIRST FINANCE, has developed a unique expertise in training thanks to its internal team of 20 educational experts, each having professional experience in the world of finance. This tight unit of professionals works together to structure the company's team of 200 external trainers, each a renowned specialist in his/her own field.

FIRST FINANCE's 20 educational experts combine 291 years of professional practice and 74 years of training experience. Using their expertise acquired as operational managers, they carefully choose what knowledge needs to be transmitted by the instructors.

To oversee the quality, integrity and coherency of all the courses offered, each sector of competence is placed under the supervision of a seasoned professional.

... motivated by a passion for Finance and the joy of passing on operational skills.

FIRST FINANCE was founded on common values deeply ingrained in the world of Finance: pragmatism and flexibility. Finance is both a global industry with standardised processes and a gathering of specialists with specific talents and know-how. First-hand experience is essential to efficiently and precisely convey its concepts and techniques.

Our instructors' professional and educational experience helps them combine the intellectual rigour, operational pragmatism and relational flexibility needed to stimulate the trust and curiosity of their trainees.



the culture of Finance

Our unique teaching approach...

There are two pitfalls to avoid in financial training: taking an overly academic approach cut off from the realities of everyday business; and following one practical anecdote after another without any particular method or organisation.

For our training programmes to truly enhance your performance, our approach systematically combines structured presentations and operational exercises.

We adapt our teaching method to the technical level of our trainees. For instance, at introductory levels we take a gradual approach to the more sophisticated concepts and techniques, using analogies when needed. At each step, practical exercises build confidence by putting the information learned into practice.

In contrast, the more advanced programmes integrate mathematical formulas, case studies and EXCEL™ tools.

... accompanies financial innovation and integrates best practices...

Because the world of Finance is constantly changing and because FIRST FINANCE performs in true partnership with its clients, the content of our courses is regularly revised to integrate innovations and best practices concerning products, techniques, regulatory environments, organisations and systems.

We have added new topics to our offer, including MiFID, correlation products, algorithmic trading and equity structured finance.

To optimise our delegates' time and availability, we have created new, highly efficient teaching formats, such as our MASTERCLASSES, which alternate individual online training exercises and group seminars. At the end of the programme a certificate of completion is awarded to successful delegates.

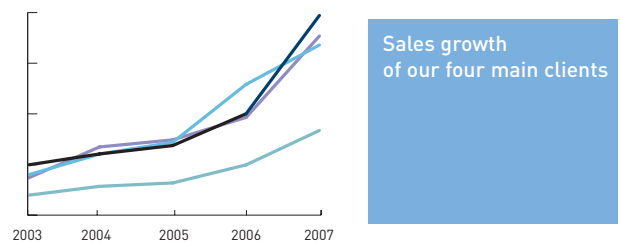
... to guarantee your total satisfaction...

FIRST FINANCE manages the process from A to Z. We control the quality of the entire sequence of activities to guarantee that your objectives are met. Firstly, our sales representatives take the time to analyse your needs and constraints so as to offer you the most fitting solution possible. Our educational experts then help establish a potential offer and make sure that the content and teaching method corresponds to your specific goals. Finally, the course is delivered by a professional capable of transmitting the operational skills you have chosen.

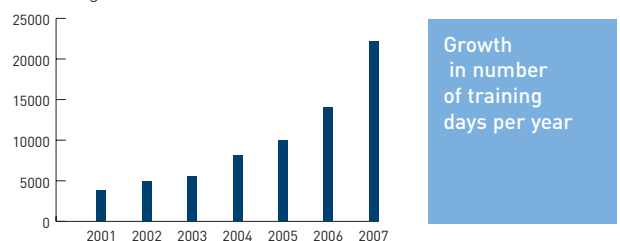
The effectiveness of this approach is what has given us a more than 95% satisfaction rate.

... and earn your confidence and trust.

We have held lasting partnerships with our clients accompanying them throughout their development in both Europe and the rest of the world. This mutual trust can be seen through our high rate of re-enrolment and the continual growth of our volume of business.



On the solid base of these long-term partnerships, FIRST FINANCE has witnessed a sharp increase in the number of participants to its seminars. More than 30,000 people have attended FIRST FINANCE seminars in the most varied topics of finance, achieving a constant success rate.



Given these positive results, we feel confident in the effectiveness of our approach and hope to continue our development at your side in the UK, Europe, Asia, North America and the UAE.

FIRST FINANCE,

An extensive offer of training programmes from our catalogue

You are a financial operator → Our client advisory team is ready for your questions. It understands the demands of your profession and will be able to analyse your training needs in order to offer you the seminar that corresponds best in terms of topic and technical level.

For all fields of activity

Capital Markets

- Interest rate/Credit/FX/Equity/Commodities
- Mechanics and uses of the various financial instruments
- Pricing and book management techniques
- Structuring/Origination
- Sales

Asset Management & Private Banking

- Asset allocation
- Interest rate/equity/diversified/alternative management
- Compliance/auditing/control
- Marketing and sales

Operations

- Back office administration of market deals
- Back office accounting
- Project management and organisation
- Monitoring results and risk

Risk Management and ALM

- ALM in a bank
- ALM in an insurance company
- Risk measurement and control
- Basel II and SOLVENCY II
- Conformity

Corporate Finance

- Financial analysis and corporate valuation
- Venture capital: LBO, M&A...
- Specialised financing
- Financial strategy

Real Estate

- Funding
- Investment

In London, Paris, New-York,
Hong-Kong, ...

For all skill levels

Introductory

- Introduction to a specific field of finance
- Understanding and orienting oneself
- Programme not including mathematical formulas
- Suitable for non-specialists

Intermediate

- Acquisition of basic skills for a particular profession
- Integration into a new environment facilitated
- Structured analysis of a conceptual framework
- Practice through exercises and simulations

Advanced

- Analysis of complex concepts
- Mastering of advanced techniques
- Creation of expert tools
- Skills update for senior operators

Certified Training Curriculum MASTERCLASSES

We have found that ten consecutive days of intense training fail to give attendants real competence. Specifically geared towards newcomers to a sector or people entering a new position, our Masterclasses are devised to give delegates time to assimilate new concepts and methods. By alternating one-day courses with revision exercises and readings over a period of 6 months, knowledge has time to sink in and skills are acquired permanently. We also award a certificate of completion to successful delegates.

your partner in skills development

Tailor-Made Solutions With High Added Value

You are a Manager or work in Human Resources → The development team and training consultants at FIRST FINANCE will offer you tailor-made solutions which will take into account your company culture and HR development needs, allowing you to develop the competence of a wide range of employees. They will also guarantee rigorous management of complex projects and give you precise feedback on the results obtained. The following examples illustrate the types of solutions we can offer.

Certified Training Curriculum

Training of Consultants in Investment Banking (MASTERCLASS for 100 people)

The Need

A large consulting firm wants to train its consultant teams in diverse subject areas drawn from its financial institution clients. The target audience is composed of young highly qualified graduates who require a dynamic schedule.

The Solution

- A MASTERCLASS training course is put in place alternating self-study by distance learning and training seminars
- Evaluation quizzes which punctuate the learning process in order to control and enhance HR procedures

The Advantages

A complete package of operational skills is transmitted efficiently with a minimum investment of time.

Competence Development and Employability Increase

Developing the competence of a large banking group's back and middle offices (2000 people in 3 years)

The Need

The back and middle offices of a large banking group with a sizable turnover need to build customer loyalty, increase their value and break down the barriers of their expertise.

The Solution

- A customised training solution with a communal learning base and specialised subject specific training
- Progressive learning routes adapted to the largest audiences (several thousand people) which can be integrated with existing internal specifications.

The Advantages

Reinforcement of the culture of the departments concerned, improvement of work satisfaction and productivity, increased flexibility in the management of Human Resources – thanks to improved employability.

Graduate Programme

Integration of International High Potential Executives (40 per year)

The Need

A large investment management company wants to design a high level programme for new entrants of high potential, in order to facilitate their integration and transmit the company's values.

The Solution

- Construction of an integration programme in 3 stages: general level, presentation of the company's diverse activities and case studies.
- Bringing together a diverse group to assimilate the base techniques and to project the values of the company.

The Advantages

The participants examine and reinforce their individual confidence, team spirit and sense of belonging.

Competence Development and Subject Specialisation

Growth of Competence and Company Culture at an international level (700 CRM Private Banking)

The Need

A private banking subsidiary of a large banking group wants to offer a training programme reinforcing the general level of competence, team spirit and group loyalty.

The Solution

- Elaboration of a competence development route, composed of general training (asset management, financial products...) and more specialised training (structured products, hedge funds, ...)
- Construction of pilot programmes in Paris and London in order to standardise the pedagogical approach and management process
- Tests to measure initial levels of competence

The Advantages

- Increased levels of communication and confidence with internal relations and face-to-face communication with clients
- Generalisation of the programme at a global level (France, United Kingdom, North America and Asia) and extension to support audiences.

FIRST FINANCE,

NEED

Our customers run global training policies

Several of our customers have emphasized their global approach in terms of training. Not only are financial institutions operating worldwide but they are now run in teams scattered around the globe. They need reliable providers able to answer their training needs with time and geographical reactivity. FIRST FINANCE runs large training projects located on several continents.



SOLUTION

Consistency

It is crucial to ensure that team members located in various parts of the planet operate with the same mindset at the same level of competence. Internal communication and corporate culture benefit from the increased sense of "belonging to the same company".

Guarantee of quality

Our internal team of 20 educational engineers produces courses and materials that are recognized for their excellent quality and efficiency. Our 200 consulting lecturers are trained according to FIRST FINANCE processes and philosophy. They will carefully follow the course agendas produced by our training experts to deliver a course of uniform quality wherever it is held.

Being global in every sense

FIRST FINANCE delivers financial courses:

- covering every aspect of corporate, investment banking and asset management
- at every level: introductory, intermediate or advanced
- several times a year
- in 4 major financial centres: London, New-York, Hong-Kong and Paris

NOT A PROVIDER, A PARTNER

FIRST FINANCE is your partner when it comes to customised training solutions for small or large populations. We provide highly qualified consultants who will precisely analyse your needs and will design the most suitable solution in terms of course content, training modes and logistics.

FIRST FINANCE is also your partner by remaining committed to delivering a continuous and homogenous offer of public courses for every topic, every level, in the main financial centres. We see every single registration as part of the global service we endeavour to give you.

Whether you need to train 1 or 1,000 delegates, we have the solution for you!

your global partner

OUR MOST VALUABLE ASSET : AN INTERNAL TEAM OF 20 FULL-TIME EXPERT TRAINERS

Who are they?

- **Former top corporate and investment bankers** cumulating an experience of 291 years of international professional experience
- **Professional lecturers** cumulating 74 years of training experience

...to give you the best of both worlds: experts in the field able to communicate knowledge efficiently.

Their missions

- **Designing courses and teaching material, consulting for tailor-made solutions**
- **Facilitating our 200 seminars**
- **Selecting and coaching consulting expert practitioners**
- **Liaising with FIRST FINANCE worldwide offices**
- **R&D: detecting new trends, products or methods, updating courses**



Organisation

The team is organised in **7 divisions** led by specialists in the field:

- **FINANCIAL MARKET PRODUCTS:**
8 people led by Fabrice GUEZ, ENSAE

Fabrice GUEZ was head of Interest Rate and FX options for Societe Generale in Tokyo, Singapore and New-York. His team members are former traders and quants educated at renowned schools of derivatives.

- **ASSET MANAGEMENT – PRIVATE BANKING:**
2 people led by Mark SINSHEIMER, CFA

Mark SINSHEIMER, CFA, is the former Marketing Director of CL Asset Management.

- **ALM - RISK MANAGEMENT:**
2 people led by Bruno CASSIANI, ENSAE

Bruno CASSIANI was head of Interest Rate Options trading and risk manager for Credit Lyonnais in Paris and head of Fixed-Income Derivatives for Credit Lyonnais in Hong-Kong. On top of his current assignment for FIRST FINANCE, he is the risk manager of a hedge fund.

- **OPERATIONS:**
3 people led by Marc SALVAT, Mines, Paris

Marc SALVAT was head of the treasury&FX back and middle offices for Societe Generale and former COO of Lyxor Asset Management.

- **CORPORATE FINANCE:**
2 people led by Mireille MARTINI, ESSEC and Chicago University
Mireille MARTINI, formerly head of project finance for CDC, worked for the EBRD in London and Moscow

- **SALES & MANAGEMENT:**
2 people led by Beatrice GUYNAMANT, HEC
Beatrice GUYNAMANT was senior Human Resources Officer for FORTIS IM


- **REAL ESTATE:**
Helene CHARDOILLET, Harvard University
Helene CHARDOILLET was Project Developer for HINES, investment and property management firm.

Financial Market Products

THIS DIAGRAM

ENABLES YOU TO SELECT YOUR COURSE BY PRODUCT LINE AND BY LEVEL:

 Introductory  Intermediate  Advanced

 Indicates relevant courses belonging to another training area

FINANCIAL MARKET PRODUCTS

MULTI-MARKET	CREDIT	INTEREST RATE	FOREX	EQUITY
INTRODUCTION TO CAPITAL MARKETS 2 days . page 10	NEW INTRODUCTION TO CREDIT MARKETS 2 days . page 17	BOND AND MONEY MARKETS: MECHANICS AND MAIN USES (CASH AND DERIVATIVES) 3 days . page 25	CASH AND DERIVATIVE FOREX PRODUCTS: CHARACTERISTICS AND USES 2 days . page 45	FUNDAMENTALS OF EQUITY MARKETS 2 days . page 48
USING STANDARD AND EXOTIC DERIVATIVES 3 days . page 11	CREDIT DERIVATIVES AND STRUCTURED PRODUCTS 1: MECHANICS AND MAIN USES 2 days . page 18	REPO: MECHANICS, PRICING AND STRATEGIES 2 days . page 26	STRUCTURED FOREX PRODUCTS: STRUCTURING AND MAIN USES 2 days . page 46	EQUITY DERIVATIVES: CHARACTERISTICS AND USES 2 days . page 49
FUNDAMENTALS OF CAPITAL MARKETS 5 days . page 14	CREDIT DERIVATIVES AND STRUCTURED PRODUCTS 2: PRICING AND BOOK MANAGEMENT 2 days . page 19	BONDS: PRICING AND BOOK MANAGEMENT 3 days . page 27	INTEREST RATE & FOREX	STANDARD AND EXOTIC EQUITY OPTIONS: PRICING AND BOOK MANAGEMENT 2 days . page 50
NEW HYBRID STRUCTURED PRODUCTS: STRUCTURING AND MAIN USES 2 days . page 16	CDO AND CFO: STRUCTURES AND USES 2 days . page 20	CONVERTIBLE BONDS: PRICING AND BOOK MANAGEMENT 2 days . page 28	NEW INTEREST RATE AND FOREX TRADING SIMULATION 3 days . page 47	NEW STRUCTURED EQUITY PRODUCTS 1: MECHANICS AND BASICS OF PRICING 2 days . page 51
VOLATILITY AND VARIANCE PRODUCTS	INTRODUCTION TO SECURITISATION 2 days . page 21	BOND ORIGATION 2 days . page 29	NEW FX AND INTEREST RATE RISK MANAGEMENT FOR CORPORATE 3 days . page 67	NEW STRUCTURED EQUITY PRODUCTS 2: STRUCTURING AND MAIN USES 2 days . page 52
NEW VARIANCE SWAPS AND CONDITIONAL VARIANCE SWAPS 1 day . page 56	SECURITISATION: ABS, ABCP AND CDO 3 days . page 22	INTEREST RATE DERIVATIVES: CHARACTERISTICS AND USES 3 days . page 30		NEW PRIMARY EQUITY MARKETS 2 days . page 53
NEW DISPERSION AND CORRELATION PRODUCTS 1 day . page 57	MODELLING AND VALUING CREDIT RISK FOR BASEL II 3 days . page 23	STRUCTURED INTEREST RATE PRODUCTS: STRUCTURING AND MAIN USES 2 days . page 31		COMMODITY
	NEW DEFAULT CORRELATION: PRINCIPLES AND PRICING IN EXCEL™ 1 day . page 24	INTEREST RATE SWAPS: PRICING AND BOOK MANAGEMENT 3 days . page 32		INTRODUCTION TO COMMODITY MARKETS 2 days . page 54
		NEW ADVANCED SWAPS 3 days . page 33		ENERGY DERIVATIVES 2 days . page 55
		DURATION AND CONVEXITY 1 day . page 34		
		INTEREST RATE OPTIONS: CHARACTERISTICS, USES AND SENSITIVITIES 3 days . page 35		
		STANDARD AND EXOTIC INTEREST RATE OPTIONS: ADVANCED PRICING AND BOOK MANAGEMENT TECHNIQUES 3 days . page 36		
		INFLATION-LINKED PRODUCTS: CASH AND DERIVATIVES 2 days . page 37		
		CASH, DERIVATIVE AND STRUCTURED INTEREST RATE PRODUCTS: PRICING AND BOOK MANAGEMENT 5 days . page 38		

MASTERCLASS FUNDAMENTALS OF CAPITAL MARKETS . 3 days . page 12 **NEW**

MASTERCLASS VALUING INTEREST RATE PRODUCTS (CASH AND DERIVATIVES) . 5 days . page 40 **NEW**

MASTERCLASS INTEREST RATE INSTRUMENTS: RISK MEASUREMENT AND CONTROL . 6 days . page 42 **NEW**

Introduction to Capital Markets



INTRODUCTORY LEVEL

800
delegates
so far!

OBJECTIVES

Key Concepts:

- Who's who in a dealing room - *Introductory*
- Characteristics, uses and market conventions of derivative products - *Introductory*
- OTC vs organised markets - *Introductory*
- Relationship between balance sheet and counterparty risk in the Cooke/Mc Donough ratio - *Introductory*
- Principle of Value at Risk (VaR) - *Introductory*

Acquired Skills:

- Understand the workings of financial markets, product characteristics and the role of various market participants
- Gain a general understanding of financial products in terms of counterparty, market and operational risks

Pre-Course Preparation

(Accessible via Internet under FLASH™)

- Financial Markets: Organisation and Participants

COURSE SELECTION CRITERIA

- Understand the roles of participants in financial markets
- No financial or mathematical knowledge required

RECOMMENDED FOR:

- Support staff: back office, middle office, accounting, IT
- Internal or external auditors
- Economists and financial market solicitors
- Human resources, internal and external communication
- Banking division and support functions in asset management

DURATION: 2 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Organisation of Financial Markets

- Market participants: corporates/individuals/institutional investors/banks/fund managers/brokers
- Main markets: interest rate, FX, equity, commodities, credit
- Cash and derivative products
- Dealing room staff
- **Practical workshop**
• Reconstruct the professional layout of a dealing room

Pricing principles of vanilla derivatives

- Non-conditional products: forwards and futures
- Conditional derivatives: options
- **Practical workshop**
• Calculate a forward price
• Describe the parameters necessary to price an option

FX Products: Characteristics, Market Conventions and Uses of Cash and Derivative Instruments

- Spot FX
- Forward FX and FX swaps
- FX options
- **Practical workshop**
• Find the bid-offer spread of a cross FX
• Calculate a forward FX rate from the spot rate and swap points
• Describe the components used to value an option

Interest Rate Products: Characteristics, Market Conventions and Uses of Cash and Derivative Instruments

- Money Markets and Bond Markets
- Yield curves and credit spread
- FRAs
- Futures
- Interest Rate Swaps (IRS)
- Currency Swaps (CIRS)
- Caps/floors and swaptions
- **Practical workshop**
• Hedge a bond portfolio with cash and derivative instruments

Equity Products: Characteristics, Market Conventions and Utilisation of Cash and Derivative Instruments

- Types of equities
- How Stock Exchanges work
- Types of buy/sell orders
- EUROSTOXX 50 forward contracts and CFD
- Index and equity options/warrants
- Roles of the depository and the clearer
- **Practical workshop**
• Explain Beta and hedge an equity portfolio

Inherent Risks

- Market risks (VaR and Stress test)
- Counterparty risks (Cooke and Mc Donough/Basel II)
- Operational risks: IT, human, legal, environmental (Mc Donough/Basel III)
- **Practical workshop**
• Simple VaR calculation 1 day/99%

Using Standard and Exotic Derivatives

INTRODUCTORY LEVEL



OBJECTIVES

Key Concepts:

- Forward rates - *Introductory*
- Characteristics, market conventions and uses of derivative products (equity, forex, interest rate and credit) - *Introductory*
- Characteristics, market conventions and utilisation of structured products (equity, forex, interest rate and credit) - *Introductory*
- Fundamentals of zero-coupon valuation - *Introductory*
- Fundamentals of option pricing - *Introductory*
- Sensitivities of derivatives - *Introductory*
- Quantification of counterparty risk - *Introductory*

Acquired Skills:

- Master the mechanics, uses and fundamentals of pricing of derivatives (interest rate, FX, equity, commodities)
- Anticipate the behaviour of derivatives with market fluctuations (risk factors)
- Understand the principles of the main hedging strategies
- Understand the implications of Basel II for derivative products

COURSE SELECTION CRITERIA

- Study of all aspects of derivative products in order to be conversant with financial market specialists
- Essential knowledge for support staff, asset managers or customer advisers
- No mathematical or financial prerequisite

RECOMMENDED FOR:

- Salespeople
- Fund managers
- Debt origination managers
- Financial intermediaries
- Internal controls, audit
- Economists and market solicitors
- Institutional investors
- Corporate treasurers

DURATION: 3 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
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E-mail: info@first-finance.fr

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COURSE OUTLINE

Differences Between Cash and Derivative Products

The Concept of Forwards

Distinction between Options and other Derivatives

Practical workshop

- . Calculation of forward rates in EXCEL™
- . FRA differential calculation

Characteristics and Cash-Flow Schedules of Standard Derivatives

- FRAs and swaps
 - Futures contracts
 - CFD
 - Options
- ##### Practical workshop
- . Create a fixed-floating Interest Rate Swap cash-flow schedule
 - . Market dynamics and forward curve boot strapping

Use of Derivatives in Interest Rate, Forex, Equity and Credit Markets

- Hedging
 - Speculation and relative-value trading
 - Over-performance strategy
 - Optimisation of given positions
- ##### Practical workshop
- . Hedge interest rate and FX positions

Pricing Fundamentals

- Risk factors
 - Discounting and zero-risk hedging principles
 - Mark-to-Market calculation (fair value)
 - Specific option characteristics
- ##### Practical workshop
- . Build a simplified zero-coupon pricing spreadsheet in EXCEL™
 - . Build a Black and Scholes pricing spreadsheet in EXCEL™
 - . Compare various options and choose relevant strategies

Sensitivities to Risk Factors

- Mark-to-Market fluctuations
 - Management principles
- ##### Practical workshop
- . Simulation of option trading

Quantification and Management of Counterparty Risk

Overview of the Main Exotic Derivatives

- Non-vanilla swaps: quanto, CMS, Libor-in-arrears
 - Digital and barrier options
 - Path-dependent and Bermudean options
- ##### Practical workshop
- . Graph the real buy/sell EUR/USD FX rate resulting from barrier option strategies used to cover import/export positions

Examples of Structured Products

Regulatory framework and Basel II reform

- Netting/collateralisation agreements
- Implications of Basel II

MASTERCLASS

Fundamentals of Capital Markets

GENERAL PRINCIPLES

- Programme combining online and in-class training
- Programme in **5 phases**. Phases 2, 3 and 4 alternate:
 - . **1st stage of individual work preceding the seminar** in the form of self-assessment quizzes, online consultations of technical sheets and e-learning modules
 - . **One-day course:** revisions, lectures and case studies
 - . **2nd stage of individual work post-seminar:** quizzes, case studies and exercises in EXCEL™ (accessible online after the seminar)
 - . **The first phase** does not include days of in-class seminars
 - . **Phase 5** consists in bestowing a FIRST FINANCE certificate to delegates who have successfully completed the programme.

Trainees may take the evaluation tests more than once. What is important is that the knowledge be truly acquired.

- This programme is linear. Delegates will have to follow the phases in their sequential order.

EDUCATIONAL HIGHLIGHTS

- Anchor knowledge and skills using:
 - . an appropriate rhythm of preparation, training and practice
 - . an alternated use of educational methods: e-learning, small group sizes, exercises in EXCEL™, case studies, simulations, MCQ
- Gain state-of-the-art practical skills
- Validation via tests and an official FIRST FINANCE certificate

DURATION

40 hours of training over a **3-month** period

- . Individual work + tests: **19 hours**
- . Seminars: **3 days x 7 hours = 21 hours**

SYNOPSIS

TYPE OF TRAINING	TOPICS	DURATION
PHASE 1: Financial Markets – Organisation and Key Players		
Quiz	Self-assessment	15 min
E-learning + quiz	Organisation and participants of financial markets	90 min
Pre-reading	Typology and mechanisms	20 min
Pre-reading	Front to back office functions	30 min
Summary Quiz		30 min
Exercise	Attribute the correct function to each participant	30 min
PHASE 2: Equity Products – Shares, Bonds and Money Market Products		
Quiz	Self-assessment	15 min
E-learning + quiz	Equity markets	45 min
E-learning + quiz	Money markets	45 min
Pre-reading	Role of the ECB	20 min
Pre-reading	Negotiable debt securities and T-bills	20 min
E-learning + quiz	Bond markets	60 min
Seminar	Mechanisms, Uses and Market Conventions for Cash Products: Shares, Bonds, Money Market Instruments	1 day
Summary Quiz		30 min
Exercise 1	From an order book, predict market transactions resulting from different types of orders	30 min
Exercise 2	Calculate a bond's accrued coupon, price and duration	40 min
PHASE 3: Interest Rate, Credit and Equity Derivatives		
Quiz	Self-assessment	15 min
E-learning + quiz	Interest rate derivatives	50 min
E-learning + quiz	Equity derivatives	30 min
Pre-reading	FRAs and short-term futures	20 min
Pre-reading	Interest rate swaps (IRS) and currency interest rate swaps (CIRS)	30 min
Pre-reading	Exotic caps and floors	30 min
Pre-reading	Credit Default Swaps (CDS) And Credit Linked Notes (CLN)	30 min
Seminar	Interest Rate, Credit and Equity Derivatives: Mechanisms, Uses and Market Conventions	1 day
Summary Quiz		30 min
Exercise 1	Calculate an FRA differential	20 min
Exercise 2	Make a bill book for the Euribor leg of an interest rate swap	30 min
Exercise 3	Calculate the guaranteed rate and the break-even spot rate of capped/floored strategies	30 min
PHASE 4: Forex Market, Fundamentals of Risk Management and Implications of the Basel II Reform		
Quiz	Self-assessment	15 min
E-learning + quiz	Forex market	50 min
Pre-reading	Spot FX transactions	20 min
Pre-reading	Forward FX transactions and FX swaps	30 min
Pre-reading	FX options	30 min
Pre-reading	Capital resources	20 min
Pre-reading	Market, counterparty and operational risks	45 min
Seminar	FX Market, Fundamentals of Risk Management and the Implications of the Basel II Reform	1 day
Summary Quiz		30 min
Exercise 1	Calculate a forex cross rate and a forward rate	30 min
Exercise 2	Classify different market and counterparty risks	20 min
PHASE 5: Certification by FIRST FINANCE		
FIRST FINANCE certificate bestowed to all successful delegates		

TOTAL: 40h00



MASTERCLASS OBJECTIVES

- Learn the typology, organisation and functioning of financial markets, as well as the roles of all their participants
- Master the mechanisms and use of cash products and all types of derivatives
- Know all the major risks involved in market transactions and the implications of the Basel II Reform
- Master the jargon of financial markets

RECOMMENDED FOR:

- Trading room newcomers
- Multi-instrument salespeople, financial intermediaries
- Junior fund managers
- Back office, internal controls, audit
- IT staff and consultants in computer services and financial information firms
- Economists and legal staff
- Financial departments
- Corporate treasurers

COURSE OUTLINES

(No prior mathematical knowledge required)

Day 1

MECHANISMS, USES AND MARKET CONVENTIONS FOR CASH PRODUCTS: SHARES, BONDS AND MONEY MARKET INSTRUMENTS

Equity Market

- How organised stock exchanges work
- Key players: clearing houses/depositories

Indices

- Indices and cash equity instruments
- Equity futures
- Principles of equity structuring

Practical Workshop

- . Analyse a fund manager's needs and offer risk management solutions

Money Market

- Reference rates: Libor, Eonia and Euribor
- Monetary policy and dynamics of short-term interest rates:
 - . Base rates
 - . Calls for tenders: procedures
 - . Minimum capital requirements
- Money Market Instruments
 - . Deposits
 - . Debt securities: T-bills, commercial paper, certificates of deposit
 - . Reverse transactions

Practical Workshop

- . Compare sources of short-term financing

Bond Market

- Bond reference rates
- Most common debt securities and their uses: fixed-rate bonds, floating rate bonds, CMSs, etc.
- Bond issues
- Essentials of pricing
- Duration and sensitivity

Practical Workshop

- . Calculate a bond's yield

Day 2

INTEREST RATE, CREDIT AND EQUITY DERIVATIVES: MECHANISMS, USES AND MARKET CONVENTIONS

- Principles of forward products
- Interest rate curve and forward rates
- Mechanisms and uses of non-option derivatives:
 - . FRAs
 - . Futures
 - . Interest rate swaps (IRS), currency and interest rate swaps (CIRS)
 - . Non-vanilla swaps: quanto swaps, CMSs
 - . Credit default swaps, credit linked notes

Practical Workshop

- . Calculate a forward rate

- Options: mechanisms
- Fundamentals of option pricing
- Volatility and volatility smile
- Option sensitivity: delta, gamma, vega, theta, etc.
- Option-based strategies
- Special features of caps/floors and swaptions
- Special features of share warrants
- Common types of exotic options

Practical Workshop

- . Manage a floating rate debt using swaps and caps/floors

CREDIT DERIVATIVES

- Credit derivatives market: organisation and key players
- Mechanisms and uses
 - . Credit default swaps (CDS)
 - . Credit-linked notes (CLN)
- Legal and regulatory framework

Practical Workshop

- . Use a CDS to hedge counterparty risk

Day 3

FOREX MARKET, FUNDAMENTALS OF RISK MANAGEMENT AND THE IMPLICATIONS OF THE BASEL II REFORM

Forex Market

- Spot FX transactions
- Forward FX transactions, forwardation/backwardation
- FX swaps
- FX options

Practical Workshop

- . Calculate a forward FX rate
- . Calculate the maximum loss, effective guaranteed rates and break-even spot rates of various FX option-based strategies

Fundamentals of Risk Management

- Value-at-Risk (VaR)
- Counterparty risk approach
- Market risk approach
- Operational risk approach

Practical Workshop

- . Perform a simple calculation of a 1-day/99% VaR

Implications of the Basel II Reform

- Goals and consequences of the reform
- Tools and methods
 - . Pillar 1: risks
 - . Pillar 2: supervisory review
 - . Pillar 3: market discipline and transparency
- Impacts of the reform

Fundamentals of Capital Markets

INTRODUCTION LEVEL

OBJECTIVES

Key Concepts (Introductory):

- Fundamentals of capital markets
- Economic purpose of capital markets
- Listed vs. OTC markets

EQUITY MARKETS

- Elements involved in stock prices valuation
- Calculation of stock indices
- Fundamentals and market uses of fixed and optional equity derivatives
- Principle of equity structured products

FX MARKETS

- Foreign Exchange (crosses)
- Calculation and uses of forward FX
- Fundamentals and market uses of FX swaps
- Fundamentals and market uses of FX options

MONEY MARKETS AND BOND MARKETS

- Influence of monetary policies
- Fundamentals and market uses of short term notes or bonds - standard or index-linked

INTEREST RATE DERIVATIVES

- Fundamentals and market uses of the following products:
 - . FRA
 - . Futures
 - . Interest Rate Swaps (IRS)
 - . Non-vanilla Swaps: Quanto swaps, CMS, Libor in arrears
 - . Currency and interest rate swaps (CIRS)
 - . Asset swaps
 - . Caps and floors, swaptions and futures options

- Fundamentals and market uses of zero coupon valuation

- Fundamentals and market uses of interest rate structured products

CREDIT DERIVATIVES

- Fundamentals and market uses of credit derivatives
- Fundamentals and market uses of credit structured products
- Fundamentals of securitisation

RISK MANAGEMENT - BASEL II

- Fundamentals of risk management
- Fundamentals of the Basel II reform

Acquired Skills:

- Understand the role of every player in financial markets
- Master the mechanics, uses and basics of the main financial products and their valuation
- Know the market characteristics and credit risk management of financial products
- Understand the use of cash and derivative products
- Know how to use derivative products as hedging or risk management instruments as well as speculation instrument
- Understand the nature of market, credit and operational risks related to every product
- Understand the importance of the Basel II reform

COURSE OUTLINE

Day 1

ORGANISATION AND ECONOMIC ROLE OF FINANCIAL MARKETS

- Main players
- Monetary policy and role of central banks
- Organisation, operation, classification of capital markets
- Trading rooms and front office functions
- Capital market deals
- Back office administration of deals
- Clearing and custody agents
- Fundamentals of pricing
- Distinction between cash and derivative products
- Distinction between non-conditional and conditional products

Case study

- . Reconstitute the various steps of a product transaction

CHARACTERISTICS OF CASH AND FUTURE EQUITY MARKETS

- Organisation and key players of equity markets
- Equity markets: cash equity products
- Elements of structured equity products
- Contract For Difference
- Basics of fundamental analysis
- Charts and technical analysis

Case study

- . Analyse the needs of an equity manager and offer risk management solutions

COURSE SELECTION CRITERIA

- Acquire a comprehensive operational knowledge of every product and technique
- Transform an academic knowledge of financial products into practical skills
- Extend your knowledge of specific practices to the whole spectrum of capital market products and techniques

RECOMMENDED FOR:

- Newcomers in trading rooms
- Sales and financial intermediaries
- Traders/asset management
- Support functions: middle office, internal controls, audit, inspection, back office
- Financial divisions
- Company treasurers and financial directors
- Legal and tax departments
- Specialised finance professionals
- Risk managers
- Corporate treasurers

DURATION: 5 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
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Day 2

CAPITAL MARKET MATHEMATICS

Interest Rate basis conventions

- Money Market, Exact/Exact, Bond Basis
- Actual/actual
- Bond Basis
- How to shift from one basis to another
- Basis application
- Calendar conventions
- Calculation period

Case study

- . Convert a money market rate into a bond basis rate
- . Build the fixing and payment dates calendar for a Libor leg

MONEY MARKETS

Short term rate basics

- EONIA
- Euribor, Libor

Dynamics of short term rate

- Monetary policies
- . Yield curve and anticipation

Products

- Deposit
- Commercial paper: Treasury-bills, CD
- The Repo market

Practical workshop

- . Compare various short-term funding strategies

FX MARKETS

- Spot FX
- Conventions on FX markets
- Calculation of forward FX rate (at a premium/at a discount)
- Hedging an export/import position
- Market of FX swaps
- Uses of FX swaps:
 - . Hedging forward FX
 - . Management of multi-currency cash positions
 - . Speculation

Practical workshop

- . Calculate a cross FX rate
- . Calculate a forward FX rate
- . Hedge a forward FX transaction with FX swaps

Day 3

BOND MARKETS

Bond reference

- Long term rates
- Bond Characteristics
 - . Issuer
 - . Rating
 - . Benchmark
 - . Spread
- Characteristics of bond auction
- Uses of the main bonds:
 - . Fixed rate Bonds
 - . Zero coupon Bonds
 - . Indexed bonds and inflation bonds
- Mechanics and main uses of bonds
- Pricing fundamentals
- Macaulay and modified duration

Practical workshop

- . Calculate the yield to maturity of a specific bond

CREDIT DERIVATIVES

- Organisation and key players of credit derivative markets
- Mechanics and main uses of credit derivatives
 - . Credit default swaps (CDS)
 - . Credit linked notes (CLN)
- Regulatory framework

Practical workshop

- . Hedge a counterparty risk with a CDS

Day 4

NON-CONDITIONAL INTEREST RATE DERIVATIVES

Short term derivatives

- Forward rates
- FRA: mechanics and cash settlement calculation
- Short term futures
- Comparison between FRAs and futures: convexity bias
- Overnight Index Swaps

Practical workshop

- . Calculate a forward rate
- . Calculate the cash settlement of a FRA
- . Build an asset swap

Long term derivatives

- Interest Rate Swaps (IRS)
- Non-vanilla swaps: Quanto swaps, CMS, Libor in arrears
- Currency and Interest Rate Swaps (CIRS)
- Asset swaps
- Long-term futures

Practical workshop

- . Study the main hedging strategies for a floating debt
- . Structure an asset swap

Day 5

OPTIONS

Mechanics of options

Use of options as hedging and trading tools

Option pricing fundamentals

Option sensitivities: delta, gamma, vega, theta

IR options: options on futures, caps/floors, swaptions

- Hedging an interest rate position with caps and floors
- Examples of interest rate structured products

Practical workshop

- . Graph the profiles of various option strategies.
- . Calculate the maximum loss and break even points of the main hedging strategies

Equity Warrants

- Main types of exotic options and structured products

RISK MANAGEMENT FUNDAMENTALS- BASEL II

Presentation of the 3 pillars

- Counterparty risks
- Market risks
- Operational risks



Hybrid Structured Products: Structuring and Main Uses

ADVANCED LEVEL

OBJECTIVES

Key Concepts:

- Hybrid structured product market - *Intermediate*
- Modelling volatilities - *Advanced*
- Equity Skew vs. Index Skew - *Advanced*
- Key types of hybrid structures - *Advanced*
- Collateralised Foreign Exchange Obligation - *Advanced*
- Convertible volatility vs. vanilla option volatility - *Advanced*

Acquired Skills:

- Master the hybrid structuring process
- Understand the relationship between various asset classes
- Understand the structure and uses of major structured products on various asset classes

COURSE SELECTION CRITERIA

- A simple approach to complex products

RECOMMENDED FOR:

- Asset managers
- Equity derivatives traders
- Hybrid traders
- Risk managers
- Middle office staff/audit/internal controls
- Institutional investors

DURATION: 2 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

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COURSE OUTLINE

Hybrid Structured Product Markets

- Comparison with other structured product markets: market share and growth
- The goals of investors & of issuers
- Structuring process: reverse inquiry, public offering/private investment
- Study of options arising in the construction of structured products

Equity + Credit Structured Products

- Modelling volatilities
- Classic equity modelling
- Variance swap market
- Cash equity structures vs. CDS
- Equity skew and index skew
- Volatility arbitrage: convertibles vs. vanilla options
- Equity Default Swap and CDS structures
- Equity-Credit hybrid obligations
- Model of the firm and its variants

Equity + Interest Rate Structured Products

- Super subordinated notes
- Diversity and flexibility of finance sources
- Interest rate/equity hybrid options
- Interest rate/equity correlation
- Pricing a basket

FX + Credit Structured Products

- CFXO: Collateralised Foreign Exchange Obligations
- Similarities between CFXOs and CDOs
- Calculating FX option premiums
- Redistribution of distinct seniority tranches

Introduction to Credit Markets



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Credit risk management - *Introductory*
- Credit ratings, spreads and the cost of risk - *Introductory*
- Pricing corporate bonds and CDS - *Introductory*
- Mechanics and uses of credit derivatives - *Introductory*
- Legal and regulatory framework - *Introductory*
- Mechanics of securitisation - *Introductory*
- Synthetic securitisation - *Introductory*
- Applying securitisation techniques to credit risk: CDOs - *Introductory*

Acquired Skills:

- Learn credit risk management techniques using various instruments: corporate bonds, asset swaps, CDS and CDO
- Know the mechanics and uses of credit derivatives, CDOs and other structured credit products
- Understand the securitisation market
- Expand your investment universe beyond traditional interest rate products

COURSE SELECTION CRITERIA

- Extensive study of the credit market
- Identify credit risk and acquire key pricing and management tools
- Presentation of credit derivatives and structured products
- Key securitisation techniques
- No prior mathematical knowledge required

RECOMMENDED FOR:

- Risk managers
- Middle & back office staff
- Internal controllers, auditors
- Interest rate managers and junior interest rate & credit traders
- Salespeople and financial intermediaries
- Senior bankers, coverage
- Legal and tax departments
- Structured finance professionals
- Finance departments
- Institutional investors

DURATION: 2 days

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COURSE OUTLINE

Credit Risk Approaches

- Regulatory approach (Basel II)
- Credit rating agencies (credit rating and probability of default)
- Market spread

Bond Market

- Origination and syndication
- Secondary market
- Fixed-rate notes (FRN)

Practical Workshop

- Structure an asset swap

Credit Derivatives

- Credit Default Swaps (CDS)
- Credit Linked Notes (CLN)
- Total Return Swaps (TRS)
- Index products (iTraxx)

Practical Workshop

- Price a CDS

Credit Derivatives: Uses

- Covering credit risk
- Synthetic debt construction
- Optimising regulatory capital requirements
- Diversification and speculation tools

Introduction to Securitisation Techniques

- Basic principles and overview
- Asset classes: ABCP, RMBS, CMBS, ABS

Practical Workshop

- Study a secondary offer sheet

The CDO Market

- A product half-way between securitisation and credit derivatives
- Structures: cash and synthetic
- Transfer of credit risk
- Analysis of the most recent financial crises

Latest Developments on the Credit Market

Credit Derivatives and Structured Products 1: Mechanics and Main Uses

INTRODUCTORY LEVEL

850
delegates
so far!

OBJECTIVES

Key Concepts:

- Credit spreads - *Introductory*
- Mechanics and main uses of credit derivatives and structured products - *Introductory*
- Analysing and structuring a CDO - *Introductory*
- Elements of pricing- *Introductory*
- The legal and regulatory framework of credit derivatives - *Introductory*
- Synthetic CDO - *Introductory*

Acquired skills:

- Understand the credit derivative markets - risk management
- Understand the mechanics and main uses of credit derivatives, CDOs and other structured products
- Draft a CDS term sheet
- Understand the mechanics of CDS pricing

COURSE SELECTION CRITERIA

- Identify credit risk and set up pricing tools
- Introduction to credit derivatives and structured products as solutions to various credit risk issues
- Detailed analysis of the market and counterparty risks of credit derivatives and structured products

RECOMMENDED FOR:

- Book managers
- Fixed income traders
- Junior credit traders
- Sales and financial intermediaries
- Support staff: middle office, internal control, audit, back office
- Company treasurers and directors
- Legal and tax departments
- Specialised finance professionals
- Risk managers
- Bank and insurance company financial directors
- Institutional investors

DURATION: 2 days

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COURSE OUTLINE

Measure of credit risk and analysis of credit spread

Practical workshop

- . Structuring an asset swap

Mechanics of different types of credit derivative products

- Credit Default Swaps (CDS)
- Credit Linked Notes (CLN)
- Total Return Swap (TRS)
- First-to-default Credit Swap
- iTraxx

Legal and Regulatory Issues

- Analysis of the critical aspects of an ISDA contract
- The Basel II environment

Examples of Credit Derivative Uses

- Hedging against counterparty risk
- Building synthetic debt
- Optimising regulatory working capital requirement
- Diversification and speculation

Fundamentals of pricing

- Credit spread, default probabilities and recovery rate
- Construction of a risk curve

Practical workshop

- . Price a CDS

Different types of CDO

- Cash and synthetic CDOs
- Arbitrage CDO and balance sheet CDO
- CDO single tranche
- Correlation trading

Practical workshop

- . Capital savings analysis under Basel I and Basel II
- . Analysis of the main financial crisis

Prospects for credit derivative markets



Credit Derivatives and Structured Products 2: Pricing and Book Management

ADVANCED LEVEL



OBJECTIVES

Key Concepts:

- Risk-adjusted discount rate - *Advanced*
- Default intensity - *Advanced*
- Copula functions - *Advanced*
- Default time correlation - *Advanced*

Acquired skills:

- Set up structured credit products (First to default, EDS, CMCDS, CPPI, Swaptions)
- Understand how Collateralized Debt Obligations (CDO) work and how they are used
- Price and hedge Credit Default Swaps (structural models and reduced form models)
- Price and hedge basket products, mixed products and CDOs

COURSE SELECTION CRITERIA

- Highly operational approach to pricing and structuring credit derivatives
- Practical workshop to consolidate knowledge

RECOMMENDED FOR:

- Book managers
- Risk managers
- Risk management and finance departments
- Credit derivative traders/structurers
- Specialised finance professionals
- Middle office
- Audit

DURATION: 3 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Pricing CDS

- Structural models (Merton model)
- Arbitrage equity/credit
- Reduced models
- Hedging

Practical workshop

- . Analysis of a duration-neutral position
- . Analysis of a steepening position

Pricing and hedging of structured credit derivatives

- First-to-default
- Equity Default Swap
- CMCDS
- CPPI on credit index
- CPDO
- Default swaptions
- Covered swaptions

Practical workshop

- . Pricing of various products in EXCEL™

Pricing and hedging of CDOs

- CDO balance sheet and synthetic CDO (CSO)
- Market description
- Key points of a CDO (diversity score, rating factor, ...)
- CDO single tranche (Bespoke)
- Index tranches and correlation trading
- Hedging principles (delta, gamma, rho, DTR, etc.)

Practical workshop

- . Long and short positions in CSO tranches

PRACTICAL WORKSHOP TO CONSOLIDATE KNOWLEDGE

- Pricing and structuring credit derivatives products in EXCEL™, using up-to-date market data

CDO and CFO: Structures and Uses

ADVANCED LEVEL



OBJECTIVES

Key Concepts:

- Credit risk - *Intermediate*
- Structured credit products - *Advanced*
- Uses of CDOs and CFOs - *Advanced*
- Sensitivities, delta hedging - *Introductory*

Acquired Skills:

- Understand the characteristics and uses of structured credit products
- Master the structuring of CDOs and CFOs
- Know the hedging principles of single tranche CDOs
- Understand the sensitivity of CDO tranches to various risks

COURSE SELECTION CRITERIA

- Very operational approach of structured credit products
- Presented as solutions to various credit risk problems

RECOMMENDED FOR:

- Portfolio managers
- Wealth managers
- Risk managers
- Project finance
- Middle office
- Audit
- Coverage

DURATION: 2 days

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COURSE OUTLINE

Mechanics and uses of CDOs

- Cash and synthetic CDOs
- Description of the market
- Uses
 - . hedging or risk management, management of balance sheet
 - . portfolio optimisation, arbitrage
- Various types of collateral
- Index portfolios (iTraxx, CDX), bespoke portfolios
- The models of rating agencies
- Risk analysis
 - . Default risk
 - . Spread risk
 - . Correlation risk
 - . Recovery risk

Practical workshop

- . Calculation of expected loss on a CDO tranche

- Pricing CDOs

Practical workshop

- . Cash-flow discounting in a determined scenario

Usual strategies

- CPPI credit
- Structured on ABS baskets (CPPI/CDO/Funds)
- Index tranche strategies or bespoke portfolios
- CPDO
- Various ways of structuring an equity tranche

Introduction to hedging

- Delta and gamma notions
- Impact of a default on highly leveraged products
- Impact on unparallel spread shifts
- Implicit correlation and basis correlation

Comparison of various total return credit strategy

- CDO single tranche
- Long equity/short mezzanine
- Strategies on equity tranches
- How to maximise profits from opposite views on two credit portfolios

Practical workshop

- . For every strategy: calculation of various indicators of risk and return.
- . Choice of strategy according to the investor's risk/return profile.

Practical workshop

- . Analysis of the recent market turmoil

Market prospects

Introduction to Securitisation



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Market and key-players of securitisation - *Introductory*
- Role of rating agencies - *Introductory*
- Structuring technique - *Introductory*
- Reading a term-sheet - *Introductory*
- Synthetic securitisation - *Introductory*

Acquired Skills:

- Understand the market and uses of securitisation
- Manage asset portfolios and understand all refinancing possibilities
- Increase investment possibilities beyond traditional interest rate products
- Know-how to structure a securitisation operation

COURSE SELECTION CRITERIA

- Understand securitisation techniques
- Step-by-step approach for non-specialists

RECOMMENDED FOR:

- Financial divisions (banks and corporate)
- Risk management - banks
- Senior bankers
- Advisers in charge of corporate customers
- Support staff: IT, middle office, internal and external audit, senior back office
- Interest rate managers
- Institutional investors

DURATION: 2 days

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COURSE OUTLINE

Introduction

- SPV, tranching, rating
 - Market characteristics: growth, asset classes, geography, currencies
- Practical workshop**
• Calculate the tranching of a simple transaction

Key players

- Roles of various key-players (IM companies, depositaries, auditors, ...)
- Rating agencies
- Investors

Various asset classes

- Commercial debt (ABCP)
- Mortgage (RMBS and CMBS)
- Consumption credit
- Bond or loan portfolios (CDO)

Study of a typical transaction

- Term sheet
- Offering circular
- Presale reports
- Reporting

Synthetic Securitisation

- Basic scheme and credit derivatives
 - Risk transfer
- Practical workshop**
• Arbitrage cost/capital liberated

Analysis and impact of Basel II

Pricing and secondary market

- Calculation of discount margin
 - Elements of Bloomberg™ pricing
 - Various types of amortising
- Practical workshop**
• Analysis of a term sheet on the secondary market



Securitisation: ABS, ABCP and CDO

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- The mechanics of securitisation - *Intermediate*
- Legal and financial aspects of structuring - *Intermediate*
- The models of rating agencies - *Intermediate*
- Analysing and structuring CDOs - *Intermediate*
- Correlation risks of non-granular portfolios - *Introductory*
- Synthetic securitisation - *Intermediate*

Acquired Skills:

- Understand the market and uses of securitisation
- Know the constraints and solutions for each type of asset and funding source
- Value and anticipate the implications of new risk and accounting standards
- Master structuring techniques and monitor securitisation operations

COURSE SELECTION CRITERIA

- Pragmatic approach of the securitisation market
- Understand the fundamentals of securitisation to master the risks and anticipate regulatory developments
- Value the stakes and limits of securitisation for an issuer

RECOMMENDED FOR:

- Junior securitisation officers
- Senior bankers, coverage
- Fund managers
- Traders/credit sales
- Origination managers
- Middle office
- Risk management
- Bank financial directors
- Issuers
- Treasurers and corporate finance directors
- Institutional investors

DURATION: 3 days

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COURSE OUTLINE

Basic principles

- Objectives of securitisation (corporate, banks, investors)
- Key principles, key players, rating
- Main structures: cash and synthetic securitisation

Primary and secondary markets

- Description of the primary market and placement
- Secondary market: volumes, asset classes, currencies, etc.
- Reporting

ABCP markets

- Conduits multisellers
- Role of sponsor bank
- Liquidity and letter of credit

Practical workshop

- Securitisation of commercial debt

ABS, RMBS and CMBS

- Analysis of sellers
- Specific risks and performance indicators
- Rating, tranching, credit enhancement
- Master trust

Practical workshop

- Study of 3 typical deals: cost analysis, calculation of tranching, reporting issues

Analysis and impact of Basel II

Pricing

- Bloomberg™
- Management of pre-payments

Practical workshop

- Calculation of discount margin in EXCEL™

Mechanics and uses of CDOs

- A mix of securitisation and credit derivatives
- Arbitrage CDO and balance sheet CDO
- Types of collateral: bonds, loans, ABS, CDO squared
- CDO single tranche
- Analysis and trading of correlation

Practical workshop

- Comparative study of capital use under Basel I and Basel II

Modelling and Valuing Credit Risk for Basel II

ADVANCED LEVEL



OBJECTIVES

Key Concepts:

- Individual risk modelling - *Advanced*
- Default correlation calculation - *Advanced*
- Risk measurement - *Advanced*
- Modelling portfolio risks - *Advanced*

Acquired Skills:

- Comprehend the notions of individual risk
- Understand rating models/probability/spread
- Know when and which default correlation models to apply (structural/intensity/copula)
- Understand the implications of default correlation modelling and the applications to risk measurement techniques
- Put theory into practice

Prerequisite Knowledge

- Probability and stochastic process

COURSE SELECTION CRITERIA

- Gain an advanced knowledge of default correlation: theoretical approaches and practical use
- Comparative study of models used in the market

RECOMMENDED FOR:

- Market R&D teams
- Credit risk divisions
- Traders and credit structurers
- Risk management divisions

DURATION: 3 days

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COURSE OUTLINE

Introduction: Fundamentals of Credit Risk Management

- Definition of credit risk
- Various forms of credit risk: default risk, risk of credit downgrade, rating transition risk
- Objective of credit risk models
- Various phases of the construction of a credit risk model
- Main indicators
 - . Default probability
 - . Exposure in case of default
 - . Losses if default
- Unexpected losses
- Transition matrix
- Value-at-Risk (VaR)

Individual Risk Modelling

- Rating
 - . Notions
 - . Transition matrix
- Expected losses (EL):
- Unexpected losses (UL):
 - . Economic capital
 - . Example of internal model
 - . KMV™ model
- Reduced form models
 - . Default and Poisson process
 - . Credit risk and spread
 - . CDS pricing and extraction of default probabilities

Introduction to copulas

Modelling joint risk

Default correlation

- Default correlation: historical analysis
- Models of default correlation
 - . A simple case: diversity score
 - . Intensity models
 - . Detailed study of the most common model: factor model
- Losses distribution via copula functions
- Modelling CDOs
 - . Binomial model
 - . Rating of a CDO tranche

Application to Risk Measurement

- Credit risk measurement
- Bernoulli model
- Poisson model
- Model underlying Basel II
 - . Statutory capital
- CreditRisk+ model
- Factor models: CreditMetrics, KMV
- How factor models work
- Portfolio models
 - . Method of capital allocation
 - . Notions of Risk/Return
 - . RAROC
 - . Managing concentration

Default Correlation: Principles and Pricing in EXCEL™

ADVANCED LEVEL



OBJECTIVES

Key Concepts:

- Credit risk - *Advanced*
- Discounting risky cash flows - *Advanced*
- Default event correlation - *Advanced*
- Delta hedge and gamma - *Intermediate*

Acquired Skills:

- Know the fundamentals of pricing basket products
- Know the principles of Single Tranche CDO coverage

COURSE SELECTION CRITERIA

- Concrete and operational approach to correlation
- Elaborate a Monte Carlo pricer

RECOMMENDED FOR:

- Fund managers
- Interest rate and credit traders
- Interest rate and credit structurers
- Salespeople and financial intermediaries
- Middle office staff
- Internal controls, audit
- Risk departments
- Institutional investors

DURATION: 1 day

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Tel: +44(0)20 7868 5277
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COURSE OUTLINE

CDOs: Mechanisms and Uses

- Cash CDO and synthetic CDO
- Arbitrage CDO and balance sheet CDO
- Types of collateral: bond, loan, ABS, squared CDO
- Single tranche or Bespoke CDOs
- Index tranches (iTraxx)

Risk Analysis and Pricing

- Default risk
- Spread risk
- Correlation risk
- Pricing CDOs using Gaussian copulas

Practical Workshop

. Value a CDO tranche using the Monte Carlo method in EXCEL™

Introduction to CDO Hedging and Trading

- Effects of various parameters (credit spreads, correlation, instantaneous default, etc.)
- Delta hedging
- Spread convexity and gamma
- Base correlation
- Correlation trading

Case Study

. Long Equity/Short Mezzanine strategies

Bond and Money Markets: Mechanics and Main Uses (Cash and Derivatives)

INTRODUCTORY LEVEL



OBJECTIVES

Key Concepts:

- Monetary policy tools - *Introductory*
- Mechanics and main uses of money market products - *Introductory*
- Mechanics and main uses of bonds and bond derivatives - *Introductory*
- Yield curve shape - *Introductory*
- Simple and compounded interest rates - *Introductory*
- Yield to maturity - *Introductory*
- Interest rate risks - sensitivity and hedge ratio - *Introductory*
- Convexity - *Introductory*

Acquired Skills:

- Master money markets and their practices
- Master bond markets and their practices
- Understand the mechanics and main uses of bond products: bond types, futures and options on futures

COURSE SELECTION CRITERIA

- Practical presentation of the mechanics and main uses of bonds (cash and derivatives)
- Choose between various products in accordance with investment or funding objectives

RECOMMENDED FOR:

- Fixed income fund managers
- Junior sales and traders
- Primary markets participants
- Brokers
- Fiscal and legal department
- IT
- Support staff: middle office, senior back office
- Internal controls, audit
- Institutional investors
- Corporate treasurers

DURATION: 3 days

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FIRST FINANCE UK
Tel: +44(0)20 7868 5277
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COURSE OUTLINE

Review of the Mechanics and Main uses of Monetary Products

- Interest rate fundamentals
- Interbank products: deposits and repo
- Short term notes
 - . TBills
 - . Certificate of deposit
 - . Commercial Paper
- Market practice and pricing: simple yield
- Day count basis and interest rate conventions
- Money market references: Libor, Eonia and Euribor
- Short term yield curve
- Role of Central Banks

Practical workshop

- . Repo pricing
- . Short term note pricing and IRR
- . Hierarchy of money market rates

Bonds: Characteristics and Uses

- Bond characteristics
- Yield to maturity and spreads
- Bonds: main categories and uses
 - . Fixed coupon bond
 - . Floating rate note
 - . Zero coupon bond
 - . Indexed Bond (CMT and inflation-linked)
- Yield curve shape
- New issue pricing
- Calculate and manage bond risks: duration, modified duration and convexity

Practical workshop

- . Build an EXCEL™ pricer to value bonds
- . Calculate the price, duration, modified duration and convexity of a fixed coupon bond

Mechanics and main uses of bond futures

- Main characteristics of contracts
 - . Short term interest rate futures
 - . Bond futures
 - . Bond option
 - . Futures options
- Main uses of derivative products
 - . Hedging a bond portfolio using futures and options
- Hedge ratio

Practical workshop

- . Using futures and options to hedge a bond portfolio

Repo: Mechanics, Pricing and Strategies

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Monetary policy and its market impact - *Intermediate*
- Collateral funding - *Intermediate*
- Bond liquidity - *Intermediate*
- Tripartite Repo - *Intermediate*

Acquired Skills:

- Understand the mechanics and the different forms of securities lending
- Master the pricing and the main uses of repo on money and bond markets
- Understand the tripartite repo market and its influence on front to back processes
- Obtain a practical understanding of the repo market

COURSE SELECTION CRITERIA

- Complete review of repo market practices and techniques with many real case-studies
- Tripartite repo: impact and development
- In depth analysis of funding methods as well as solutions provided by securities lending

RECOMMENDED FOR:

- Interest rate junior trader
- Fixed income fund manager
- Support staff: IT, middle office, audit, senior back office
- Sales team
- Syndication
- Brokers
- Risks and credit management team

DURATION: 2 days

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COURSE OUTLINE

Securities Lending Market

- Definitions and analysis
- The various market players and their objectives
- Spread margin and duration
- Notion of duration
- Repo pricing

Practical workshop

- . Mark to market (fixed and floating rate), carry, margin calls, cash/futures basis and repo impact

The Role and Organisation of the Main Central Banks

- Main role
- Monetary policy tools
- Main refinancing operations
- Minimum reserves and liquidity

Practical workshop

- . Bidding analysis and liquidity exposure

Contracts and Risks of Repo Trades

Tripartite Repo

- Mechanics and main uses
- Tripartite repo market: evolution and recent developments
- Impacts and trading tools
- Key role of front to back process

Practical workshop

- . Building and pricing of tripartite baskets

Pricing, Strategies and Book Management

- Repo and arbitrage
- Trading of specials
- Monetary market strategies
- Bond market strategies

Practical workshop

- . Complete case study of the management of a repo book

Bonds: Pricing and Book Management

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Building a zero-coupon curve - *Intermediate*
- Pricing standard bonds and sensitivity - *Intermediate*
- Duration and convexity - *Intermediate*
- Bond portfolio management - *Intermediate*
- Interest rate asset allocation strategies - *Introduction*

Acquired Skills:

- Calculate the theoretical price, sensitivity and convexity of a standard bond
- Master bond portfolio hedging techniques
- Trade yield curve movements
- Active bond portfolio management
- Understand the difference between managing a bond portfolio in a unit trust and Active/Passive management
- Analyse and evaluate the performance of a bond portfolio
- Build a pricing spreadsheet in EXCEL™

COURSE SELECTION CRITERIA

- Pricing and book management methods in EXCEL™
- Develop the ability to price and manage a bond portfolio
- Training method: transmission of highly operational skills, building and use of book management tools in EXCEL™

RECOMMENDED FOR:

- Fund managers, interest rate traders, salespeople
- Participants on primary interest rate markets
- Senior middle and back office staff, IT personnel
- Internal control, auditing, inspection
- Risk management
- Financial departments
- Treasurers and corporate financial directors
- Institutional investors

DURATION: 3 days

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COURSE OUTLINE

Bond Market

- Bond asset classes
- Markets and their participants
- Revision of bond mechanisms

Bond Pricing

- Yield curve
- The world of actuarial rates
 - . Fixed-rate bond price
 - . Risk measurement
 - . Credit
- The world of zero-coupon rates
 - . Definition
 - . Pricing T-bonds using a theoretical zero-coupon curve
- The world of forward rates
 - . Definition
 - . Forward rate curves - Limitations
- The world of floating rates
 - . Characteristics of an index bond
 - . Bonds indexed on short or long rates
 - . Inflation-linked bonds

Book Management

- General points
- Bond market transactions
- Bond performance
- Parameters of bond management
 - . Current yield
 - . Portfolio duration
 - . Portfolio convexity
 - . Portfolio VaR
 - . Decomposing a performance
- Book management strategies
 - . Translation
 - . Absence of movement
 - . Flattening/steepening
 - . Curve
 - . Hedging , sensitivity and convexity
- Unit trust bond management
 - . Reference framework
 - . Management goals
 - . Means and techniques
- Performance measures



Convertible Bonds: Pricing and Book Management

ADVANCED LEVEL

OBJECTIVES

Key Concepts:

- Modelling the security price - *Advanced*
- European option pricing - *Intermediate*
- American option pricing - *Intermediate*
- Fixed rate bond pricing - *Intermediate*
- Pricing and sensitivity of convertible bonds - *Advanced*
- Convertible bonds in asset management - *Intermediate*

Acquired Skills:

- Master the principles of convertible bond pricing
- Build a convertible bond pricing spreadsheet in EXCEL™
- Analyse the components of a convertible bond price
- Gain a comprehensive understanding of the European convertible bond market

COURSE SELECTION CRITERIA

- Market presentation, use of pricing spreadsheets and application to current market cases
- In-depth analysis of the characteristics and uses of the main convertible bond categories
- Step by step approach

RECOMMENDED FOR:

- Fund managers
- Junior traders
- Derivative sales
- Origination, primary market dealers
- Financial divisions
- Risk management division
- Support staff: IT, middle office, internal and external audit, senior back office
- Financial engineers
- Institutional investors

DURATION: 2 days

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COURSE OUTLINE

Fundamentals

- Overview of the convertible bond market
- Description of a convertible bond and of various markets
- Objectives of various market participants: issuers, investors, arbitrageurs
- Convertible bond characteristics
- Pricing components
 - . Revision of discounting and stochastics
 - . Calculation of equity options: Black & Scholes
 - . Binomial trees/Monte Carlo

Calculation of a Convertible Bond Price

- Components of a convertible bond price
- Various sensitivities
- Criteria of assessment
- Pricing methods
 - . Analytical
 - . Binomial tree
 - . Monte-Carlo
- Impact on credit margin
- **Practical workshop**
 - . Construction of a pricer in EXCEL™
 - . Calculate a convertible bond price in EXCEL™
 - . Invent a convertible and price it!

Convertibles and Portfolio Management

- Convertible bonds in asset allocation
- Managing convertible bonds
- Increasing return using convertibles

Bond Origination

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Characteristics of various types of bond issues - *Intermediate*
- Executing a bond issue - *Intermediate*
- Pricing a bond issue - *Intermediate*
- Legal documentation - *Intermediate*
- Syndication and role of banks, league table - *Intermediate*

Acquired Skills:

- Understand primary bond markets and the role of key players
- Master all the steps and characteristics of a bond issue
- Price a bond issue

COURSE SELECTION CRITERIA

- Comprehensive overview of a bond issue
- Illustrated by several case studies

RECOMMENDED FOR:

- Junior bond issuers and underwriters
- Bond salespeople and traders
- Swap salespeople and traders
- Support staff: audit, middle office and back office
- Internal controls, audit
- Senior bankers, coverage
- Financial departments
- Corporate financial departments

DURATION: 2 days

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COURSE OUTLINE

From the Issuer to the Investor

- Origination, research, rating, syndicate, sales, trading
- Work of a bond issuer: sales, financial analyst and structurer

Key players of bond markets

- Issuers
- Investors

Elements Involved in a Bond Issue

- Sector, political, economic factors
- Market factors: interest rate, spread, issuing volume
- Corporate finance and strategy
- Rating and credit events
- Constraints and liquidity of investors

Characteristics and Objectives of a Bond Issue

- Currency: economic needs or arbitrage opportunities
- Size, liquidity, electronic trading platforms
- Type and rank: senior/subordinated, specificities of financial institutions
- Coupon, reoffer price, fees
- Legal covenants
- Documentation (Eurobond, 144 A, SEC, Kangaroo)
- Market: public/private, retail/institutional
- Specific covenants

Schedule of a Benchmark Issue

- Mandate, credit research, selling memo, compliance, black out period, roadshow, book building, pricing and primary trading, settlement and secondary trading

Syndication technique

- Syndicate group/Book building or bought deal/Ebook/Pot system/Retention/Split economics/Success fee

Pricing an Issue

- Benchmarks and Govies
- Swap curve
- Coupon, reoffer, fees, all in before/after swap
- Legal costs/roadshow, super all in
- Issuers' final needs
 - . IRS
 - . CIRS

Practical workshop

- . Price in EXCEL™ swapped corporate and bank issues (from current market data)

After-Sales Monitoring, Dynamic Debt Management

- Market making commitment
- Buy-back (arbitrage, legal framework)
- Exchange offers

Real market case study



Interest Rate Derivatives: Characteristics and Uses

INTRODUCTORY LEVEL

850 delegates so far!

OBJECTIVES

Key Concepts:

- Characteristics and uses of interest rate derivatives: short and long-term, vanilla and exotic - *Intermediate*
- Forward yield curve - *Introductory*
- Pricing of floating legs - *Introductory*
- Zero-coupon pricing - *Introductory*
- Option pricing principles - *Introductory*
- Management of customer interest rate risk - *Introductory*
- Structured products of the first generation - *Introductory*

Acquired Skills:

- Understand the characteristics of the main interest rate products
- Build a forward yield curve
- Understand the market behaviour of interest rate products
- Construct strategies in line with market conditions and anticipations
- Break down a structure of interest rate derivatives into basic instruments

Pre-Course Preparation

(Accessible via Internet under FLASH™)

- Interest Rate Markets

COURSE SELECTION CRITERIA

- Analyse all interest rate products in terms of cash-flows
- Step by step study of current market examples from borrower and lender positions

RECOMMENDED FOR:

- Fund managers
- Junior structurers, salespeople
- Financial intermediaries
- Support staff: middle office, back office, internal control, audit, IT
- Financial divisions
- Risk management
- Institutional investors
- Corporate treasurers
- Debt managers of local authorities

DURATION: 3 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Interest Rate Conventions

- Basis
- Date conventions
- 3 month/6 month rates and equivalent annual rate

Market conventions and key players

Mechanics and pricing fundamentals of non-conditional derivatives

- FRAs
- Futures
- Interest Rate Swaps, FX swaps, CIRS
- Non-vanilla swaps: Quanto swaps, CMS, Libor-in-arrears
- Asset swaps

Mechanics and risk parameters of conditional derivatives

- Revision: option characteristics
- Behaviour of sensitivities (Greeks)
- The case of swaptions and caps & floors

Fundamentals of the structuring of first generation products

- Mechanics and uses
- Optimisation via arbitrage
- Adequation: anticipations and commercial strategies
- Analysis of term sheets

Main Uses of the Various Instruments (buy and sell side)

Term Sheets

Practical workshop

- . Money Market/Bond Basis conversion
- . Calculate a forward rate
- . Calculate a FRA differential
- . Build a swap cashflow schedule
- . Build a swaps pricing spreadsheet in EXCEL™
- . Calculate the maximal loss, the effective guaranteed rate and the break-even points of various option strategies

Interest Rate Management Case Study (Current market data)

- . Hedge a floating rate position with vanilla and exotic derivatives
- . Choose the appropriate and optimal hedging strategy (maturity, market anticipations)
- . Reduce the cost of medium-term debt with digital caps and floors or barrier options
- . Break down structured products into basic instruments (swaps, exotic interest rate options)



Structured Interest Rate Products: Structuring and Main Uses

INTERMEDIATE LEVEL

600
delegates
so far!

OBJECTIVES

Key Concepts:

- Forward yield curve bootstrapping - *Intermediate*
- Mechanics of embedded options - *Intermediate*
- Structured interest rate market regulations - *Intermediate*
- Construction of corporate strategies - *Intermediate*
- Construction/decomposition of structured products - *Intermediate*
- Hybrid structured products (interest rate-FX/ interest rate-equity etc.) - *Intermediate*

Acquired Skills:

- Model forward yield curves
- Master Constant Maturity Swaps
- Understand 1st and 2nd generation structured EMTNs
- Master the concept of « callable » products
- Master the mechanics and main uses for the principal fixed-income structured products: corridor, reverse floater, callable, snowballs, TARNs
- Set up strategies in relation to market conditions and anticipations

COURSE SELECTION CRITERIA

- Structure up-to-date market products
- Detailed analysis of cash flows and associated yield/risk opportunities
- Determine the choice of a structured product in relation to investment targets
- This course does not touch on exotic options pricing (see *course: standard and exotic options: advanced techniques of pricing and book management, page 36*)

RECOMMENDED FOR:

- Fund managers
- Junior structurers, sales
- Financial intermediaries
- Support staff: middle office, senior back office, internal control, audit, IT
- Bank financial divisions
- Risk managers

DURATION: 2 days

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COURSE OUTLINE

Main Mechanics of the Structured Interest Rate Products Market

- Definitions and mechanics of structured products
- The EMTN structured market: main markets, players (their motives and constraints)
- Structured swaps and non-vanilla swaps, CMS
- Various issuing products: EMTN, BMTN, CD, warrants, ...
- The structuring process: reverse inquiry, public supply/private placement
- Calculating forward rates
- Basics of interest rate options
- **Practical workshop**
. Build a forward yield curve pricer in EXCEL™

Study of Options Embedded in Structured Products

- Vanilla options: Black & Scholes model
- Exotic options: pay-off, decomposition of some options into vanilla and digital options

Standard structured products (with examples of recent market transactions)

- Corridors
- Reverse floater
- Callable
- Non standard interest rate products: Quanto, CMS, etc.
- Examples of hybrid products: interest-rate + credit, interest-rate + forex
- **Practical workshop**
. Build in EXCEL™ a spreadsheet to compare structured products based on market expectations

Building Strategies Using Second Generation Structured Products

- The main types of second-generation structured EMTN: callable range accrual, CMS spread, TARN, RATCHET
- Example of the principal models: path-dependent products, multi-underlying
- Uses of structured products:
 - . In relation to needs of companies, money-market book managers, bond book managers, private asset managers
 - . Forecasting
 - . Simulations and strategies
- Analysis of the sensitivities of some structured products



Interest Rate Swaps: Pricing and Book Management

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Zero-coupon pricing - *Intermediate*
- Modelling forwards - Modelling floating legs - *Intermediate*
- Short and long term interest rate risk, sensitivities - *Intermediate*
- Convexity of non-vanilla swaps and interest-rate swap books - *Intermediate*
- Swap book management - *Intermediate*
- Yield curve strategies - *Intermediate*
- Basics of interest-rate structuring using swaps and exotic options - *Intermediate*

Acquired Skills:

- Price standard IRS and CIRS
- Calculate sensitivities
- Manage a swap book
- Use exotic interest rate barrier options to structure products

COURSE SELECTION CRITERIA

- Price every type of standard and exotic swaps in EXCEL™
- Acquire best practice methods of swap portfolio management
- Practical workshop to consolidate knowledge

RECOMMENDED FOR:

- Fund managers/junior traders
- Sales
- Structurers, strategists
- Fixed-income origination and primary market professionals
- Financial department
- Risk managers
- Support functions: IT, middle office, senior back office
- Internal controls, audit
- Corporate treasurers and financial directors
- Institutional investors

DURATION: 3 days

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COURSE OUTLINE

Revision of market conventions

- Money Markets, Bond Basis, Act/Act
- Converting periodical rates into annual rates
- Calendar conventions

Exercise

- . Convert rates (basis, periods)
- . Construct a swap cash-flow schedule

Forward yield curve

- Calculation of forward rate
- Mechanics and uses of FRAs
- Mechanics and uses of STIR futures

Practical workshop

- . Forward rate calculation

Swap pricing

- Pricing of Interest Rate Swaps (IRS)
 - . Calculate Discount factors from STIR futures and IRS rates
 - . Estimating the floating-rate leg

Practical workshop

- . Build a swaps pricer in EXCEL™
- . Price an amortisable forward swap
- . Calculate a mark-to-market

- Specific case: OIS swaps
- Basis swaps, currency and interest-rate swaps (CIRS)

Practical workshop

- . Price a fixed/fixed CIRS at an off-market rate

- Pricing asset swaps and bond swaps

Practical workshop

- . Price a fixed-rate/floating-rate asset swap, using EXCEL™

- Sensitivities of standard and exotic swaps (global and by maturity)
- Calculating equivalent swap amounts and equivalent futures contract

Practical workshop

- . Build a sensitivities spreadsheet in EXCEL™

- Examples of non-vanilla swaps: quanto, CMS, Libor in arrears
- Notion of convexity

Managing a Swap Book

- Managing interest rate risk
 - . Short end: managing libor reset
 - . Long end: use of bond futures and bonds
- Market strategies: curve and spread

Structured Products Using Swaps and Exotic Interest-Rate Options

- Mechanics of the principal exotic interest-rate options: swaptions and caps/floors (standard, digitals, barriers)
- Strategies based on exotic options
- Examples of structured products of 1st generation

Practical workshop

- . Decomposition of structured products into vanilla products

Advanced Swaps

ADVANCED LEVEL



OBJECTIVES

Key Concepts:

- Pricing methods for generic, non-generic and exotic swaps - *Intermediate*
- Convexity of non-generic swaps - *Advanced*
- Advanced techniques of swap book management - *Advanced*
- Applying VaR to a swap portfolio - *Advanced*

Acquired Skills:

- Price generic, non-generic and exotic swaps in EXCEL™
- Master structuring and pricing for standard and exotic swaps
- Advanced book management techniques
- Understand VaR calculations applied to a swap portfolio

COURSE SELECTION CRITERIA

- Operational approach to advanced pricing and management methods for all types of swap
- Assimilate the best market practices
- Prerequisites: standard swap pricing

RECOMMENDED FOR:

- Interest rate swap traders
- Interest rate structurers
- Interest rate managers
- Financial intermediaries
- Interest rate derivatives (middle office) staff
- Risk managers
- Internal controllers, auditors
- Company treasurers
- Institutional investors

DURATION: 3 days

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FIRST FINANCE Asia
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COURSE OUTLINE

Review: Fundamentals of Generic Swap Pricing

- Calculating discount factors
 - Estimating the floating leg
- [Practical Exercise Using EXCEL™](#)

. Calculate a swap's mark-to-market using a preformatted EXCEL™ pricer

Pricing and Structuring Asset Swaps

- Asset swaps on off-market fixed rate bonds
 - Asset swaps on convertibles/reverse FRNs, option embedded bonds
- [Practical Workshop](#)

. Price various types of asset swap in EXCEL™

Advanced Interest Rate Models

- Interpolation
 - Risk-neutral probability
 - Convexity adjustments
- [Practical Workshop](#)

. Build a futures stripper incorporating convexity adjustments

Pricing Non-Generic Swaps

- Libor in arrears
 - Constant maturity swaps (CMS)
 - Quanto swaps
- [Practical Workshop](#)

. Price each of these swaps in EXCEL™

Pricing Inflation Swaps

- Inflation-indexed bonds
 - Break-even inflation curve
 - Zero-coupon/Coupon inflation swaps
 - Swaps indexed on Book A
- [Practical Workshop](#)

. Price inflation swaps in EXCEL™

Pricing Exotic Swaps

- Exotic interest rate pay-offs
 - Pay-off combinations
 - Contingent maturity
- [Practical Workshop](#)

. Price callable (Bermuda) swaps and range accrual in EXCEL™

Advanced Book Management

- Review: classic sensitivity calculations
 - Using VaR
 - . Curve scenario
 - . VaR calculation
 - . Empirical difficulties
- [Practical Workshop](#)

. Calculate the VaR of a "curve" portfolio in EXCEL™

Duration and Convexity

ADVANCED LEVEL



OBJECTIVES

Key Concepts:

- Essential financial mathematics - *Intermediate*
- Hedging a swap portfolio - *Advanced*
- Convexity of futures - *Advanced*
- Convexity of non vanilla swaps- *Advanced*

Acquired Skills:

- Master the impact of convexity in bond pricing
- Master the issues surrounding sensitivity hedging
- Master convexity adjustments on complex exotic swaps

Prerequisite Knowledge

- Basic financial mathematics

COURSE SELECTION CRITERIA

- Comprehensive study of interest rate hedging tools
- Understand the concept of convexity in all financial instruments

RECOMMENDED FOR:

- Fund managers who use interest rate derivatives
- Junior interest rate dealers
- Salespeople
- Interest rate structurers
- Support staff: middle office, internal controls, audit, back office, accounting, IT
- Corporate treasurers with an experience in interest rate derivatives
- Financial directors of local authorities

DURATION: 1 day

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
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FIRST FINANCE Paris
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COURSE OUTLINE

Mathematical revision

- Convex functions
- Taylor formula

Revision of Swap and Bond Pricing Essentials

- Intuitive and quantitative approach
- Yield at par
- Forward rate - Estimating future Libors

Hedging a Portfolio: the Duration/Convexity Method

- Hedging via sensitivity and duration: futures
- Hedging via zero-coupons: cash-flow matching

Practical workshop

. Numerical comparison of the actuarial and zero-coupon methods

Valuation of Standard and Non-Vanilla Swaps

- Zero-coupon valuation via short-term futures and swap rates
- Double notional method: similarity between bond and swap portfolios
- Valuing Interest Rate Swaps (IRS)
- Valuing Currency Swaps (CIRS)
- Valuing exotic swaps: quanto swaps, constant maturity swaps, Libor-in-arrears swaps
- Sensitivity of standard and exotic swaps

Problems Raised by Convexity

- Limitations of duration hedging
- Problems linked to hedging with futures (short and long-term)
- Bond convexity: how to hedge duration and convexity

Practical workshop

. Value a bond with the cash flow method or by duration/convexity

Exotic Swaps Convexity: CMS, Libor in arrears

- Underline the issues with exotic swaps convexity
- Elements impacting the calculation of adjustment factors

Practical workshop

. Demonstrate and calculate CMS convexity



Interest Rate Options: Characteristics, Uses and Sensitivities

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Characteristics and sensitivities ("Greeks") of interest rate options - *Intermediate*
- Volatility smile and skew - *Introductory*
- Pricing elements of an interest rate option - *Introduction*
- Mark-to-Market of an interest rate option portfolio - *Intermediate*
- Barrier option structures - *Introductory*

Acquired Skills:

- Master the use of interest rate options and various underlying financial instruments
- Gain an in-depth knowledge of interest option sensitivities ("Greeks") and implications of the smile effect
- Understand the risks involved in managing an interest rate option portfolio and analyse mark-to-market variations
- Optimise trading strategies and corresponding hedging techniques

COURSE SELECTION CRITERIA

- Step by step and comprehensive analysis of the dynamic behaviour of a hedged/unhedged interest rate option portfolio
- Hands-on approach to fully master the use of pricing spreadsheets

RECOMMENDED FOR:

- Traders/fund managers/junior structurers
- Salespeople
- Corporate finance divisions
- Risk management
- Middle office, back office, IT
- Internal controls, audit
- Corporate treasurers

DURATION: 3 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
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E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Characteristics of Interest Rate Options

- Underlying instruments:
 - . Revision of forward rate concepts
 - . FRAs and short-term interest rate futures
 - . Bonds and long-term interest rate futures
 - . Interest Rate Swaps

Practical workshop

- . Build a spot and forward yield curve

Interest Rate Options

- . Bond and Future Options
- . Swaptions, caps/floors (plain vanilla and exotic)

Practical workshop

- . Use options as hedging tools

Market Use of Interest Rate Options

- Market participants, various uses of options (hedging, trading, leverage etc.) and market conventions

Valuing an Option Portfolio and Market Risk Management Techniques

- Pricing components: calculation of premium
- Mark-to-market of an option portfolio: sensitivity ("Greeks") to the underlying instrument (delta, gamma), maturity (theta) and volatility (vega, volga)
- Relationship between Greeks

Practical workshop

- . Build in EXCEL™ an interest rate future option pricing spreadsheet, calculate and analyse the "Greeks"

Practical workshop

- . Delta-neutral and gamma-neutral strategies, vega hedging
- "Black" volatility: implied and historical volatility/notions of variability
- Volatility smile and skew
 - . Introduction to the concept and study of current market levels
 - . Managing the smile: beta, interest rate/volatility correlation, volatility of volatility
 - . Introduction to the SABR model

Practical workshop

- . Analyse and handle a smile effect

- Smile in standard and exotic options: caps/floors (forward yield curves and smile) and swaptions (volatility matrix and smile)

Practical workshop

- . Use a pricer to run a cap/floor and swaption portfolio

Option Portfolio Analysis

- Global sensitivities and mark-to-market of a portfolio
- Typical structures and hedging strategies
- In-depth examination of hidden risks

Presentation of a few exotic option strategies

Practical workshop

- . Break down a structure of options into basic instruments

Standard and Exotic Interest Rate Options: Advanced Pricing and Book Management Techniques

ADVANCED LEVEL

OBJECTIVES

Key Concepts:

- Pricing standard interest rate options - *Advanced*
- Sensitivities of standard options (Greeks) - *Advanced*
- Smile and sensitivities - *Advanced*
- Pricing and sensitivities of American, Bermudan, Digital, Cap spread, CMS, and Quanto options - *Intermediate*
- EDP, Monte-Carlo - *Intermediate*

Acquired Skills:

- Price standard options and the main exotic options
- Calculate the different sensitivities: delta, gamma, theta, vega
- Build in EXCEL™ a pricing spreadsheet and calculate sensitivities for standard and exotic options

COURSE SELECTION CRITERIA

- Price the main interest rate options, using EXCEL™
- Calculate sensitivities and apply book management techniques
- Assimilate techniques used by interest rate options market-makers
- Detailed analysis of new sensitivity parameters related to the book management of smile and volatility

RECOMMENDED FOR:

- Fixed-income fund managers
- Junior traders
- Derivatives senior sales
- Bond origination and primary market professionals
- Finance departments
- Risk managers
- Support staff: IT, middle office, audit, senior back office, internal controls
- Financial engineers

DURATION: 3 days

CONTACT

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COURSE OUTLINE

Options on Long-Term and Short-Term Futures

- Revision: definition of futures contracts (BOBL, SCHATZ, BUND, Euribor and Libor futures)
- Pricing formulas
- Calculating the different sensitivities: delta, gamma, theta, vega
- Setting up a pricer using EXCEL™
- Short-term and long-term management of option books

Options in the OTC Market

- Yield curve analysis
Practical workshop
• Build a pricer for FRA and swaps in EXCEL™
- Applying the Black & Scholes model to caps/floors and swaptions
Practical workshop
• Set up an EXCEL™ pricer for caps, floors and swaptions
- Notion of variability
- Limits of models: normal and lognormal laws
- Smile skew and kurtosis
- Presentation of the SABR model
- Caps/floors: flat and forward volatilities
- Managing an option book

Pricing and Sensitivities of Exotic Options

- Digitals: pricing and replication
- Quanto (swaps and options)
- CMS (swaps and options): convexity adjustment and pricing with replication
- Steepener, Ratchet
- American: American futures options, Bermudan, flexi-caps
Practical workshop
• Monte-Carlo simulation (examples using EXCEL™)
- Spread options
- Latest exotic products

Inflation-Linked Products: Cash and Derivatives

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Mechanics and main uses of inflation linked bonds and derivatives - *Intermediate*
- Pricing zero-coupon - *Intermediate*
- Pricing and sensitivities of bonds and vanilla swaps - *Intermediate*
- Calculation of indices - *Intermediate*
- Pricing and sensitivities of bonds and inflation-linked products - *Intermediate*
- Principles of inflation structuring - *Introductory*

Acquired Skills:

- Get to grips with the inflation market: organisation, key players, mechanics and uses of products
- Learn to use the most appropriate product for a given risk
- Understand structures including inflation-index

Prerequisite Knowledge

- Be familiar with bonds and vanilla swaps

COURSE SELECTION CRITERIA

- Comprehensive approach of the inflation markets and products
- Construction of simple pricing spreadsheets

RECOMMENDED FOR:

- Fund managers
- Interest rate traders
- Interest rate primary market managers
- Sales
- Junior inflation traders
- Interest rate structurers
- Middle office, back office, accounting, IT
- Internal controls, audit
- Risk management
- ALM managers
- Corporate treasurers and financial directors
- Institutional investors

DURATION: 2 days

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COURSE OUTLINE

Bond pricing and trading: revision

- Strips and zero-coupon valuation
- Duration, variation and sensitivity
- Convexity
- Parameters of trading

Practical workshop

. Construction of a bond pricer in EXCEL™

Inflation-linked bonds

- Mechanics and main uses
- Pricing and management of index-linked bonds
- Inflation-linked bond markets
- European OATi
- Introduction to stripping

Practical workshop

. Construction in EXCEL™ of a pricing spreadsheet

Inflation derivative markets

- Overview of markets
- Current indices (Euro, FR, ESP, IT, US, ...)
- Relationship between various indices
- Interbank liquidity
- Maturities of derivatives

Mechanics of inflation derivatives

- Mechanics and uses of inflation swaps
- Relationship between swaps and bonds
- Forward inflation curve
- Zero-coupon swap

Practical workshop

. Construction in EXCEL™ of an inflation-swap pricing spreadsheet

Index-linked private placements

- Market presentation
- Description of various structures (leverage, capped/floored interest rates...)
- Uses of the notes (buy-side)

Cash, Derivative and Structured Interest Rate Products: Pricing and Book Management

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Forward rate calculation - *Intermediate*
- Characteristics of FRAs - *Intermediate*
- Characteristics and sensitivity of futures contracts - *Intermediate*
- Zero-coupon valuation - *Intermediate*
- Standard bond valuation and sensitivity - *Intermediate*
- Index-linked bonds: pricing and sensitivity - *Introductory*
- Valuing a floating swap leg - *Intermediate*
- Standard and exotic swap pricing - *Intermediate*
- Interest rate risk - Global sensitivity; sensitivity by maturity - *Intermediate*
- Convexity of an IRS and of interest rate portfolios - *Intermediate*
- Pricing of vanilla interest rate options - *Intermediate*
- Pricing of exotic interest rate options - *Intermediate*
- Volatility smile - *Intermediate*
- Running an option book - *Introductory*
- Principles of structuring interest rate products - *Introductory*

Acquired Skills:

- Master pricing methods and book running techniques for: bonds, standard and exotic swaps, interest rate options
- Build an EXCEL™ pricing spreadsheet for products as listed above
- Calculate sensitivity in pricing spreadsheet
- Understand pricing principles and book running techniques of standard and exotic interest rate options
- Understand structured packages of barrier options

COURSE SELECTION CRITERIA

- Five days to master the valuation and management of the main interest rate products
- Price bonds, swaps, caps/floors, swaptions and exotics in EXCEL™
- Calculate sensitivities and apply them to book running techniques
- No prior mathematical knowledge required

RECOMMENDED FOR:

- Fund managers
- Junior traders
- Salespeople
- Bond issuers, interest rate primary markets
- Financial divisions
- Risk management divisions
- Support staff: IT, middle office,
- Middle office, back office senior, IT
- Internal controls, audit
- Corporate treasurers
- Institutional investors

DURATION: 5 days

COURSE OUTLINE

FRAs and short-term futures

- Interest rate conventions
- Forward rate calculation
- FRAs market and mechanics
- STIR futures: market and mechanics
- Using FRAs and futures as hedging and trading tools

Practical workshop

- . Forward rates and FRA differentials calculation in EXCEL™
- . Hedging short-term interest rate positions with futures

PRICING AND SENSITIVITY OF SWAPS

Pricing of vanilla and non-vanilla swaps

- Zero-coupon valuation
- Interpolation of STIR futures prices and IRS rates
- Pricing Interest rate Swaps (IRS)
 - . Calculation of Discount Factors
 - . Modelling the floating leg of a swap

Practical workshop

- . Construction of an IRS pricer from a pre-formatted EXCEL™ spreadsheet

Mark-To-Market an IRS

- Basis swaps and other currency swaps

Case Study

- . Value an out-of-the-money fixed-fixed currency swap

- Valuing asset swaps
- Sensitivities of vanilla and non-vanilla swaps
- Calculating IRS hedges

Practical workshop

- . Incorporate a sensitivity ladder to the EXCEL™ swap pricing spreadsheet

- Convexity
- Impact of convexity in non-vanilla swaps valuation: quanto swaps, constant maturity swaps (CMS)
- Historical examples of quanto swap positioning: yield curve convergence

Practical workshop

- . Value a CMS in EXCEL™

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BONDS: PRICING AND SENSITIVITY

Characteristics and Utilisation of Bonds: Revision

Standard Bond Valuation

- Building a zero-coupon yield curve
 - . Intuitive and quantitative approach
 - . Yield at par
 - . Forward rate
- Duration, Sensitivity
- Convexity
- Credit spread

Practical workshop

- . Build a bond pricing spreadsheet in EXCEL™

Fundamentals of Index-Linked Bond Valuation

- CMS bonds
- Inflation-linked bonds

SWAPS, BONDS, FUTURES BOOK MANAGEMENT

- Market conventions and characteristics of futures
- Sensitivity and futures equivalent position

Analysis and Hedge of Medium and Long Term Interest Rate Positions with Derivatives

- Choosing the maturity and type of hedge tool
- Managing convexity

Market Strategies: curve and spread

Risk Management

INTEREST RATE OPTIONS: PRICING AND SENSITIVITY

- Characteristics and uses of interest rate options: revision
- Pricing methods: Black and Scholes, binomial trees
- Valuation formula: volatility, interest rate, maturity, strike
- Volatility Smile
- Sensitivity parameters: Greeks
- Trading the Greeks: theta/gamma, theta/vega, etc.

Practical workshop

- . Build a swaption pricing spreadsheet in EXCEL™ and calculate sensitivities

- Characteristics and uses of exotic interest rate options
- Components of pricing:
 - . Digitals
 - . American: American on futures, Bermudan, Flexi-caps
 - . Path dependent

STRUCTURED PRODUCTS

Understanding structured products

- Analysis of various products
- Notion of qualified investor
- Private placement or public offering

Knowing the most common structured products

- Guaranteed capital
- Non-guaranteed capital
 - . Reverse convertible on bond or equity
 - . Knock-in knock-out reverse convertible
 - . Reverse Shark
 - . Ratchet and TARN
 - . Callable Range Accruals
 - . Reverse Step-Up Floater

Using structured products

- Use of structured products by corporate treasurers, asset managers and institutional investors
- Use of structured products to hedge portfolios, optimise debt or investments
- Various hedging products
- Selecting products in line with portfolio management style
- Risk analysis and monitoring

MASTERCLASS

Valuing Interest Rate Products (cash and derivatives)

GENERAL PRINCIPLES

- Programme combining online and in-class training
- Programme in **6 phases**. The first **5 phases** alternate:
 - . **1st stage of individual work preceding the seminar** in the form of self-assessment quizzes, online consultations of technical sheets and e-learning modules
 - . **One-day course:** revisions, lectures and case studies
 - . **2nd stage of individual work post-seminar:** quizzes, case studies and exercises in EXCEL™ (accessible online after the seminar)
 - . **Phase 6** consists in bestowing a **FIRST FINANCE certificate** to delegates who have successfully completed the programme. Trainees may take the evaluation tests more than once. What is important is that the knowledge be truly acquired.
- This programme is linear. Delegates will have to follow the phases in their sequential order.

EDUCATIONAL HIGHLIGHTS

- Anchor knowledge and skills using:
 - . an appropriate rhythm of preparation, training and practice
 - . an alternated use of educational methods: e-learning, small group size, exercises in EXCEL™, case studies, simulations, MCQ
- Gain state-of-the-art practical skills
- Validation via tests and an official FIRST FINANCE certificate

DURATION

- 50 hours** of training over a **6-month period**
- . Individual work + tests: **15 hours**
 - . Seminars: **5 days x 7 hours = 35 hours**

Phases may be removed from the programme if desired.
Simply ask one of our Training Consultants.

SYNOPSIS

TYPE OF TRAINING	TOPICS	DURATION
PHASE 1: Valuing Bonds		
Quiz	Self-assessment	20 min
E-learning + quiz	Bond markets	60 min
Pre-reading	Index bonds	30 min
Seminar Day 1	Bond valuation methods and sensitivity analysis in EXCEL™	1 day
Summary quiz		30 min
Exercise 1	Accrued interest calculation, price/yield ratio. Calculation of sensitivity, duration and convexity of bonds	45 min
Exercise 2	Hedging a bond portfolio with long-term futures	45 min
PHASE 2: Valuing FRAs, Short-Term Futures and modelling interest rate swaps		
Quiz	Self-assessment	15 min
E-learning + quiz	FRAs and short-term futures	60 min
E-learning + quiz	Interest rate derivatives	50 min
Pre-reading	FRAs, interest rate swaps and currency swaps	45 min
Seminar Day 2	Valuing non-option derivatives and construction of a pricing spreadsheet in EXCEL™	1 day
Summary quiz		20 min
Exercise 1	Euribor futures strip	30 min
Exercise 2	Calculate a mark-to-market in EXCEL™	30 min
PHASE 3: Valuing CIRs and plain vanilla and exotic option sensitivities		
Quiz	Self-assessment	15 min
Pre-reading	Quanto swaps, CMS, Libor-in-arrears swaps	30 min
Seminar Day 3	Valuing CIRs and swap sensitivities	1 day
Summary quiz		20 min
Exercise 1	Price a currency swap in EXCEL™	30 min
Case study	Case study of convexity: hedging a CMS	45 min
PHASE 4: Valuing interest rate options and calculating their sensitivities		
Quiz	Self-assessment	15 min
Pre-reading	Non-vanilla caps/floors	30 min
Seminar Day 4	Valuing options and option sensitivities and construction of a pricing spreadsheet in EXCEL™	1 day
Summary quiz		20 min
Exercise 1	Valuing futures options and their sensitivity	30 min
Exercise 2	Valuing swaptions and their sensitivity	30 min
PHASE 5: VaR calculation methods		
Quiz	Self-assessment	15 min
Pre-reading	Value-at-Risk	40 min
Seminar Day 5	VaR calculation methods	1 day
Summary quiz		20 min
Exercise 1	Calculate the VaR of a bond portfolio	30 min
Exercise 2	Calculate the VaR of standard options	30 min
PHASE 6: Certification by FIRST FINANCE		
Bestowal of FIRST FINANCE certificate to successful delegates		
		TOTAL: 50h00



MASTERCLASS OBJECTIVES

- Master the valuation of bonds
- Master the valuation of FRAs, short and long term futures and standard and exotic swaps
- Master swap sensitivity calculation
- Master the valuation and calculation of interest rate option sensitivities
- Gain an understanding of risk measurement (VaR)
- Practical financial modelling in EXCEL™

RECOMMENDED FOR:

- Fund managers
- Senior middle and back office personnel
- Salespeople, financial intermediaries
- Financial departments
- Risk divisions
- IT staff
- Company treasurers
- Institutional investors

COURSE OUTLINES

(No prior mathematical knowledge required)

Day 1

VALUING BONDS

- Revision of mechanics and uses of bonds
- Price, yield, duration, sensitivity and convexity

Practical Workshop

. Construct a bond pricer in EXCEL™

- Calculating a mark-to-market value
- Credit spreads
- Mechanics and uses of long-term futures

Practical Workshop

. Use futures to hedge the sensitivity and duration of a bond portfolio

Day 2

VALUING FRAs, SHORT-TERM FUTURES AND MODELLING INTEREST RATE SWAPS

- Forward rate curve applied to 3-month Euribor futures
- Valuing FRAs
- Zero-coupon curve and discount factor calculation
- Modelling the floating leg of a swap
- Valuing interest rate swaps (IRSs)

Practical Workshop

. Construct a swap pricer in EXCEL™

Day 3

VALUING CIRSs AND STANDARD AND EXOTIC SWAP SENSITIVITIES

- Basis swaps and other CIRSs

Practical Workshop

. Price a fixed-fixed CIRS at an off-market rate in EXCEL™

- Calculating global sensitivities by maturity
- Equivalent futures contracts
- Definition and pricing of an asset swap

- Risk factors of exotic swaps: quanto swaps, constant maturity swaps, Libor-in-arrears swaps
- Introduction to convexity in exotic swaps

Day 4

VALUING INTEREST RATE OPTIONS AND CALCULATING THEIR SENSITIVITIES

- Mechanics of interest rate options: futures options, swaptions, caps/floors (vanilla and exotic)

Practical Workshop

. Price standard options in EXCEL™

- Futures options
- Implied volatility
- Volatility smile
- Analysing sensitivities (Greeks) in relation to the underlying and maturity (delta, gamma, theta) and volatility (vega)
- Analysing an option position's mark-to-market value and market risk management techniques
- Option strategies (straddle, bull spread, etc.)

Day 5

VaR CALCULATION METHODS

- Risk factors – Risk measurement

- Mark-to-market results
- Revision of probability (normal distribution, kurtosis, variance, correlation)
- Value-at-Risk (VaR)
- Parametric VaR

Practical Workshop

. Apply VaR calculations to forex and interest rate markets

MASTERCLASS**Interest Rate Instruments: Risk Measurement and Control****GENERAL PRINCIPLES**

- Programme combining online and in-class training
- Programme in **7 phases**. The first **6 phases** alternate:
 - . **1st stage of individual work preceding the seminar** in the form of self-assessment quizzes, online consultations of technical sheets and e-learning modules
 - . **One-day course:** revisions, lectures and case studies
 - . **2nd stage of individual work post-seminar:** quizzes, case studies and exercises in EXCEL™ (accessible online after the seminar)
 - . **Phase 7** consists in bestowing a **FIRST FINANCE certificate** to delegates who have successfully completed the programme. Trainees may take the evaluation tests more than once. What is important is that the knowledge be truly acquired.
- This programme is linear. Delegates will have to follow the phases in their sequential order.

EDUCATIONAL HIGHLIGHTS

- Anchor knowledge and skills using:
 - . an appropriate rhythm of preparation, training and practice
 - . an alternated use of educational methods: e-learning, small group size, exercises in EXCEL™, case studies, simulations, MCQ
- Gain state-of-the-art practical skills
- Validation via tests and an official FIRST FINANCE certificate

DURATION

60 hours of training over a **6-month period**

- . Individual work + tests: **18 hours**
- . Seminars: **6 days x 7 hours = 42 hours**

Phases may be removed from the programme if desired.
Simply ask one of our Training Consultants.

SYNOPSIS

TYPE OF TRAINING	TOPICS	DURATION
PHASE 1: Technical fundamentals of sensitivities of non-option interest rate instruments		
Quiz	Self-assessment	20 min
E-learning + quiz	Bond markets	60 min
Pre-reading	Index bonds	20 min
E-learning + Pre-reading	FRAs, short-term futures, IRSs, CIRs and non-option interest rate products	75 min
Seminar	Technical fundamentals and sensitivities of non-option interest rate instruments	1 day
Summary quiz		30 min
Exercise 1	Calculating a bond's price, sensitivity and duration	30 min
Exercise 2	Using sensitivity to analyse swap strategies	30 min
PHASE 2: Risk factors and sensitivities of interest rate options		
Quiz	Self-assessment	15 min
Pre-reading	Exotic interest rate options	40 min
Pre-reading	Quanto swaps, Constant Maturity Swaps (CMS), Libor-in-arrears swaps	30 min
Seminar	Risk factors and sensitivity of interest rate options	1 day
Summary quiz		30 min
Exercises	Analysing risk in function of the Greeks	30 min
PHASE 3: Value-at-Risk (VaR)		
Quiz	Self-assessment	15 min
Pre-reading	Value-at-Risk techniques	45 min
Pre-reading	Riskmetrics cash flow mapping	45 min
Seminar	VALUE at RISK (VaR)	1 day
Summary quiz		30 min
Exercises	VaR calculations on non-option instruments	60 min
PHASE 4: Plain vanilla and exotic option position risks and stress scenarios		
Quiz	Self-assessment	15 min
Pre-reading	VaR delta, gamma and vega	40 min
Seminar	Plain vanilla and exotic option position risks and stress scenarios	1 day
Summary quiz		30 min
Exercise	Calculation and analysis of option VaR and stress scenarios	60 min
PHASE 5: Counterparty risk in market transactions and the Basel II Reform		
Quiz	Self-assessment	15 min
Pre-reading	Counterparty risk in market transactions	40 min
Pre-reading	Basel II Reform and credit risk	45 min
Seminar	Counterparty risk in market transactions and the Basel II Reform	1 day
Summary quiz		30 min
Exercise	Comparison of risk profiles on positions and capital consumption calculations	45 min
PHASE 6: Risk monitoring and control		
Quiz	Self-assessment	15 min
Pre-reading	Internal risk monitoring and control	30 min
Pre-reading	Regulatory and supervisory standards	40 min
Seminar	Risk monitoring and control	1 day
Summary quiz		30 min
Exercise 1	In-depth verification using validation criteria	30 min
Exercise 2	Calibration of risk measurement/monitoring tools	40 min
PHASE 7: Certification by FIRST FINANCE		
Bestowal of FIRST FINANCE certificate to successful delegates		

TOTAL: 60h00



MASTERCLASS OBJECTIVES

- Be able to identify all the risk factors of interest rate products and master key sensitivity parameters
- Master market Value-at-Risk, the various uses of stress scenarios and assess the counterparty risk involved in a market transaction
- Understand capital requirements and the Basel II Reform and grasp the economic potential of optimum internal risk management techniques
- Master cutting edge techniques for risk monitoring, control and driving on interest rate activities

RECOMMENDED FOR:

- Middle office staff
- Internal control/audit
- Financial department staff

COURSE OUTLINES

Day 1

TECHNICAL FUNDAMENTALS AND SENSITIVITIES OF NON-OPTION INTEREST RATE INSTRUMENTS

- Introduction to risk typology
- Common techniques for assessing market risk
- Risk factors and sensitivity
- Risk indicators and potential loss
- Linear and non-linear positions
- Revision of Mark-to-Market valuation
- Discount coefficients and the zero-coupon curve
- Bond valuation and sensitivity
 - **Practical Workshop**
 - Price bonds and calculate sensitivities by maturity in EXCEL™
- FRAs and futures: valuation and sensitivity
 - **Exercises in EXCEL™**
 - Construct a forward rate curve
 - Calculate the sensitivity of a forward rate transaction
- IRS pricing and sensitivity
 - **Practical Workshop**
 - Elaborate a simplified swaps pricer in EXCEL™
 - Determine global sensitivities and sensitivities by maturity

Day 2

RISK FACTORS AND SENSITIVITIES OF INTEREST RATE OPTIONS

- Option premium components
 - Graphical illustration of earnings at maturity of a call or put
 - Graphical illustration of an option premium
- Risk factors and sensitivity parameters (Greeks)
- Analysis of sensitivities in relation to underlyings, volatility, maturity and risk-free interest rates
 - **Practical Workshop**
 - Simulate expected results given by delta, gamma, vega and rho
- The Greeks: interdependencies
- Applications for futures options, caps, floors and swaptions
 - **Exercises in EXCEL™**
 - Construct a simplified options pricer and calculate profits and losses on positions and standard interest rate option portfolios
- CMS: pricing fundamentals and convexity

Day 3

VALUE AT RISK (VaR)

- Risk measurement
- Revision of statistics (variance/covariance, standard deviation, correlation and matrices)
 - **Practical Workshop**
 - Statistical calculations in EXCEL™ and use of matrix results
- Estimating expected loss
- Advanced Value-at-Risk (VaR) techniques
 - VaR calculation methods
 - **Practical Workshop**
 - Perform simple VaR calculations based on real historical market prices
 - Advantages and disadvantages of historical VaR
 - Parametric VaR
 - Revision of statistical laws
 - **Practical Workshop**
 - Calculate a complete parametric VaR in EXCEL™
 - Advantages and disadvantages of parametric VaR
 - Monte Carlo VaR
 - **Practical Workshop**
 - Analyse an EXCEL™ spreadsheet on Monte Carlo VaR
 - Summary of position risk: RISKMETRICS™ example
 - Regulatory VaR
 - Using VaR for internal risk driving

Day 4

PLAIN VANILLA AND EXOTIC OPTION POSITION RISKS AND STRESS SCENARIOS

- Risk monitoring for a plain vanilla options portfolio
- Choosing risk indicators
- Setting limits: achieving a coherent system of limits
- Analysis using sensitivities

COURSE OUTLINES (cont.)

- Risk factors unaccounted for in the VaR (smile, etc.)
- Integrating an option's parameters into a VaR calculation

Practical Workshop

- . Using delta, gamma and vega VaRs

- Determining, calculating and analysing stress scenarios: which risk factors should be examined?
- Risk monitoring for an exotic options portfolio
- Exotic options (barriers, multiple underlyings, etc.)

Practical Workshop

- . Evaluate and analyse an exotic option book's risk

- Choosing risk indicators: are the indicators adaptable to these products or do the products have to be coherent with the other product lines?
- Specific issues: discontinuity risks, correlation risks, etc.
- An indication: favouring stress scenarios

Practical Workshop

- . Simulate stress scenarios, calculations and analysis

Day 5

COUNTERPARTY RISK ON MARKET TRANSACTIONS AND THE BASEL II REFORM

- Counterparty risks on market transactions and credit risk
- Base techniques and operational aspects
- Typology of counterparty risks (credit risk, variation risk, settlement-delivery risk, issuer risk, etc.)

- . Measure counterparty risks: percentile exposure and average exposure

Practical Workshop

- . Calculate the risk profiles of an IRS using the Monte Carlo method

- Overview of objectives: framework of a customer's positions, determining a credit spread, calculating yield and economic capital, country risk
- Introduction to credit VaR (internal portfolio models) and capital requirements
- Introduction to the Basel II Reform

- Analysis of the solvency ratio and the Basel parameters for credit risk
 - . McDonough ratio calculations (Basel II capital requirements)
- Relation to credit VaR
- Generalisation to all contexts

Day 6

RISK MONITORING AND CONTROL

- Risk drivers: operational process
- Analysing risk monitoring methods
- Revision of calibration procedures and monitoring for limits and stop losses (demand, instruction, extension, revision...)
- Behaviour after exceeding operational limits
- Determining the granularity of risk monitoring and degrees of consolidation
- Continuous integration of new instruments within a secured context
- Conditions necessary to monitor and control risks
 - . Commonly related fields and validation of cash flows
 - . Verification procedures and data coherency
- VaR production and control, add-ons and stress scenarios
 - . Standard VaR production reports: examples
- Regulatory requirements for validation criteria and internal models
 - . Analysis of standard auditing reports on Banking Commission requirement observance
- Back-testing and reporting procedures

Cash and Derivative Forex Products: Characteristics and Uses

INTRODUCTORY LEVEL



OBJECTIVES

Key Concepts:

- FX market characteristics - *Introductory*
- Characteristics and calculation of forward FX - *Introductory*
- Characteristics, market conventions and uses of FX swaps and NDF - *Introductory*
- Characteristics, market conventions and uses of standard and exotic FX options - *Introductory*
- Plain vanilla FX options: pricing and book running - *Introductory*
- Strategies of Import/Export FX positions - *Introductory*

Acquired Skills:

- Introductory the characteristics and market conventions of vanilla and exotic FX instruments
- Master the valuation principles of FX instruments and their market behaviour
- Understand trading strategies of FX options
- Understand the constraints and anticipations of a corporate treasurer and hedge commercial FX positions

COURSE SELECTION CRITERIA

- Learn the essentials of FX markets and products to help decision-making and negotiations
- Essential knowledge for any bank associate who has to deal directly or advise customers on FX markets
- Exposure to the main strategies of standard and exotic FX instruments

RECOMMENDED FOR:

- Sales
- Back office and middle office
- Internal controls, audit
- Junior FX traders, junior fund managers
- Financial intermediaries
- Corporate treasurers

DURATION: 2 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Introduction: The Foreign Exchange (FX or Forex) Market

- Overview
- Key players and market characteristics
- Forecasts (macro-economic analysis/technical analysis)

Characteristics and Use of Standard FX Instruments

- Spot/Forward/FX swaps/NDF
- Market conventions
- Historical rate rollover
- Particularities of forward FX for maturities longer than 1Y

Practical workshop

- . Forward FX calculation in EXCEL™
- . Covering forward FX with FX swaps
- . Calculation of historical rate rollover

Characteristics and Uses of Standard and Exotic FX Options

- FX option quotations
- Introduction to pricing models
- Sensitivities to price components: delta, gamma, vega, theta, rho
- Volatility and smile
- Trading an FX portfolio
- Legal documentation
- Characteristics and use of exotic options (binary, single barrier, double barrier, Asian)
- Import/export hedging strategies (with standard and exotic options)
- Examples of FX structured products

Practical workshop

- . Calculate maximum loss, real guaranteed rate and breakeven level(s) of major FX option strategies
- . Breakeven calculation of exotic options



Structured Forex Products: Structuring and Main Uses

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Uses of plain vanilla and exotic forex options - *Intermediate*
- FX option book running - *Intermediate*
- Structuring forex products - *Intermediate*
- Yield on structured forex products - *Intermediate*
- Hedging foreign exchange risk by using structured products - *Intermediate*

Acquired Skills:

- Understand Black & Scholes adapted to FX options (Garman Kohlagen model)
- Master the mechanics of barrier options
- Explore the fundamentals of the structured Forex product market
- Learn how to structure and use the main structured forex products
- Master foreign exchange risk management via the use of derivatives and the main structured forex products (case studies)

COURSE SELECTION CRITERIA

- Learn to structure recently traded products
- Detailed analysis of yield opportunities/associated risks
- Selection of structured products in accordance to hedging objectives

RECOMMENDED FOR:

- Institutional investors
- Fund managers
- Junior structurers
- Sales treasurers and finance directors
- Financial intermediaries
- Support staff: middle office, back office, Internal control, audit, IT
- Risk managers

DURATION: 2 days

CONTACT

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E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Mechanics, Main Uses and Pricing Methods of Standard and Exotic Forex Options

- Quoting forex options
- Traditional Black&Scholes approach adapted to FX options: Garman-Kohlagen
- Fundamentals of exotic option pricing
- Practical approach

Running Standard and Exotic FX Options Book

- Management of sensitivities
- Sensitivities to various parameters: delta, gamma, vega, theta, rhoa, rhob
- Pricing exotic options (binary, single barrier, double barrier)

Practical workshop

- . Calculate the maximum loss, the guaranteed effective rate and the breakeven point(s) of the main strategies
- . Calculate breakeven points for exotic options

The Structured Forex Product Market and its Mechanics

Hedging Strategies

- Structuring process
- Risk analysis by product
- Analysed products
 - . Participating Forward
 - . Knock-in Forward
 - . Forward Ratchet
 - . Forward-rate Accumulator
 - . Multi-scenarios forward

In-Depth Analysis of Three Main Products:

- Participating Forward
- Forward-rate Accumulator and Corridor
- Dual Currency Deposit
 - For each product:
 - . Principles and examples of uses
 - . Building and structuring the product
 - . Approaching the client and explaining the entailed risks

“Callable” and “Revolving” Products:

Implementation and Risk Analysis (Revolving Forward)

Practical workshop

- . Hedging of trade flows, choice of alternatives and results analysis

Structured Product Strategies

- Analysed products:
 - . Guaranteed capital products
 - . Non guaranteed capital products



Interest Rate and Forex Trading Simulation

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Interest rate sensitivities - *Intermediate*
- Option sensitivities (Greeks) - *Intermediate*
- Analysis of non-conditional and optional interest rate and FX positions - *Intermediate*
- Trading simulation - *Intermediate*
- Hedging simulation - *Intermediate*
- P&L calculation simulation - *Intermediate*
- VaR management simulation - *Intermediate*

Acquired Skills:

- Take account of market data and financial news; understand the mind-frames of market participants
- Manage FX and interest rate positions
- Manage a complex interest rate position
- Manage and value option positions
- Overcome counterparty, market and liquidity risks

Prerequisite Knowledge

- Zero-coupon valuation and the Greeks (see *Financial Markets Mathematics 1: Zero-Coupon Valuation, and Financial Markets Mathematics 2: Option Valuation*)

COURSE SELECTION CRITERIA

- Recommended for those who want to master trading and middle office management
- Experience real-life trading situations through simulation exercises

RECOMMENDED FOR:

- Junior traders
- Middle office staff, internal controllers, auditors
- Company treasurers
- IT staff

DURATION: 3 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
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E-mail: info-us@first-finance.com

FIRST FINANCE Asia
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E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
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E-mail: info@first-finance.fr

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COURSE OUTLINE

FX AND SHORT-TERM INTEREST RATES - 1/2 day

- Complete immersion in a trading situation with screens providing market news and data, charts, position recap and a communication system for market quotations
- Traded products: FX, forward FX, FX swaps, deposits and FRAs
- Market analysis, quotations for customers and interbank counterparties, trading, positioning and risk controls

FX OPTION PORTFOLIO TRADING SIMULATION - 1/2 day

- Basic FX options: market analysis, quotations for customers and interbank counterparties, trading, positioning and risk controls
- Barrier FX options: Greeks analysis and management of barriers

LONG-TERM INTEREST RATE PORTFOLIO TRADING SIMULATION (IRS, government bonds, short and long-term futures, caps and floors) 2 days

Phase 1: interest Rate Position Analysis

- Measuring the risks involved
- Step-by-step hedging and cash balance management

Phase 2: Market News, Data and Decision-Making

- In-depth risk analysis and anticipation of market fluctuations
- Trading/hedging decisions
- Option position management (Greeks analysis and suitable trading decisions)

Phase 3: Simulation of Customer Calls for Live Quotations

- Analysis of a customer request
- Measuring the associated exposure
- Trading decision: quotation in line with pre-existing position
- Hedging the risks created by the customer deal, delta-neutral option book management
- Calculating the resulting VaR, rebalancing the portfolio to take into account trading limits
- Calculating and analysing the P&L

Phase 3 is repeated on a full week timescale to handle problems such as week-ends, cash balance, etc.

Fundamentals of Equity Markets



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Characteristics of the main equity products - *Introductory*
- Fundamentals of valuing equity products and basic charting - *Introductory*
- Characteristics and uses of equity derivatives - *Introductory*

Acquired Skills:

- Understand equity market sensitivity to macro-economic developments
- Understand equity market interaction with interest rate, FX and commodity markets
- Master the fundamentals of equity portfolio management
- Understand the fundamentals of company and market valuations
- Hedge a portfolio with equity derivatives

COURSE SELECTION CRITERIA

- Understand the stock-exchange environment: organisation, workings, participants
- Master the buy/sell process, from negotiation to delivery
- Understand the basics of corporate valuation

RECOMMENDED FOR:

- Equity back office managers
- Fund managers
- Financial intermediaries
- Private banking
- Private client consultants

DURATION: 2 days

CONTACT

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E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Organisation of Equity Markets

- Role in the economy
- Various equity markets and participants
- How equity markets work
- Euronext: Eurolist & Alternext
- Equity market products: cash, derivatives and structured products
- Indices: beta and alpha
- Daily pricing of equities
- Types of orders and execution
 - . Limit
 - . Market
 - . Stop loss (or take profit)

Fund Management Methods

- Index tracking
- Tilted
- Alternative/Hedge funds

Corporate Actions

- IPOs
- Division of nominal/split
- Increase of capital
- Dividend payments
- Take-over bids and exchange offers

Financial Analysis

- Interpretation and analysis
- Main ratios (PER, etc.)

Technical Analysis and Charts

Mechanics and uses of futures and options on stocks and equity index

Equity Derivatives: Characteristics and Uses

INTRODUCTORY LEVEL



400
delegates
so far!

OBJECTIVES

Key Concepts:

- Zero-coupon valuation - *Introductory*
- Black & Scholes modelling - *Introductory*
- Monte Carlo modelling - *Introductory*
- Sensitivity to market components: the "Greeks" - *Introductory*
- Hedging techniques - *Introductory*
- Introduction to structured equities - *Introductory*

Acquired Skills:

- Understand equity markets and the role of participants
- Master the various types of equity derivatives and associated risks
- Understand capital-guaranteed products, trackers and other tailor-made strategies
- Master portfolio hedging
- Understand pricing and book management methods

COURSE SELECTION CRITERIA

- Step by step approach to equity derivatives from theory to practice and simple to complex strategies
- Study real examples to cover all market configurations in order to optimise strategies

RECOMMENDED FOR:

- Fund managers
- Junior traders
- Salespeople
- Issuers
- Financial divisions
- Risk management divisions
- Support staff: IT, middle office, internal and external audit, senior back office
- Internal controls, audit
- Institutional investors

DURATION: 2 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Fundamentals of Equity Markets (Revision)

Characteristics of Equity Derivatives

- Equity and Index Futures
- Standard equity options
- Exotic options: average, barrier, lookback, cliquet

Case Study

- . Examples of listed options and futures

Market Conventions and Role of Participants

Introduction to Pricing

- Black & Scholes formula
- Monte Carlo method
- Trees

Practical workshop

- . Build a Black & Scholes pricing spreadsheet in EXCEL™
- . Monte Carlo simulation in EXCEL™

Main Uses

- Standard strategies of derivatives
- Guaranteed/Non-guaranteed structured products
- Convertible bonds

Practical workshop (in EXCEL™)

- . Simulate behaviour of convertible bonds

- Equity swaps
- Replication products
- Multi-underlying: "promise funds"

Practical workshop (in EXCEL™)

- . Hedging an equity portfolio with various products
- . Cash-derivatives arbitrage
- . Zero-cost strategies
- . Replication strategies within the framework of benchmarking
- . Over-performance strategies
- . Cash-extraction strategies



Standard and Exotic Equity Options: Pricing and Book Management

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Pricing standard and exotic equity options - *Intermediate*
- Black and Scholes - *Intermediate*
- Monte Carlo - *Intermediate*
- Binomial trees - *Intermediate*

Acquired Skills:

- Master the practical applications of the essential principles of the stochastic probability models
- Master the various exotic option pricing methods
- Grasp the parameters influencing exotic option pricing
- Adapt pricing methods to all exotic options

Prerequisite Knowledge

- Equity option mechanics (see seminar "Equity Derivatives: Characteristics and uses" page 49)

COURSE SELECTION CRITERIA

- Step-by-step and exhaustive approach to pricing models for standard and exotic equity options
- Systematic use of EXCEL™

RECOMMENDED FOR:

- Fund managers
- Junior traders
- Sales
- Brokers
- Equity origination and primary market professionals
- Finance departments
- Risk managers
- Support staff: IT, middle office, audit, internal controls, senior back office

DURATION: 2 days

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COURSE OUTLINE

VANILLA OPTIONS

Pricing Equity Options

- Intuitive approach
- Normal law: standard deviation and variance
- Equity options without dividend
- Special case: early exercise of the call/put option
- Call-put parity
- Black & Scholes model and its limitations
- Discreet and continuous dividends
- Equity option strategies: butterfly, condor, straddle, call spread
[Practical workshop](#)
• Build a pricing spreadsheet in EXCEL™ using preformatted files

Options Book Management

- Volatility (historical/implicit)
- The different methods of estimating dividends
- Option sensitivities ("Greeks")
- Hierarchy of sensitivities and risks based on option parameters
[Practical workshop](#)
• Calculations of sensitivities in EXCEL™

EXOTIC OPTIONS

Analytical Formulas

- Implementing the Black & Scholes pricing methodology
- Pricing methods
[Practical workshop](#)
• Build a pricing spreadsheet in EXCEL™

Monte Carlo Techniques

- Pricing with the Monte Carlo method
- Applications:
 - Asian options (arithmetic)
 - Lookback options
 - Resetting options
 - Barrier options
 - Ladder options, worst-off

Analysis of the Sensitivities of Every Product

Tree Option Pricing

- Pricing methods
[Practical workshop](#)
• Build a pricing spreadsheet in EXCEL™



Structured Equity Products 1: Mechanics and Basics of Pricing

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Pricing standard and exotic options - *Introductory*
- Volatility - *Intermediate*
- Smile - *Intermediate*
- Exotic option pay-offs - *Intermediate*
- Structuring equity products - *Intermediate*

Acquired Skills:

- Master the mechanics and pricing of standard options
- Understand the notion of volatility (concept and modelling)
- Know the mechanics and uses of volatility products

COURSE SELECTION CRITERIA

- Progressive overview of structured equity products, legal and financial aspects
- Introduction to exotics in order to analyse complex structured products
- Introduction to the fundamentals of pricing through simulation methods

RECOMMENDED FOR:

- Fund managers
- Junior structurers
- Salespeople
- Brokers
- Middle office, senior back office
- Internal controllers, auditors
- Financial divisions
- Risk managers
- Junior traders
- Institutional investors

DURATION: 2 days

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COURSE OUTLINE

Professions Involved in the Structuring Process

- Structuring desk (sell-side)
- Other teams involved (buy-side)
- Structuring a product

Intuitive Approach to Vanilla Derivatives

- Determining factors on the premium (forward, options)
- Sensitivity indicators
- Classic strategies
- Curves (interest rate, volatility, skew, dividend)

Practical Workshop

- . Pricing in EXCEL™, Gamma hedging

Exotic Pay-Offs

- Overview of exotic options: lookback, barriers, Asian, ladder, ratchet, baskets
- Typology: forward start, stop loss, path dependant, multiple underlyings

Practical Workshop

- . Comparison between pay-offs in function of fluctuations in the underlying

Structuring

- Definition, structure, pricing
 - Documentation, term sheets
 - Issue, post-sale
- #### Practical Workshop
- . Price a structured swap, reverse engineering

Overview of Equity Structured Products

- Option packages: spreads, collars
- Guarantee products (interest rate, volatility), CPPI
- Coupon products: reverse convertibles, corridors
- Tax products: dividend swaps, CFD
- Volatility/correlation/dispersion products: variance swaps

Practical Workshop

- . Pricing: spread, zero-cost collar, guaranteed capital product (zero-coupon calculation, cash flow discounting, investable premium, pay-off choice)

Review: The Underlying Theory of Equity Markets

- Market assumptions and models
- Return distribution
- Historical volatility/Implicit volatility



Structured Equity Products 2: Structuring and Main Uses

ADVANCED LEVEL

OBJECTIVES

Key Concepts:

- Zero-coupon pricing - *Intermediate*
- Compliance vs. risk-neutral replication - *Intermediate*
- Parameters: volatility, correlation, etc. - *Intermediate*
- Greeks: Vega, Gamma, Delta, Rho, Theta, Vanna, etc. - *Intermediate*
- Hedging: optimisation of hedge/dispersion of risk - *Intermediate*
- Issuer: spread vs. rating - *Intermediate*
- Structuring major equity structured products - *Intermediate*

Acquired Skills:

- Master all the steps in the structuring process
- Know the regulatory limitations (Compliance, Legal, Fiscal, Counterparty)
- Master the delta-neutral replication of a portfolio
- Master the risks of a trading book

COURSE SELECTION CRITERIA

- Price various types of structured products in EXCEL™
- Calculate sensitivities and apply book management techniques
- No prior knowledge of financial mathematics required

RECOMMENDED FOR:

- Book managers
- Junior structurers
- Salespeople
- Financial intermediaries
- Middle office staff
- Internal controllers, auditors, inspectors
- Finance departments
- Risk managers
- Junior traders
- Institutional investors

DURATION: 2 days

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COURSE OUTLINE

Mathematical Recap/Introduction to Options

- Risk-neutral probability
- Diffusion equation for an asset
- Discounting cash flows
- Black-Scholes formula or profit/loss equation
- Building a binomial tree (Cox-Rubinstein method)
- Call/put parity
- Quanto products

Practical Workshop

- . Calculate a call/put in EXCEL™.
- . Sensitivity of options to various parameters: (Strike, maturity, volatility, interest rate...)

Structuring Process: Players and Objectives

- The players
 - . Structuring/Trading/Sales
 - . Compliance/Legal/Fiscal
 - . Issuer/Client
- Objectives/Types of product
 - . Capital guaranteed/protected/not guaranteed
 - . Dividend swaps, currency selection, off-shore and on-shore curves

Practical Workshop

- . Create an index for a guaranteed capital product/determine the coupon for a reverse convertible

Secondary Market/Primary Market

- Issuer's selection
- Organisation of the secondary market

Practical Workshop

- . Issuer's optimal choice/currencies

Determining Suitable Products

- Responding to clients' needs: bull/bear
- Sophistication: plain vanilla/exotic
- Market driven

Practical Workshop

- . Constraints on product choice: availability, client expectations, etc.

Exotic Options

- Mathematical recap
- Monte-Carlo method/Digital methods
- Calculating correlation
- Product catalogue: Rainbow/Barrier/Athena/Variance-Swap

Practical Workshop

- . Calculate the price of an Athena and a Rainbow
- . Model and calculate a variance swap

Risk Management

- Risk parameters
- Greeks: Vega, Gamma, Delta, etc.

Practical Workshop

- . Analyse mispricings

Practical Workshop

- . Find the optimal hedge

Primary Equity Markets



INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Company valuation methods (DCF, Multiples) - *Intermediate*
- Simple dilution calculation of net earnings per share in an equity or quasi-equity issue - *Intermediate*
- Pricing a stock option - *Intermediate*
- Accounting for quasi-equity products in IFRS - *Introductory*
- Corporate laws applicable to equity and quasi-equity issues - *Introductory*
- Regulations applicable to equity and quasi-equity issues - *Introductory*

Acquired Skills:

- Know how the primary equity market is organised (overview, participants, positions, etc.)
- Know each type of primary equity transaction (IPOs, equity issues, convertible/exchangeable bond issues, etc.): legal and regulatory environment, preparing a transaction, valuation, pricing and investment

COURSE SELECTION CRITERIA

- Each stage of the process is presented for every transaction type, in order to provide an operational understanding of transactions on the primary equity market
- Real-life examples taken from recent events on the primary equity market

RECOMMENDED FOR:

- Senior bankers, coverage
- Corporate finance teams
- Equity salespeople
- Back & middle office personnel
- Bank finance department staff
- Equity managers and company finance department staff

DURATION: 2 days

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COURSE OUTLINE

EQUITY OFFERINGS

Secondary Equity Market

- Size, structure and participants (on organised and OTC markets)

Primary Equity Market

- Typology of transactions and issue volumes
- Participants (banks, investors, market companies and authorities, consultants...)

Initial Public Offerings (IPO)

- Reasons for going public and typology of public corporations
- Legal and regulatory framework
- Stages and schedule
- Valuation and pricing

Secondary Offering

- Typology and reasons for secondary offerings
- Preparation and schedule of a secondary offering

Capital Increase

- Reasons and typology
- Legal framework of various methods for increasing capital
- Preparations and schedule
- Pricing

Other Equity Operations

- Share buyback

Practical Workshop

- . Case study of an IPO (mock situation of a pitch)
- . Corporate valuation in the context of an IPO
- . Dilution calculations in the context of an equity issue

QUASI-EQUITY OFFERINGS

Basic Principles

- Reasons for performing a quasi-equity issue
- Product categories (convertible bonds, exchangeable bonds, mandatory convertibles...)
- Make-up of a quasi-equity product

Structuring Elements

- Parameters
- Standard or low coupon
- Issuer call and investor put
- Other elements (subordination, privileged parity...)

Examples

- Convertibles/Exchangeables
- Combined equity + quasi equity offerings

Valuation methods (Models and parameters)

Geographical Distribution and Typology of Investors

- Participants
- Geographical distribution of demand and investor type

Effects of An Issue on Share Price

- Upon issue, during the life of the product and at maturity
- Study by financial analysts

Preparation of A Quasi-Equity Issue

- Legal and regulatory framework; documentation
- Schedule

Accounting in IFRS

- Effects on the balance sheet and P&L statement

Introduction to Commodity Markets



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Geopolitics of commodity markets - *Introductory*
- Mechanics of international commodity markets - *Introductory*
- Role and size of energy markets - *Introductory*
- Various sectors of commodity markets and the way they interact - *Introductory*

Acquired Skills:

- Understand the importance of commodity markets for international trade
- Analyse iron, steel and non-ferrous metal markets
- Understand the current issues revolving around energy markets
- Master the use of commodity derivatives when hedging positions
- Implement a dynamic hedging policy

COURSE SELECTION CRITERIA

- Obtain an understanding of energy markets and their participants
- Understand the risks involved in order to optimise hedging capacities
- Very operational presentation on the use of commodity derivatives as hedging tools

RECOMMENDED FOR:

- Fund managers
- Commodity salespeople
- Dealing room support staff (middle and back office)
- Internal controls, audit
- Corporate financial divisions
- Financial divisions
- Commodity producers
- Energy consumers

DURATION: 2 days

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E-mail: info-us@first-finance.com

FIRST FINANCE Asia
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E-mail: info@first-finance.fr

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COURSE OUTLINE

International Commodity Markets

- Trends and organisation of commodity markets
- Historical evolution of commodities within financial markets
- Market characteristics and key players

Description of Various Markets

- Temperate zone agricultural products (cotton, cereals, meat, etc.)
- Iron, steel and principal non ferrous metals
- Metals and precious products (diamonds, gold, silver)
- Energy (oil, gas, coal)

Commodities and Financial Markets

- Interpretation, forecast and development of commodity prices
- Forward markets
- Fundamentals and market structure
- Relationship between spot market and valuation of derivative products
- Geopolitical factors and their impact on prices

Oil, Gas and Electricity

- Characteristics and geopolitics
- Role and importance of participants (producing countries and importing countries, corporates, OPEC)
- Analysis of operations and management tools of energy markets
- Economics and essential characteristics of energy industries
- Electricity: analysis of specific characteristics
- Sale of refined products on physical and forward markets, interaction with crude oil

Commodity Derivatives: Futures and Options

- Derivative markets and derivative contracts
 - . OTC and organised markets
 - . Price drivers
 - . Arbitrage between markets, products and positions (e.g. arbitrage Electricity/Gas, Cash and Carry, etc.)
 - . Description of derivative contracts
 - . Description of options
 - . Examples of hedging strategies on oil markets
- Option pricing components
 - . Black & Scholes model
 - . Volatility and Greeks: gamma, delta, vega

Energy Derivatives



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Characteristics, market conventions and uses of energy derivatives - *Introductory*
- Pricing elements of energy markets: spot-forward - *Introductory*
- Characteristics of exchange traded and OTC markets - *Introductory*
- Valuation and sensitivities of standard options - *Introductory*
- Energy swaps and options: risk management - *Introductory*

Acquired Skills:

- Understand the dynamics of energy markets
- Hedge exposure with commodity derivatives
- Implement a dynamic risk management policy

COURSE SELECTION CRITERIA

- Gain the fundamental knowledge to understand energy markets and their participants
- Understand the risks involved in order to optimise hedging capacities
- Structure standard options to implement complex tailor-made hedging tools
- Learn the essentials of book running [speculation and hedging]
- This course is not suitable for delegates who already master hedging strategies and in particular option strategies.

RECOMMENDED FOR:

- Commodities/energy salespeople
- Dealing room support staff (middle and back office)
- Brokers
- Risk management
- Financial division
- Project finance
- Commodity producers
- Government bodies in charge of energy policies
- Consumers/buyers of commodities
- Institutional investors

DURATION: 2 days

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COURSE OUTLINE

ENERGY MARKETS

Introduction

- History of energy markets: oil, gas, electricity, CO²
- Structure of OTC and exchange-traded markets
- Market participants and their objectives

Determinants of Market Prices

- Spot references (e.g.: oil, gas, electricity, CO²)
- Elements that impact markets
- Forward prices (price formation, structures)
- Development and use of forward curves: inter-maturity spreads/ inter-market spreads
- Exchange-traded instruments (examples and exercises)

OTC ENERGY DERIVATIVES

Derivatives (swaps, options, hedging strategies)

- Characteristics
- Components of pricing
- Sensitivities
- Uses
- Strategies (examples and uses)

[Practical workshop](#)

- . Simulate customer hedging strategies

Theoretical Models

- Black & Scholes
- Volatility (notions and calculation)

[Practical workshop](#)

- . Price options using Black & Scholes

Risk Management

- Mark-to-Market and Value At Risk
- Swap management
- Delta-neutral option management (examples)

[Practicalworkshop](#)

- . Manage price risk for a customer (producer/consumer/refiner)



Variance Swaps and Conditional Variance Swaps

ADVANCED LEVEL

OBJECTIVES

Key Concepts:

- Option replication - *Advanced*
- The Greeks: vega, gamma, theta, vanna, volga - *Advanced*
- Volatility smile - *Advanced*
- Correlation and dispersion - *Advanced*
- Volatility curve and surface - *Advanced*

Acquired Skills:

- Manage the convexity of a variance swap portfolio
- Manage a variance swap portfolio in delta-neutral
- Understand skew sensitivity
- Understand sensitivity to volatility jumps
- Master conditional variance swaps

COURSE SELECTION CRITERIA

- Pricing and using variance swaps
- Calculate variance swap sensitivities in EXCEL™
- Assimilate the techniques of convexity management
- Assimilate option replication techniques

RECOMMENDED FOR:

- Asset managers
- Equity derivatives traders
- Sales
- Risk controllers

DURATION: 1 day

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COURSE OUTLINE

Variance Swaps: Mechanics

- Realised volatility
- Vega and variance
- Forward variance

Practical Workshop

- Price variance swaps and perform a mark-to-market valuation

Variance Swap Market

- Growth and market participants
- How to turn volatility expectations into a product
- Basic rules of pricing
- Volatility risk premium
- Convexity of variance swaps
- Variance swap matrix and curve

Practical Workshop

- Analyse a volatility curve

Variance Swaps: Uses

- Single stock volatilities
- Volatility spikes
- Skew and convexity operations

Practical Workshop

- Cross asset-class deals: equity vs credit volatility

Replication and Coverage

- From options to variance swaps
- Variance swap Greeks
- Effects of variance swap hedging

Volatility Swaps and Conditional Variance Swaps

Practical Workshop

- Replication

Dispersion and Correlation Products

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Implicit correlation - *Intermediate*
- Historical correlation - *Intermediate*
- Correlation swaps - *Intermediate*
- Dispersion swaps - *Intermediate*
- Volatility pairs - *Intermediate*

Acquired Skills:

- Understand historical/implicit arbitrages
- Predict the risk/potential profit ratio for these products
- Construct volatility products between basket products and basket components

COURSE SELECTION CRITERIA

- Progressive study of the models and techniques needed to value correlation and dispersion products in EXCEL™
- Exhaustive study of correlation arbitrages
- Rich in technical and practical know-how

RECOMMENDED FOR:

- Equity fund managers
- Junior traders
- Confirmed derivatives salespeople
- Finance departments
- Risk divisions
- Senior middle office personnel
- Internal controllers & auditors
- Financial and structuring engineers

DURATION: 1 day

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COURSE OUTLINE

Understanding Correlation

- Distinctions between different correlation measures
- Historical correlations vs. implicit correlations
- [Practical Workshop](#)
• Volatility approach vs. variance approach: proxy study

Trading Correlation Products

- Correlation swaps/dispersion swaps
- Implicit correlation of an index
- Volatility products between indices and basket components
- Historical arbitrage vs. implicit arbitrage: dispersion trading
- Weighted dispersion of implicit correlation
- Components of a dispersion's P&L
- Risk/return ratio of correlation operations
- Simple and generalised dispersion on pairs of values
- [Practical Workshop](#)
• Analysis and decomposition of a correlation swap
• Analysis and decomposition of a dispersion via variance swaps

New Correlation Proxy: Mean-Variance Ratio

- Implementation of the weighted operations of the mean-variance ratio
- Generalised dispersion operations
- Simple and generalised volatility pair operations

Financial Market Techniques

THIS DIAGRAM

ENABLES YOU TO SELECT YOUR COURSE BY PRODUCT LINE AND BY LEVEL:

Introductory
 Intermediate
 Advanced

Indicates relevant courses belonging to another training area

FINANCIAL MARKET TECHNIQUES

ANALYSIS	FINANCIAL MATHEMATICS AND MODELLING	MODELLING IN EXCEL™	SALES	CORPORATE TREASURER
<p>ANALYSIS OF MACRO-ECONOMIC INDICATORS 2 days . page 59</p>	<p>INTRODUCTION TO FINANCIAL MATHEMATICS 2 days . page 61</p>	<p>FINANCIAL MODELLING IN EXCEL™ 2 days . page 66</p>	<p> COURSES BELONGING TO THE FINANCIAL MARKET PRODUCTS RANGE pages 9 to 57</p>	
<p>CHARTS AND TECHNICAL ANALYSIS 2 days . page 60</p>	<p>FINANCIAL MARKET MATHEMATICS 1: ZERO-COUPON VALUATION 3 days . page 62</p>		<p> COURSES BELONGING TO THE CORPORATE FINANCE RANGE pages 112 to 128</p>	<p>NEW FX AND INTEREST RATE RISK MANAGEMENT FOR CORPORATE 3 days . page 67</p>
	<p>FINANCIAL MARKET MATHEMATICS 2: OPTION PRICING 2 days . page 63</p>		<p>NEW SALES TECHNIQUES IN A TRADING ROOM 2 days . page 133</p>	<p>NEW CASH MANAGEMENT 2 days . page 68</p>
	<p>FINANCIAL MARKET MATHEMATICS 3: INTEREST RATE MODELS 2 days . page 64</p>		<p>NEW PITCH TO WIN: INCREASE YOUR IMPACT 2 days . page 134</p>	
	<p>NEW MONTE CARLO AND OTHER NUMERICAL PRICING METHODS 2 days . page 65</p>			

Analysis of Macro-Economic Indicators

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- GDP - *Introductory*
- Economic data: ISM, IFO, non-farm payrolls, CPI, PPI - *Introductory*
- Monetary policy: strategy, final and intermediate objectives, financial condition indices, Taylor's rule, output-gap - *Introductory*
- Yield curve - *Introductory*
- Asset allocation - *Introductory*
- Wealth creation - *Introductory*

Acquired Skills:

- Identify and analyse the leading economic indicators
- Anticipate their impact on financial markets
- Understand and anticipate the BOE, the ECB and the Fed's monetary policy decisions
- Identify an economy's place in the economic cycle: potential market consequences
- Interact professionally with economists, fund managers, strategists and customers

COURSE SELECTION CRITERIA

- Practical approach adapted to the current economic situation
- Pace decided by course participants
- No prerequisite economic knowledge

RECOMMENDED FOR:

- Fund managers and assistants
- Salespeople
- Financial intermediaries
- Financial divisions
- Risk management
- Audit
- Corporate treasurers
- Institutional investors
- Financial managers of local authorities

DURATION: **2 days**

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COURSE OUTLINE

Growing Relationship between Real Economy and Financial Markets

Basic Economic Concepts Applied to Financial Markets

- Growth and fluctuations, cycles: recovery, slowdown, recession, slump
- Inflation, disinflation, deflation
- Imbalances: balance on current accounts, speculative bubbles
- Relationship between equity markets and economic cycles

Practical workshop

- . Effects of the US current account deficit on USD

Analysis of Growth Indicators

- Characteristics, classification by importance, how not to misinterpret them
- GDP (definition and components), leading indicators (ISM), unemployment reports, consumer confidence
- US and Euro zone indicators

Practical workshop

- . Study the impact on markets of a recently released indicator

Analysis of Inflation Indicators

- CPI, leading indicators and partial indicators
- US, UK and Euro zone indicators

Anticipate Monetary Policy and its Effects

- Comparison of the Fed, ECB and BOE's strategies
- Theory and practice, transmission channels, Taylor's rule, output-gap

Practical workshop

- . Analyse the Fed and ECB's last decision and predict the next decision

Sensitivity of various markets to macro-economic data

Market Anticipations: fundamentals

- Elements determining FX rates, short-term rates and long-term rates
- Equity market movers

Oil Prices: Consequences

Practical workshop

- . Similarities and differences between the present situation and the 1970's

Real Estate Prices: Factors and Consequences

Introduction to asset allocation

Current macro-economic situation and markets

3-6 month prospects

Charts and Technical Analysis

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Uses, advantages and short comings of the main charts and technical analysis tools - *Intermediate*

Acquired Skills:

- Set up your own short-medium- and long-term system of analysis
- Learn how to analyse a chart to manage your own positions or advise clients on what strategy to follow

COURSE SELECTION CRITERIA

- Specific and up-to-date case studies
- Acquire and master the principles of risk management relative to a "red hot" position

RECOMMENDED FOR:

- Traders
- Sales
- Financial intermediaries
- Fund managers
- Operators at negotiating tables
- Advisors, analysts, strategists

DURATION: 2 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Chart Analysis

- Basics
 - . Charts: bar, line, candlestick
 - . How to interpret a chart
 - . Psychology of support and resistance points, interpretation and forecasting
- Practical workshop**
 - . What strategy to adopt in the face of a record market high
 - . Correlations between markets; importance of related markets
- Initial steps - how to forecast reversal
 - . Trend reversal signals
 - . Finding and graphing the right trend
 - . Channels and trading range: recognizing and interpreting trends
- Identifying and interpreting the main chart patterns: double top/bottom, head and shoulders, triangles, flags, saucers and diamonds
- Practical workshop**
 - . Manipulate gaps
- Elliott waves: a useful tool - subjectivity of corrections - counting to 5

Technical Analysis

- Moving averages - use of short and long-term averages, crossing
- RSI - interpreting overbought/oversold conditions, divergence
- Practical workshop**
 - . Divergence of RSI, the best signal?
- Oscillator spreads
- Support parameters
- Parabolic - SAR
- Bollinger Band
- Stochastic, MACD, W%, Cycles, DMI, DI+, DI-, etc
- Practical workshop**
 - . Establish and implement a system

The seminar is entirely based on up-to-date market data.



Introduction to Financial Mathematics

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Simple and compounded rates - *Introductory*
- Loan amortisation schedules - *Introductory*
- Discounted value - *Introductory*
- Internal Rate of Return - *Introductory*
- Actuarial yield - *Introductory*
- Duration - *Introductory*

Acquired Skills:

- Know how to build an amortisation schedule
- Master discounting methods
- Calculate the accrued coupon and the yield-to-maturity of a bond

COURSE SELECTION CRITERIA

- Step by step approach
- Application of every concept in EXCEL™
- No mathematical knowledge required

RECOMMENDED FOR:

- Support staff: back office, middle office, accounting, IT
- Internal and external audit
- Banking

DURATION: 2 days

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COURSE OUTLINE

Basic Concepts

- Interest rates
- Capitalisation and discounting
- Net Present Value calculation
- Perpetual loans
- Proportional rates and equivalent rates
- Interest rate references

Practical workshop

- . Current market examples

How to Optimise Investment Decisions

- Net Present Value (NPV)
- Time to breakeven point
- Internal Rate of Return (IRR)
- The problem of capital rationing

Practical workshop

- . Use of calculation formulas

Valuing Equities

- Negotiation techniques
- Equity price valuations
- Gordon-Shapiro formula
- PER

Practical workshop

- . Study real and current equity charts

Loans

- Amortisation schedule
- Balance of capital
- Early loan repayment

Practical workshop

- . Build an amortisation schedule in EXCEL™

Bond Calculation

- Calculation of accrued interests
- Yield calculation
- Calculating duration

Practical workshop

- . Accrued interest and yield calculation in EXCEL™



Financial Market Mathematics 1: Zero-Coupon Valuation

INTERMEDIATE LEVEL

600
delegates
so far!

OBJECTIVES

Key Concepts:

- Interest rate conventions - *Introductory*
- Calculation of forward rates - *Intermediate*
- Characteristics of FRAs and short-term futures - *Introductory*
- Calculation of FX forwards - *Introductory*
- Zero-coupon valuation - *Intermediate*
- Floating leg valuation - *Intermediate*
- Pricing method of Interest Rate Swaps - *Intermediate*
- Calculation of swap sensitivities - *Intermediate*
- Valuation of standard bonds - *Intermediate*
- Mechanics and uses of medium and long-term futures - *Introductory*
- Bond sensitivity - *Intermediate*
- Principles of cash and carry arbitrage - *Intermediate*

Acquired Skills:

- Know when to apply appropriate market conventions
- Know how to calculate forward FX and understand associated risks
- Master the principles of zero-coupon valuation
- Understand the differences between actuarial and zero-coupon methods
- Apply zero-coupon valuation in a swap pricing spreadsheet in EXCEL™
- Value standard bonds in EXCEL™
- Understand how short and long-term futures work

COURSE SELECTION CRITERIA:

- Illustrated analysis of bond, swap and zero-coupon yield curve dynamics
- In-depth study of cash-flow schedules, discounting, mark-to-market and sensitivity
- Build a pricing spreadsheet in EXCEL™ to value interest rates and FX derivative products

RECOMMENDED FOR:

- Risk managers
- Financial divisions
- Support staff: IT, middle office, internal controls, audit, back office, accounting
- Traders, fund managers
- Salespeople
- Analysts and strategists

DURATION: 3 days

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COURSE OUTLINE

Interest Rate Conventions and Discounting

- Interest rate conventions
 - . Simple rates/compounded rates/actuarial rates
 - . Discounted rates/libor-in-arrears
 - . Euro references: EONIA, Euribor, Libor-Euro, TEC 10
 - . Non-Euro references
- Bond and swap curves
- Date conventions: preceding/following/modified following, adjusted/non-adjusted
- Principles of discounting: less than 1Y, more than 1Y
- Using forward and FRA rates
- Discounting principles as used in forward FX/FX swaps
 - Practical workshop**
 - . Calculate in EXCEL™: forward-forward rates and FRA differentials
 - . Analysis of yield curve dynamics via STIR futures
 - . Calculate forward FX rates in EXCEL™
 - . Study of various FX swaps

Zero-Coupon Valuation

- Principles
 - . Calculation of Discount Factors: standard dates/broken dates, from swap rates/from futures contracts
 - Practical workshop**
 - . Calculate Discount Factors and plot a zero-coupon yield curve

Pricing IRS and calculating PVBP

- Modelling of the Libor leg of a swap
- Pricing and valuation of swaps
- Calculation of sensitivities (global and per maturity)
 - Practical workshop**
 - . Construction in EXCEL™ of an IRS pricer from a preformatted spreadsheet
 - . Price and revalue various swaps

Pricing of IRS and CIRS

- Mechanics and uses of basis swaps
- Structuring and pricing of CIRS
 - Practical workshop**
 - . Price fixed/fixed currency swap

Bond pricing

- Strips and zero-coupon rates
- Duration, sensitivity and convexity of a bond
- Pricing a bond's forward price: arbitrage with bond futures (cash & carry, reverse cash & carry)
 - Practical workshop**
 - . Construction of a bond pricer in EXCEL™
 - . Calculate the duration, sensitivity and convexity of a bond
 - . Examples of hedging or arbitrage strategies

Pricing of asset swaps

- Structuring of an asset swap
- Calculation of the spread over Libor of an asset swap
 - Practical workshop**
 - . Price a corporate bond asset swap

Financial Market Mathematics 2: Option Pricing

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Theory of option pricing - *Intermediate*
- Pricing standard options - *Intermediate*
- Sensitivity - *Intermediate*
- The quantitative methods used in exotic option pricing (Tree pricing, Monte-Carlo pricing) - *Introductory*
- Using options for risk management - *Introductory*

Acquired Skills:

- Master models for standard options, sensitivity and convexity
- Build your own option pricer in EXCEL™
- Understand exotic options pricing models

COURSE SELECTION CRITERIA

- Step-by-step and comprehensive study of valuation models for fixed-income, forex and equity options
- Emphasis on practical skills

RECOMMENDED FOR:

- Risk managers
- Financial departments
- Traders, fund managers, negotiators
- Structurers
- Sales
- Analysts and strategists
- Institutional investors

DURATION: 2 days

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COURSE OUTLINE

Introduction to Options: Revision of Theoretical Basics

Pricing Models for Standard Options

- Statistical laws and Wiener process
- Pricing models and their limitations
- A practical approach to options
- Put/call parity, price volatility/rate volatility and smile
- Management of sensitivities for standard options
- Pricing of caps/floors and standard swaptions
- Analysis of pricing formulas
- Calculating the different sensitivities and their behaviour: delta, gamma, vega, theta

Reviewing Pricing Features

- Analytic formulas
- Computing sensitivities for the following products: short-term and long-term interest-rate futures options, caps/floors, forex options, equity options

Practical workshop

- . Build standard option pricers in EXCEL™
- . Factor sensitivities in pricing spreadsheet

Practical workshop

- . Simulation of a delta and delta-gamma neutral portfolio

Introduction to volatility cube and smiles

- Flat volatility and forward volatility
- Analysing the volatility smile and volatility surface

Practical workshop

- . Construction in EXCEL™ of a cap pricing spreadsheet using flat and forward volatilities

Introduction to Pricing Models for Exotic Options

- Analytical formulas
- Tree pricing
- Monte-Carlo pricing principle
- Application to different exotic options

Practical workshop

- . Price an option via the construction of a binomial tree in EXCEL™

Factoring Options in the Calculation of VAR (Value At Risk)

- General points about Value At Risk based on existing models: RISKMETRICSTM, etc.
- Application to a Euribor future option
- Application to an option book

Financial Market Mathematics 3: Interest Rate Models

ADVANCED LEVEL



OBJECTIVES

Key Concepts:

- Valuation by arbitrage - *Advanced*
- Limits of normal valuation models - *Advanced*
- Types of interest rate valuation models - *Advanced*
- Implementation methods - *Advanced*
- Change of probabilities - *Advanced*
- Pricing of spread options - *Advanced*

Acquired Skills:

- Understand the implications of interest rate models
- Master the main models
- Be able to apply these models to real cases

COURSE SELECTION CRITERIA:

- Comprehensive coverage of the application and limits of interest rate models
- A basic knowledge of VBA is required

RECOMMENDED FOR:

- Front, middle and back office
- Risk management
- Audit
- Fund managers
- ALM managers

DURATION: 2 days

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COURSE OUTLINE

Valuation and Necessity of Interest Rate Models

- Valuation
- No-arbitrage principle
- Yield curve deformation analysis
- Interpolation methods

Option pricing

- Limits of the Black & Scholes model applied to interest rate options
- Pricing of swaptions
- Pricing of digital and Bermudean options

Practical workshop

. Pricing in EXCEL™ of swaptions, digital and Bermudean options

- Model calibration
- Differences between the normal and log-normal models
- Volatility smile: SABR model
- Parameter calibration in SABR
- Portfolio management: second derivatives
- Volga-negative management

Various implementation tools: strengths and weaknesses

- Analytical methods
- Trees
- Monte Carlo method
- Choice of methods

Practical workshop

. Apply the Monte-Carlo method in EXCEL™

History of interest rate models: description and application

- Model of Vasicek and Cox-Ingersoll-Roll
- Model of Black-Derman-Toy

Hull & White Model

- Description

Practical workshop

. Construct the model in EXCEL™ VBA

- Application to swaptions
- Model calibration and limits

Market Model: Brace - Gatarek - Musiela (Libor market model)

- Description
- Market model/theory
- Model calibration and limits

Winning formulas and changes in probabilities: Girsanov theorem

- Change of measures in a stochastic process
- Risk neutral probabilities/forward neutral

Extensions

- Pricing of a CMS option: calibration of the convexity spread
- Pricing of an option on CMS spread with the BGM model

Monte Carlo and Other Numerical Pricing Methods

ADVANCED LEVEL



OBJECTIVES

Key Concepts:

- Risk neutral probability applied to derivatives - *Advanced*
- Valuation via arbitrage - *Advanced*
- Monte Carlo method - *Advanced*
- Principles of replication - *Advanced*

Acquired Skills:

- Numerical methods: know when and why to use them. Be able to select the best method for the relevant underlying and derivatives.
- Know the limits of every method
- Know how to put numerical methods into practice through actual and current examples

COURSE SELECTION CRITERIA

- Thorough study of state-of-the-art numerical methods used to value derivatives

RECOMMENDED FOR:

- Risk managers
- Financial divisions
- Traders, fund managers
- Structurers
- Derivatives salespeople
- Middle office workers, auditors, inspectors
- Institutional investors
- Corporate treasurers

DURATION: 2 days

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COURSE OUTLINE

Revision of Derivatives Mathematics

- Risk neutral probability
- Stochastics and Wiener process
- Ito

Monte Carlo

- Random generators
- Sampling method
- Brownian simulation
- Discretisation
- Delta, Gamma and Vega in Monte Carlo
- Variance reduction procedures: antithetic variable and control variate techniques
- Brownian bridge
- Illustration for various exotic options (digitals, barriers...), valuation and sensitivities

Practical Workshop

- Build a pricing spreadsheet in EXCEL™ for Asian and other exotic options

Application to VaR (economic, IFRS) Alternative Methods

- Moment matching method for Asian options
- Replication (CMS, digitals on Euribor and CMS spread)
- PDEs
- Trees
- Selecting the most relevant method according to the underlying and derivatives: guidance and examples

Calibrating Interest Rate Models

- Principles and importance in the sensitivity calculation: example applied to the LGM1F model

Financial Modelling in EXCEL™

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Libraries, matrices and financial mathematics - *Intermediate*
- Yield calculation - *Intermediate*
- Linking functions - *Intermediate*
- Modeling of VaR - *Intermediate*
- Calculating volatility - *Intermediate*
- Modelling of default probabilities - *Intermediate*
- Optimising book management - *Intermediate*

Acquired Skills:

- Learn to create and manage all kinds of repayment schedules and calculate interests
- Learn to use tables and matrices and apply linking functions
- Apply the various VaR calculation models
- Master the statistical calculation functions applied to financial markets
- Calculate efficient frontiers
- Construct variance/covariance matrix and calculate portfolio risks

COURSE SELECTION CRITERIA

- Develop efficient spreadsheets
- Numerous software applications used during the seminar

RECOMMENDED FOR:

- Middle office, audit
- Structurers
- Financial market IT specialists
- Fund managers
- Internal controls, audit
- IT
- Corporate treasurers
- Financial directors of local authorities

DURATION: 2 days

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COURSE OUTLINE

Overview of Calculation Methods using EXCEL™

- Standard and specialised EXCEL™ libraries
- Using functions: tables/matrices, financial mathematics
- Tools: statistical modules, solvers
- Simulation functions
- Tips and shortcuts for EXCEL™

Advanced VaR calculation models

- Decomposition of parametric VaR into «component VaR» Marginal VaR (analytical and by simulation)

Monte Carlo simulations

- Generating random and pseudo-random numbers
- Choleski decomposition done by solver
- Correlated simulations and VaR calculations

Practical workshop

- . Calculate the VaR of an FX position

Models PCA (Principal Components Analysis)

- PCA models on interest rates
- Searching for eigenvalues and eigenvectors
 - . Projection of the portfolio on the main axis
 - . Decomposition of the parametric VaR on the main axis

Exercise

- . Calculate VaR with the PCA method

Calculating Volatility

- Calculating statistics from chronological series
- Ewma model with 1 parameter, calculating gamma with solver
- 2&3-parameter models: Garch(1,1) on volatility curve

Practical workshop

- . Estimate Garch(1.1) parameters on FX

Book Management - Markowitz Model

- Risk and return calculation)
- Calculation of the efficient frontier equation
 - . Finding particular points
 - . Graphic presentation
 - . Research by simulation of constrained portfolios

Practical workshop

- . Calculate the frontier of various shares
- . Graphic illustration of the frontier and remarkable points

- Extension to the Black - Litterman model

FX and Interest Rate Risk Management for Corporate

INTERMEDIARY LEVEL

OBJECTIVES

Key Concepts:

- Forward rate curves and interest rate risk management - *Intermediary*
- FX risk management - *Intermediary*
- Behaviour of interest rate and FX derivatives - *Intermediary*
- Elaboration and use of structured interest rate and FX products - *Intermediary*
- Using ordinary & exotic derivatives, and structured products to manage interest rate and FX risk - *Intermediary*
- Managing risk in accordance with IAS standards - *Introductory*

Acquired Skills:

- Anticipate forward rate curve movements
- Know which products are best suited to your own constraints, risk attitude and expectations
- Manage in accordance with IAS constraints
- Manage positions dynamically

COURSE SELECTION CRITERIA

- Products presented in relation to their impact on corporate treasurers
- Detailed analysis of cash flows and risk/return opportunities
- Structured product selection criteria presented according to management objectives

RECOMMENDED FOR:

- Corporate treasurers
- Corporate financial divisions
- Salespeople, financial intermediaries
- Coverage
- Middle & back office

DURATION: 3 days

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COURSE OUTLINE

Introduction: Corporate Treasurers

- Analysis, identification and quantification of all activities exposed to FX and interest rate risks
- Optimisation of FX and interest rate risk management
- Find the best hedge in relation to your expectations
- Determine the necessary durations and proportions for a good hedging scheme
- Catalogue management and order management methods

Risk Management Tools: Plain Vanilla & Exotic Options

- Revision of the mechanics, behaviour and uses of plain vanilla and exotic FX options
- Quotation
- Sensitivities to price drivers: "Greeks" (delta, gamma, vega, theta, rho...)
- Fundamentals of option valuation (binary options, barrier options, double barrier options, etc.)

Corporate FX Risk Management

- Difficulties in managing FX risk
- Defending a budgeted FX rate
- Trade flows and asset valuation

Practical Workshop

- . Calculate the maximum loss, break-even rate, effective guaranteed rate and spot break-even rates of the major strategies

Corporate Interest Rate Risk Management

- Fixed rate optimisation
- Spot & forward interest rate curves
- Non-generic reference rates: Quanto, CMS

Practical Workshop

- . Calculate forward rates on EXCEL™

- Behaviour and uses of caps/floors and swaptions

Implementation and Uses of Standard Structured Interest Rate Products

- Corridors, Reverse floaters, Callables, Range accrual, CMS spreads...

Practical Workshop

- . Build a structured product comparator on EXCEL™ in line with market expectations

- Using structured products according to one's treasury needs
 - . How to generate expectations
 - . Simulations and elaboration of strategies taking into account the impact of new accounting standards

Cash Management

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Overview of Cash Management - *Introductory*
- Key players: companies, banks, IT providers, consultants, clearing systems - *Introductory*
- Tools: account structures, means of payment, information systems - *Introductory*
- Organisation, implications, operation - *Introductory*
- Developments in cash management: SEPA, European Payments Directive, SwiftNet, etc. - *Introductory*

Acquired Skills:

- Identify and measure the practical implications of cash management solutions
- Understand the connections between various components and actors in cash management
- Know how to set up a call for tenders in a corporate setting
- Know how to position cash management within a bank setting

COURSE SELECTION CRITERIA

- Basic concepts of cash management to easily sustain dialogue with specialists and understand all the implications of a cash management project
- Overview of the main structures and offers of cash management
- Description of current developments in the world of cash management
- Taught from both a banker's and treasurer's perspective

RECOMMENDED FOR:

- Treasury teams/corporate financial divisions
- Consultants
- Bank sales teams
- Back office/bank settlement

DURATION: 2 days

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COURSE OUTLINE

Fundamentals

- Overview
 - . Brief history
 - . Financial, treasury and cash management
 - . Primary goals of cash management
- Key Players and Requirements
 - . Companies
 - . Banks
 - . IT Providers
 - . Infrastructure Providers
 - . Consultants, associations, etc.
- Tools and Solutions
 - . Account structures (pooling, TBA, overlay...)
 - . Means of payment (transfers, direct debit, cheques...)
 - . Information systems (in-bank communications, treasury systems, ERP integration...)

Cash Management in Practice

- In a company: set up a cash management project
 - Practical Workshop**
 - . Measure repercussions
 - . Sell the project in your company
 - . Set up the call for tenders
 - . Consult providers and choose partners
 - . Implementation and follow-up
- In a bank: cash management offers, a key element of bank/firm relations (practical exercise)
- Developments in cash management
 - Practical Workshop**
 - . Regulatory developments: SEPA, EPD directive, SOX
 - . Technological developments: ERP integration, Outsourcing (BPO)
 - . Developments in competition: CSP, SwiftNet, Paypal, etc.
- Recap: consequences and opportunities

Introduction to Asset Management

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Types of funds - *Introductory*
- Various players in asset management - *Introductory*
- Characteristics and uses of securities, bonds and equity derivatives - *Introductory*
- Benchmarking - *Introductory*
- Management types and asset allocation - *Introductory*
- Measuring risk and return - *Introductory*

Acquired Skills:

- Master the workings of various types of funds
- Know the regulatory framework of asset management
- Understand various types of management
- Analyse the performance of a unit trust

Multimedia Preparation

(Accessible via internet under FLASH™)

- Financial markets: organisation and participants
- Interest rate markets
- Equity markets

COURSE SELECTION CRITERIA

- Explore the major facets of asset management: regulatory framework, role of the various players, products, performance analysis
- No prior knowledge required

RECOMMENDED FOR:

- Junior members of dedicated management teams
- Financial investment consultants
- Private bankers
- Back office staff
- Internal controls, audit
- IT staff
- Legal departments

DURATION: 2 days

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COURSE OUTLINE

Role of Asset Managers on Financial Markets

- Their functions and responsibilities
- Stakeholders: clients, counterparties, depository, regulators
- Their investments: securities and derivatives

Players in Asset Management Companies

- Investment managers
- Sales and marketing
- Back office and middle office
- Compliance and legal
- Support staff: finance and control, audit, HR, IT

Management Styles

- Direct (discretionary account)/indirect (UCITS)
- Traditional/alternative
- Benchmarked/absolute performance
- Active/index performance
- Traditional/quantitative

Practical Workshop

- Read and interpret a UCITS simplified prospectus

Interest Rate Management

- Fundamentals: interest rate curve, sensitivity, credit risk
- Money market and bond management

Practical Workshop

- Calculate a bond's risk from its modified duration

Equity Management

- Equity returns in relationship to market (alpha, beta)
- Top Down/Bottom Up Approaches
- Company valuation: ratios and financial analysis
- Growth, Value and GARP styles, Core/Satellite management

Practical Workshop

- Sort funds according to their management style and risk

Balanced Management

- Asset allocation: Mean Variance optimization
- Markowitz Theory and the efficient frontier (CAPM)
- Risk budgeting and Liability Driven Investments

Specialised management

- Structured products
- Portfolio insurance and guaranteed funds
- Private Equity

Practical Workshop

- Determine the impact of equity market and interest rate fluctuations on the price of a structured product

Portfolio Monitoring

- Risk/performance indicators
- League tables

Practical Workshop

- Calculate Sharpe ratios and compare different funds

Fundamentals of Investment Management

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Diversifiable/non-diversifiable risk and risk premiums - *Intermediate*
- Investment strategy and asset allocation - *Intermediate*
- Traditional and alternative portfolio management strategies - *Intermediate*
- Performance measurement - *Intermediate*

Acquired Skills:

- Understand the essential characteristics of different asset classes and their place within an investment strategy
- Be able to elaborate an investment strategy and transform it into an asset allocation
- Understand the regulatory framework of mutual funds
- Know how to present and analyse the performance of an investment

COURSE SELECTION CRITERIA

- Analyse every traditional and alternative asset class
- Study all the possibilities offered by derivatives
- Analyse different portfolio management styles and learn how to evaluate them
- Learn the regulations applied to mutual funds

RECOMMENDED FOR:

- Newcomers to asset management
- Client relationship managers
- Financial consultants
- Institutional investors
- Middle & back office personnel, reporting staff

DURATION: 3 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
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E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Traditional Asset Classes

- Money market instruments
- Bonds, interest rate risk and risk premium
- Equity, market risk and risk premium

Practical Workshop

- . Price impact of changes in the yield curve
- . Market risk evaluation

Derivatives and Arbitrage Opportunities

- Futures: analysis and pricing
- Options: analysis and pricing
- Swaps: analysis and pricing

Practical Workshop

- . Arbitraging mispriced products
- . Analyse various portfolio hedging solutions

Alternative Asset Classes

- Private equity: illiquidity and activism risk premium
- Structured products: volatility and liquidity risk premium
- Alternative portfolio management: emerging risk premium and/or alpha

Practical Workshop

- . Analysis of a structured product
- . Construction of a long-short portfolio

Risk and Diversification

- Purpose and utilization of diversification
- Sharpe-Markowitz, CAPM
- Risk budget and P&L measurement

Practical Workshop

- . Analyse an index and compute the Herfindahl index
- . Measure the betas of an equity portfolio

Asset Allocation

- Mean/variance optimisation
- Core-satellite management
- Dedicated portfolio management and CPPI

Practical Workshop

- . Asset allocation with traditional and alternative assets
- . Construct and test an Investment Policy Statement

Portfolio Management

- Index management, tracking error
- Active management, information ratio
- Alternative management, Sharpe ratio

Practical Workshop

- . Analyse different index management processes
- . Analyse a merger arbitrage

Mutual Fund

- Regulatory framework and classification
- NAV computation
- Fund selection and marketing

Practical Workshop

- . Analyse a simplified prospectus and a fund factsheet
- . Analyse a Morningstar or S&P Funds Research report

Performance Measurement

- Different types of measures
- GIPS standards
- Performance attribution

Practical Workshop

- . Calculate TWRR and MWRR
- . Analyse a GIPS presentation

Advanced Investment Management Programme

ADVANCED LEVEL



OBJECTIVES

Key Concepts:

- Global financial capitalism
- New financial market structure
- Recent trends in investment management
- Business management issues of investment management companies
- Change management of the major investment functions

Acquired Skills:

- Understand the consequences of new regulations
- Measure the changing requirements of institutional investors
- Anticipate opportunities for new organisational structures in the investment factory
- Analyse the strategic issues facing the investment management industry

COURSE SELECTION CRITERIA

- Grasp the probable impact of the numerous paradigm changes on the investment business
- Interactive workshop in English
- Harvard Business School case studies on the investment business

RECOMMENDED FOR:

- Managers and business partners
- Business development managers
- Senior investment professionals
- Commercial and investment bankers
- Investment consultants

DURATION: 4 days

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COURSE OUTLINE

Setting The Scene

- New economic role of financial markets
- New global structure of financial markets
- Trends in the asset management industry

Asset Management Stakeholders Under MiFID

- Markets and counterparties
- Custodians and fund administrators
- Distributors: banks, life insurance companies and financial advisors

Investment Policy and Asset Allocation

- Asset classes, style and risk premiums
- Core-satellite: betas, alternative betas and alphas
- Optimal portfolio construction

Indexed Management

- New indices
- New vehicles: ETF, certificates
- Enhanced indexing techniques

Equity Analysis

- Financial statement analysis under IFRS
- Impact of XBRL
- A new role for sell side analysts?

Equity Investment Management

- Value, growth, blend
- Small caps
- International investments

Fixed Income Analysis

- Yield curve analysis
- Credit analysis
- Liquidity

Fixed Income Management

- Money market and enhanced money market
- Dedicated portfolios and ALM
- Core and core+ bond portfolios

Alternative Asset Classes Moving Mainstream

- Hedge funds
- Real estate
- Structured products
- Private equity

Business Development

- Consultants and the RFP process: the 7 Ps
- Investment solutions for pensions, insurance, endowments, ...
- Management of the fund offering

Strategic Issues for the Asset Management Industry

- Quality offering: controlling & developing the process
- Brand awareness: managing the brandname(s)
- Outsourcing and scaling: when and where does size matter?

The last two days of the seminar are dedicated to the analysis and discussion of case studies from the Harvard Business School

Pension fund investment policy and liability driven investments

- . Boots pension fund
- . General Motors pension fund

Hedge fund investing and the capacity challenge

- . Protégé partners
- . Fauchier partners

Managing the asset management company

- . Behavioural finance at JP Morgan
- . Dimensional Fund Advisors

Fixed Income Management

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Interest rate markets and instruments - *Intermediate*
- Explanatory elements of risk and interest rate product performance - *Intermediate*
- Effects of economic policy on interest rate markets - *Intermediate*
- Management requirements for interest rate products - *Intermediate*
- Organisational schemes for interest rate management - *Intermediate*

Acquired Skills:

- Value a bond and analyse its inherent risk
- Analyse the effects of economic information on interest rate markets
- Value a credit spread in relation to default risk
- Analyse and interpret interest rate market risk premiums
- Understand investors' demands
- Develop a management strategy based on a given scenario

COURSE SELECTION CRITERIA

- Exhaustive presentation of the techniques and methods of bond management
- Practical analytical exercises on simple and complex instruments
- Analyse risk factors and assimilate information in order to develop an adequate investment strategy
- Delivered by a seasoned professional capable of imparting the tools needed to perform an analysis within an operational context and develop delegates' overall comprehension and command of the subject

RECOMMENDED FOR:

- Bond managers
- Credit analysts
- Institutional investors
- Financial consultants
- Economists
- Client relationship managers
- Investment managers
- Company treasurers

DURATION: 3 days

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COURSE OUTLINE

Interest Rate Products and Instruments

- Treasuries and private issues
- Nominal and floating-rate coupons
- MBSs & ABSs
- Swaps, futures and options on interest rates

Bond Risk and Valuation

- Valuation, Yield to maturity and zero-coupon rates
- Modified duration and convexity
- Shift/twist/butterfly model
- Liquidity premium
- [Practical Workshop](#)
- . Bond pricing and risk analysis

Economic Analysis and Monetary Policy

- Trade balance
- Business cycle
- Budgetary policy
- Monetary policy
- [Practical Workshop](#)
- . Influence of the business cycle on markets

Yield Curve Analysis

- Construct a spot yield curve
- Construct a forward yield curve
- Construct the implied inflation curve
- Analyze investors' preferred habitats
- [Practical Workshop](#)
- . Analyse a yield curve and apply it to swap pricing

Credit Spread Analysis

- Assessing default risk and recovery ratios
- Transition matrices
- Credit derivatives, CDS
- CDO and structured finance
- [Practical Workshop](#)
- . Valuation of a CDS

Risk Premium and Diversification

- Duration and extension risk
- Volatility risk
- Credit, liquidity, complexity risks
- Currencies: carry, value, momentum,...
- [Practical Workshop](#)
- . Analysis of a callable bond

Fixed income portfolio management

- Bond indices
- Investment processes and forms of organisation
- Investor's evolving demand
- Fixed income performance analysis
- [Practical Workshop:](#)
- . Develop an asset allocation based on a given scenario

Money market management

- Performance benchmarks
- NAV accounting issues
- Sources of added value
- [Practical Workshop](#)
- . Construct an enhanced money market fund using risk premium

Managing Credit Risk in Investment Portfolios

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Credit market structure - *Intermediate*
- Aggregate and credit indices - *Intermediate*
- Risk indicators of a credit bond portfolio - *Intermediate*
- Credit risk management strategies - *Intermediate*

Acquired Skills:

- Analyse credit products and use them efficiently
- Know the characteristics of different indices and be able to recommend a benchmark
- Analyse the risk exposure of a credit portfolio
- Conceive an active credit management strategy

COURSE SELECTION CRITERIA

- Exhaustive approach to credit management: passive management, macro strategies, sector rotation, stock picking and arbitrage
- Analysis of bond management credit risk
- Real-life examples and case studies

RECOMMENDED FOR:

- Bond and money managers
- Arbitrageurs
- Structurers
- Client relationship managers
- Institutional investors
- Fixed income salespeople
- Risk managers

DURATION: 3 days

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COURSE OUTLINE

Credit Market

- Credit Products
 - . Straight and callable bonds, FRNs
 - . Hybrid and exotic products
 - . Single name and portfolio CDS/CLN
 - . CDOs
- Market Structure and Recent Dynamics
 - . Origin of the issuer/currency
 - . Sector/Industry/Rating/Size
 - . Derivatives and structured products

Indices and Index Products

- Categories
 - . Lehman, Merrill, NASD-Bloomberg
 - . IBoxx/ITraxx
- Rules
 - . Universe, composition and turnover
 - . Weighting, financial gearing bias, diversification
 - . Pricing sources and analytics
- Products
 - . Total return swaps
 - . ETFs
- Choice of Index
 - . Risk exposure/diversification
 - . ALM considerations
 - . Replication and tracking error

Case Study

- . Selection of an index and replication strategy

Risk Management

- Spread Analysis
 - . Default risk and estimated recovery rate
 - . Liquidity
 - . Option component, OAS
- Spread curves
 - . Benchmarks and methodology
 - . Relation to interest rate curve
 - . Use for forecasting
- Sensitivity
 - . Duration spread
 - . By maturity segment
 - . VaR and stress tests
- Correlation
 - . Credit and contagion risk
 - . Credit/liquidity and joint risk: flight to quality
 - . Credit/interest rates and default risk/effective duration

Practical Workshop

- . Create a risk monitoring table

Strategies: Management/Trading

- Macro Strategies
 - . Liquidity constraints, risk premium and active management opportunity
 - . Credit/interest rate risk allocation, diversification
- Relative Value Strategies
 - . By sector
 - . Long/short credit
- Arbitrage Strategies
 - . Capital structure
 - . Spread curve arbitrage
 - . Basis arbitrage
- Correlation Trading
 - . Study various strategies: sourcing, implementation, risk/return analysis, etc.

Credit Analysis: Financial Issuers

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Credit risk in financial institutions - *Intermediate*
- Risk of different issued securities - *Intermediate*
- Sector analysis - *Intermediate*
- Impact of regulations and IFRS standards - *Intermediate*

Acquired Skills:

- Understand the regulatory environment of the financial sector and be able to evaluate prudential ratios
- Distinguish between different security categories and appraise their constraints and strengths
- Present the internal rating of a financial institution
- Recognise the effects of sector, country and size on credit analysis
- Analyse the accounts of a financial institution in order to appraise its credit risk

COURSE SELECTION CRITERIA

- Rigorous analytical methodology
- Exhaustive coverage of the financial sector
- Real-life examples and case studies, delivered by a specialist in credit analysis

RECOMMENDED FOR:

- Credit analysts
- Bond and money managers
- Originators, traders, fixed income salespeople
- Institutional investors
- Company treasurers
- Middle office personnel
- Risk divisions

DURATION: 3 days

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COURSE OUTLINE

Regulatory Framework

- Prudential Oversight of the Financial Sector
 - . Role of central banks
 - . European Central Bank
 - . US Federal Reserve
- Role of the BIS and of the Basel Committee
 - . Basel II
 - . Solvency II
- Accounting
 - . Impact of IFRS
 - . Derivatives: IAS 32 and 39
- Role of Financial Market Authorities: FSA, SEC, AMF
- Roles and Methods of Credit Rating Agencies (such as S&P)
 - . Rating sample
 - . Transition

Typology of Securities issued by financial institutions

- Quasi Capital
 - . Perpetual securities
 - . Subordinated securities
 - . Hybrid securities
- Long-Term Senior Debt
- Short-Term Debt

Methodologies of Credit Analysis

- Particularities of the Sector and Its Components
 - . Commercial banks
 - . Financial services
 - . Investment banks
 - . Real estate finance
 - . Insurance
- Sensitivity to Economic Cycles
 - . Size
 - . Country
- Institutional Credit Analysis
 - . Returns/GNP
 - Commissions, ventilation
 - Interest margin, structure
 - . Operating coefficient and cost
 - . Structure and quality of assets/risks
 - . Capitalisation and liquidity

Practical Workshop: Credit analysis and credit ratings/ Investment advice

- Synthetic presentation of internal ratings with advice "corrections"
 - . 2 large Western banks
 - . 1 or 2 banks in emerging countries
 - . 2 insurance groups

Credit Analysis: Corporate Issuers

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Credit risk of a corporate issuer - *Intermediate*
- Sector drivers - *Intermediate*
- Credit ratings - *Intermediate*
- Default spread and risk - *Intermediate*

Acquired Skills:

- Analyse an issuer's financial solidity in order to assess its credit risk
- Evaluate a security's features in order to gauge its specific risk
- Calculate the credit component of a spread and make a risk/value comparison
- Use state-of-the-art techniques to make investment recommendations

COURSE SELECTION CRITERIA

- Learn full, comprehensive methods
- Learn how to spot the fundamental elements (credit drivers) of credit risk
- Learn methods by sector that will allow you to make relative comparisons of issuers and securities
- Operational recap of all the techniques that will allow you to successfully predict the relative or absolute variations of a spread

RECOMMENDED FOR:

- Credit analysts
- Fund managers
- Originators
- Traders
- Fixed income salespeople
- Client relationship managers
- Institutional investors
- Company treasurers

DURATION: 3 days

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E-mail: info@first-finance.fr

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COURSE OUTLINE

Types of Credit Analysis for Lenders and Investors

- Recap of the Merton model, measuring distance to default
- Spread/probability of default
- Estimated recovery rate
- Upgrade/downgrade probability
- Goals and functions of credit analysis
- Relationship with economic, equity analysis

Growth of the Credit Market and Regulatory Framework

- Bank disintermediation and euro market
- Credit risk dispersion: CDS and structuring
- Indices: Lehman Aggregate, iBoxx, iTraxx
- Size and structure of the credit market
- BIS regulations: Basel II, internal rating

Issuer Analysis

- Fundamentals: EBITDA, EBIT, free cash flows, Earnings
- Treasury flow analysis
- Balance sheet analysis
- Adjustments: off-balance sheet liabilities, derivatives, leasing
- Ratios: importance and appreciation
- Analysing strategy, special situations, LBOs
- Risk analysis: social risk, environmental risk, political risk, etc.

Practical Workshop

- Analyse companies in various sectors

Credit Rating Methodologies

- Critique of rating agencies: pros and cons, leads or lags?
- Added value of credit analyses: perspective
- Transition matrices: evolution
- Regulatory trends

Practical Workshop

- Analyse companies in various sectors

Spread Analysis: Coming to a Recommendation

- Liquidity, size, market makers
- Option adjusted spread: callable bonds, MBS
- Guarantees, covenants...
- Reference: Govies, Swaps...
- Comparison: sector, industry, rating

Practical Workshop

- Recap and recommendations

Credit Analysis: Emerging Market Issuers

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Country risk - *Intermediate*
- Particularities of emerging markets - *Intermediate*
- Crises - *Intermediate*
- Valuation and risk monitoring - *Intermediate*

Acquired Skills:

- Assimilate macro-economical, political and financial data pertaining to emerging countries and evaluate their associated risk
- Analyse how crises begin in order to predict them
- Evaluate the credit risk of a company in an emerging country

COURSE SELECTION CRITERIA

- Rigorous methodology taught by seasoned professionals
- Real-life examples and case studies

RECOMMENDED FOR:

- Analysts
- Fund managers
- Institutional investors
- Originators, traders, fixed income salespeople
- Company treasurers
- Middle office personnel
- Risk divisions

DURATION: 2 days

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COURSE OUTLINE

Typology of Emerging Countries

- Varying definitions
- Specificities of emerging markets
- Benchmarks (IFC, MSCI, EMBI)

Investment Criteria in Emerging Markets

- Utility: risk premium, diversification
- Specific risks: information, government, liquidity, crisis
- Added value potential for active management

Introduction to Country Risk Analysis

- Current account balance and national debt: credibility, solvency, liquidity
- Critical analysis of the most common ratios
- Financial crises: underlying factors, beginnings, contagion, discrimination
- Lessons learned

Capital Markets in Emerging Countries

- Debt
- Domestic in local currency
- Indexed-linked domestic
- International
- Bradys
- Equity
- Natural resources
- Infrastructure, distribution
- Cyclical
- Small caps

Appraising Sovereign Risk

- Geopolitical risk
- Regulatory, legal and fiscal risks
- Quality of accounting, auditing, and government standards
- Solidity of financial systems

Practical Workshop

. Brazil, China, Russia and Turkey

Appraising Credit Risk of Private Issuers

- Measuring distance to default
- Sector analysis
- Specific risk: retained criteria
- Credit spread valuation
- Comparison to equivalent credit risk

Practical Workshop

. Embraer, Huawei, TMK, Turkcell

Using Derivatives to Manage Fixed Income Portfolios

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Arbitrage price of derivatives - *Intermediate*
- Synthetic and total exposure - *Intermediate*
- Monitoring portfolio risk - *Intermediate*
- Management and regulatory reporting - *Intermediate*

Acquired Skills:

- Calculate the theoretical price of derivatives and compare their values
- Develop management strategies for the scenarios and constraints at hand
- Optimum execution
- Figure synthetic exposures and cash exposures into a report

COURSE SELECTION CRITERIA

- Bird's eye view of the chain of operations involved in a derivatives transaction
- Analysis and evaluation of derivatives-based investment strategies
- Delivered by specialists combining theoretical instruction and professional experience to reveal the cost-benefit relation behind each decision

RECOMMENDED FOR:

- Bond managers
- Institutional investors
- Middle office personnel, reporting staff
- Client relationship managers
- Risk controllers, inspection
- Compliance
- Fixed income salespeople

DURATION: 3 days

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COURSE OUTLINE

Derivatives: Identification and Pricing

- Typology: Futures, Swaps, Options, CDS
- Cash & carry arbitrage
- Swap pricing
- Black & Scholes: overview and limitations
- Other option pricing methods
- CDS pricing
- ETF, index analysis
- Practical Workshop**
- . Fair value pricing of various derivatives

Interest Rate Options

- Convertible bonds
- MBS, CMO, IO/PO
- Callable Bonds
- Option Adjusted Spreads

Risk Management and Monitoring Strategies

- Duration/shift exposure
- Currency exposure
- Interest rate curve exposure/shift - wist - butterfly
- Sector/theme credit exposure
- Exposure to correlation: portfolio CDS/CDO
- Volatility exposure: vega-gamma-theta
- Practical Workshop**
- . Develop strategies for given scenarios

Value-at-Risk (VaR) Approaches

- Historical VaR
- Parametric VaR
- Monte Carlo VaR
- Limitations and alternatives
- Back-testing and stress tests
- VaR (relative and absolute) and UCITS ratios
- Practical Workshop**
- . VaR calculations and applications applied to mutual funds

Best Execution

- Trade engineering: choosing an instrument
- Stacks and strips: choosing a maturity
- Volatility smile: choosing a strike price
- Practical Workshop**
- . Identify strategies adapted to an investment strategy and cost-benefit analysis

Risk Control and investment reporting

- Reporting
 - . Total exposure to yield curve risk (cash + synthetic)
 - . Exposure to currency risk
 - . Exposure to volatility
- Performance Attribution
 - . Pockets and virtual cash allocation
 - . Attribution via spread moves
 - . Processing options
- Practical Workshop**
- . Analyse a portfolio containing different derivatives and develop a risk and performance report

Equity Management

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Financial analysis - *Intermediate*
- Valuation - *Intermediate*
- Sector analysis - *Intermediate*
- Value and growth management styles - *Intermediate*
- Building a portfolio and execution - *Intermediate*

Acquired Skills:

- Understand sources of added value in equity management
- Analyse a company's financial reports
- Choose a valuation method
- Based on a given situation, define a sectorial or international allocation
- Understand the processes of Value and Growth
- Define an execution strategy
- Develop an equity management process

COURSE SELECTION CRITERIA

- Exhaustive presentation of the methods of equity management
- Exercises in company valuation
- Delivered by seasoned professionals using practical models and theories that develop delegates' overall comprehension and command of the subject

RECOMMENDED FOR:

- Portfolio managers
- Financial analysts
- Institutional investors
- Financial consultants
- Client relationship managers
- Equity salespeople
- Investor relations managers

DURATION: 3 days

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COURSE OUTLINE

Indices and Index Management

- Common indices
- Index replication techniques
- Sources of added value for enhanced indexing
- Fundamental weighting and new added value indices

Case Study

- . Index fund management

Financial Analysis

- Balance sheet
- Profit and loss statement
- Cash flows
- Adjustments to make

Practical Workshop

- . Consequences of IFRS

Valuation Ratios

- Dividend and cash flows
- Price/earning ratio and EPS dilution
- Price/book ratio and accounting standards
- Other ratios applicable to growth stocks

Practical Workshop

- . Various applications of DDM and growth rate estimations

Allocation by Sector

- Economic analysis
- Sectors and industries
- Themes
- Style rotation

Case Study

- . Structure a portfolio based on specific economic scenarios

International Allocation

- Politics, economics and markets
- Accounting adjustments and market structure
- Emerging markets
- FX risk

Practical Workshop

- . Managing foreign exchange risk

"Value" Style

- Definition and indices
- Filtering techniques and financial analysis
- Special situations and activism
- Small cap effects

Case Study

- . Benjamin Graham criteria

"Growth" Style

- Definition and indices
- Filtering techniques and financial analysis
- Technology companies
- IPOs

Case Study

- . Value a growth company

Portfolio Management and Execution Techniques

- Execution cost measurement
- Derivatives and ETF
- Optimisation and risk control
- Corporate governance and SRI

Case Study

- . Evaluation of the trading function

Financial Analysis and Equity Valuation

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Fundamental analysis - *Intermediate*
- Sector analysis - *Intermediate*
- Strategic assessment - *Intermediate*
- Share valuation - *Intermediate*

Acquired Skills:

- Organised data research
- Analyse a company's financial reports
- Assess a company's strategic position
- Create, compare and interpret valuation ratios
- Establish a share's value by discounting its cash flows

COURSE SELECTION CRITERIA

- Exhaustive presentation of the techniques and methods of financial analysis
- Techniques applied to recent real-life examples
- Develop your sense of judgement and analytical skills
- Delivered by a seasoned financial analyst using examples from recent professional experiences to illustrate points

RECOMMENDED FOR:

- Financial analysts
- Equity managers
- Institutional investors
- Financial consultants
- Client relationship managers
- Equity salespeople
- Financial directors
- Investor relations managers

DURATION: 3 days

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COURSE OUTLINE

Equity Markets

- International markets
- Corporate financing strategies
- Stock indices
- Execution costs, CSA, unbundling, MiFID

Accounting and Financial Statements Analysis

- IFRS and corporate accounts
- Management reports
- Analyst meetings, in groups and one-on-one
- Research process

Strategic and Sector Analyses

- Economic analysis
- Industrial sectors
- Cross-disciplinary themes
- Style rotation
- Competitive analysis, Porter
- Franchise value and pricing power
- Speculative premium
- Sustainable development and social relations

Practical Workshop

- . Assess a security's speculative value

Fundamental Financial Analysis

- Accounting restatements and abuses
- Performance analysis
 - . Composition of earnings
 - . Return on invested capital
 - . ROE, impact of leverage (du Pont breakdown)
- Risk analysis
 - . Financial structure
 - . Critical analysis of liquidity measures
- Cash flows, free cash flows
 - . Statement of cash flows
 - . New approaches using Free Cash Flow
- Fundamental approach to value
 - . EVA, MVA

Practical Workshop

- . Analyse ROE and its component

Market analysis

- Market value: Equity vs. Invested Capital
- Market performances: risk premium, market premium
- Volatility: beta approach
- Interpreting the value of equity: equity multiples
- Enterprise value and economic multiples

Valuation method built on multiples

- Criteria for comparison and choice of the sample
- PER and EPS dilution
- P/Book
- EV/EBITDA or EBIT

Practical Workshop

- . Calculate and interpret ratios in order to value a company

Discounted Cash Flow analysis

- Mature values: DCF, DDM (1 stage)
- Growth stock: DCF, DDM (2 or 3 stages)
- Project the growth rate and estimate the risk premium
- Sensitivity analysis

Practical Workshop

- . Choosing and applying a DDM

Performance Analysis and Ethics

- Codes of ethics
- Insider trading and market manipulation
- Professional pressure and conflicts of interest
- Performance appraisals (Investar, Starmine, Isfa)

Seminar: Critical analyses of analysts' ratings

Using Derivatives to Manage Equity Portfolios

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Arbitrage price of derivatives - *Intermediate*
- Tactical allocation in overlay - *Intermediate*
- Portfolio risk control - *Intermediate*
- Managing and regulatory reports - *Intermediate*

Acquired Skills:

- Calculate the theoretical price of derivatives and compare their values
- Develop management strategies for the scenarios and constraints at hand
- Optimise execution
- Figure synthetic exposures and cash exposures into a report

COURSE SELECTION CRITERIA

- Bird's eye view of the chain of operations involved in a derivatives transaction
- Analysis and evaluation of derivative-based investment strategies
- Delivered by specialists who combine theoretical instruction and professional experience in order to reveal the cost-benefit relation behind each decision

RECOMMENDED FOR:

- Equity managers
- Institutional investors
- Middle and back office personnel, reporting staff
- Client relationship managers
- Risk controllers
- Compliance, inspection
- Equity salespeople

DURATION: 2 days

CONTACT

FIRST FINANCE UK
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E-mail: info@first-finance.fr

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COURSE OUTLINE

Derivatives: description and valuation

- Typology: Futures, Swaps, Options
- Equilibrium forward price
- Black & Scholes: overview and limitations
- Other option pricing methods
- Variance swaps and volatility index contracts (VIX, VDAX, VSTOXX)

Practical Workshop

- . Valuation of various derivatives

Hybrid Instruments

- Convertible bonds
- Mandatory convertibles
- Warrants
- ETF, index analysis

Management Strategies & Overlay

- Cash equitisation and hedging
- Controlling sector allocation and management style
- Portfolio insurance
- FX risk hedging
- Covered calls, covered puts

Practical Workshop

- . Analyse opportunities for implementing various strategies

Value-at-Risk (VaR) Approaches

- Historical VaR
- Parametric VaR
- Monte Carlo VaR
- Limitations and alternatives
- Back-testing and stress tests
- VaR (relative and absolute) and commitment ratios

Practical Workshop

- . VaR calculations and UCITS III application

Best Execution

- Trade engineering: choosing an instrument
- Stacks and strips: choosing a maturity
- Volatility smile: choosing a strike price

Practical Workshop

- . Strategies for particular investment policies and perform cost-benefit analyses

Risk Control and Management Reports

- Reporting and regulatory ratios
- Total exposure to market risk (cash + synthetic)
- Exposure to currency risk
- Exposure to volatility
- Performance attribution
- Pockets and virtual cash allocation
- Processing options

Practical Workshop

- . Analyse a portfolio including different derivatives and develop a risk and performance report

Asset Allocation

INTRODUCTORY LEVEL



OBJECTIVES

Key Concepts:

- Performance, risk and risk premium - *Intermediate*
- Mean-variance optimisation - *Intermediate*
- Relationship between the economy and financial markets - *Intermediate*
- Portfolio analysis and rebalancing - *Intermediate*

Acquired Skills:

- Understand the relationship between risk and return
- Efficiently use the potential of diversification and construct an asset allocation suited to a given risk tolerance
- Adjust an asset allocation in function of given economic and financial conditions
- Be able to measure the results produced by a strategy

COURSE SELECTION CRITERIA

- Exhaustive analysis of the principles of asset allocation
- Practical illustrations based on operational tools
- Delivered by a financial market professional

RECOMMENDED FOR:

- Independent financial advisors
- Private banking, family office
- Institutional investors
- Fund managers
- Client relationship managers

DURATION: 2 days

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COURSE OUTLINE

Introduction

- Traditional and emerging asset classes
- Institutional practices, cross-border comparisons
- Recent developments
- Nominal and real performance

Return, Risk and Risk Premium

- Statistical reminders: arithmetic and geometric means
- Historical analysis
- Decomposition of risk premium
- Dynamic risk premium?

Practical Workshop

- . Calculate average return, risk and risk premium

Strategic Asset Allocation

- CAPM and the benefits of diversification
- Mean-variance optimisation
- Black-Litterman solutions
- Performance objective and risk constraints

Practical Workshop

- . Optimising a portfolio, sensitivity to in-flows

Economic Policy and the Behaviour of Financial Assets

- Key economic variables
- Business cycle analysis
- Long-term trends
- Economies and markets

Tactical Asset Allocation

- Economic analysis
- Fundamental analysis
- Technical analysis
- Market sentiment analysis

Practical Workshop

- . Execute a tactical allocation based on a given scenario

Rebalancing Strategies

- Constant mix or dynamic
- Transaction costs
- Trend stability and volatility
- Using derivatives

Practical Workshop

- . Model various rebalancing strategies

Implementation and revision

- Investment policy
- Implementation
- Reporting
- Revision procedure

Performance Measurement

- Normal and passive allocation
- Strategic allocation
- Tactical allocation
- Security picking

Practical Workshop

- . Performance analysis of a balanced portfolio



Quantitative Techniques for Investment Managers

ADVANCED LEVEL

OBJECTIVES

Key Concepts:

- Active quantitative strategies - *Advanced*
- Advanced methods of portfolio construction - *Advanced*
- Performance measurement: method selection - *Advanced*
- Risk measurement: method selection - *Advanced*
- Systemic risk vs. Idiosyncratic risk - *Advanced*
- Using copulas - *Advanced*
- Advantages and limitations of risk neutral probability - *Advanced*

Acquired Skills:

- Master the particularities of different asset classes and their associated risks
- Use advanced portfolio construction and management techniques
- Master the best methods for measuring performance and assessing the risk involved in your management strategies

Prerequisites

- Familiarity with the fundamentals of portfolio management (see our seminar: *Fundamentals of Investment Management* . page 71)
- Familiarity with zero-coupon valuation is advised (see our seminar: *Financial Market Mathematics 1: Zero-Coupon Valuation* . page 62)

COURSE SELECTION CRITERIA

- Acquire the skills you need to adequately analyse market variations, and assimilate the latest portfolio management techniques
- An exhaustive seminar that develops all the techniques necessary to an optimal portfolio management strategy

RECOMMENDED FOR:

- Fund managers wishing to widen their technical quantitative skills
- Client relationship managers
- Middle office personnel, reporting staff
- Internal controllers, auditors
- Risk divisions
- Institutional investors
- Financial consultants

DURATION: 3 days

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COURSE OUTLINE

General principles of investment management

- Financial asset classes
- Investment horizon
- Total return or income
- Concept of risk: volatility

Quantitative analysis of investments

- MWRR, TWRR and performance linking
- Mean, variance, standard deviation, confidence testing
- Normal distribution, binomial models, Black-Scholes formula, etc.
- Missing and asynchronous data

Equity Valuation

- Discounted cash flows and the Gordon Shapiro formula
- Multiples method
- Traditional analysis and market consensus
- Technical analysis

Practical Workshop

- . Estimate a share's valuation

Bond valuation, exposure to interest rates and credit risk

- Bonds, swaps, ABS, securitisation
- Actuarial rate of return, zero-coupon bonds, sensitivity, convexity
- Modelling the interest rate curve: Vasicek, Cox, Ingersoll, Ross

Practical Workshop

- . Analyse the sensitivity of a bond

Plain Vanilla and Exotic Options

- Sensitivity parameters (Greeks): delta, gamma, rho, theta, vega
- Volatility, arbitrage formula, example of strategies

Equity Risk

- Style analysis: value/growth and size
- Risk, volatility, beta modelling
- Equity indices
- Equity portfolio construction

Practical Workshop

- . Study an efficient frontier

Credit Risk

- Credit as an asset class
- Credit rating agencies and transition matrices
- Credit default swaps: overview, pricing elements
- Difficulties with recovery
- Modelling credit risk: structural models and sudden surprise

Practical Workshop

- . Analyse the statistical tools of a credit rating agency (KMV)

Risk Analysis

- Market risk, credit risk, operational risk
- Volatility, tracking error, VaR, eVaR, Expected Shortfall, measurement distortions
- Solvency and risk of ruin
- Regulation: VaR according to Basel II

Practical Workshop

- . Monitor a portfolio's risk

Portfolio Construction and Management

- Asset classes, diversification, correlation
- Efficient frontier and Markowitz theory
- CAPM (Capital Asset Pricing Model), optimisation
- Perfecting a dedicated investment portfolio
- Ratios: Sharpe, information, Sortino,

Practical Workshop

- . Study a quantitative management process

Selecting Portfolio Managers

- Quantitative concerns
- Qualitative concerns

Practical Workshop

- . Analysis of the main management strategies

Introduction to Hedge Funds

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Features and characteristics of hedge funds - *Introductory*
- Hedge fund typology - *Introductory*
- Arbitrage and long-short management - *Introductory*
- Performance analysis - *Introductory*
- Product structuring - *Introductory*

Acquired Skills:

- Identify a hedge fund and understand how it works
- Assess a hedge fund's specific risks
- Assess a hedge fund's management process
- Understand and assess the mechanisms of a structured product
- Organise a selection process

COURSE SELECTION CRITERIA

- General presentation of the techniques, structures and forms of investment found in hedge funds
- Real-life examples help you understand the advantages and risks of hedge funds
- Critical analysis of the performance and adequacy of hedge funds in a portfolio
- Delivered by a seasoned professional using personal experience in the field to illustrate points

RECOMMENDED FOR:

- Fund managers
- Institutional investors
- Client relationship managers
- Financial consultants
- Middle & back office personnel, reporting staff
- Internal controllers, auditors, inspectors

DURATION: 2 days

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COURSE OUTLINE

Short history of hedge funds and fundamental features

- Significant events
- Figures and sources of information
- Investors
- Critical analysis of performance data

Practical Workshop

- . Hedge fund indices and the extension of the efficient frontier

Alternative management techniques

- Security lending and shorting
- Use of leverage
- Risk management
- Hedge fund business model

Practical Workshop

- . Construction of a long-short fund

Regulatory Framework

- Offshore and on-shore legal structures
- Role and status of the prime broker
- Regulations (FSA, SEC, BAFin...)
- French Hedge Funds: ARIA, ARIA EL and contractual funds

Practical Workshop

- . European regulatory approach

Arbitrage Funds or Relative Value

- Long-short equity
- Statistical arbitrage
- Convertible arbitrage
- Fixed income arbitrage

Case Study

- . LTCM and fixed income arbitrage

Event Driven Fund

- Risk arbitrage
- Activist hedge funds
- Distressed securities

Case Study

- . TCI and other activist funds

Directional Funds

- CTA
- Global macro
- Emerging

Case Study

- . Currency trading

Funds of Funds

- Performance Analysis
- Questionnaire
- Due diligence
- Diversification

Case Study

- . Capacity constraints and selection

Structured Products

- Zero-coupon guaranteed capital
- CPPI
- OBPI
- CFO

Practical Workshop

- . CPPI fund simulation

Hedge Funds: Due Diligence

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Representation bias - *Intermediate*
- Synthetic replication - *Intermediate*
- Due diligence - *Intermediate*
- Exposure diversification and risk control - *Intermediate*
- Structured products on hedge funds - *Intermediate*

Acquired Skills:

- Understand the bases of comparison for performances and their representation biases
- Analyse hedge fund performances in order to find the exposures at each risk premium
- Audit the manager so as to identify the best approaches in the future
- Structure an optimum hedge fund portfolio

COURSE SELECTION CRITERIA

- Pragmatic analysis of hedge fund performance sources
- Operational suggestions for the selection process
- Procedures for constructing a diversified portfolio
- Comparison between the results of different investment structures

RECOMMENDED FOR:

- Fund managers
- Fund selectors
- Institutional investors
- Analysts
- Financial consultants
- Equity salespeople

DURATION: **1 day**

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COURSE OUTLINE

Benchmark

- Index categories: selectivity and discrimination
- Style consistency
- Survivorship bias and backfill bias
- Investable indices

Practical Workshop

- . Estimate a survivorship bias

Performance Analysis

- Simple regression
- Emerging risk premiums
- Asymmetrical risk
- Integrating liquidity risk

Practical Workshop

- . Performance analysis methodologies

Replication Strategies

- Alternative alphas and betas
- Risk premium
- Synthetic offerings
- Tailor-made solutions

Case Study

- . Find alternative betas

Funds of Funds: Selection

- Initial selection
- Due diligence questionnaire
- Interview
- Negotiate the conditions

Case Study

- . Analyse a questionnaire

Funds of Funds: Diversification

- Risk types
- Parameters to be optimised: volatility, skewness, kurtosis
- Risk weighting or cash?
- Overlay?

Case Study

- . Capacity and selection constraints

Structure Products

- OBPI
- CPPI
- Options on CPPI
- Hedge fund cloning platforms:
- CFO

Case Study

- . Perform a risk analysis and choose the best CPPI structure

Hedge Funds: Advanced Techniques

ADVANCED LEVEL



OBJECTIVES

Key Concepts:

- Risk management - *Advanced*
- Creating a hedge fund - *Advanced*
- Risk management - *Advanced*
- Due diligence - *Advanced*
- Management process - *Advanced*

Acquired Skills:

- Assess a hedge fund project's chances of success
- Choose the best partners
- Master the techniques of risk control
- Understand the operational obstacles standing in the way of hedge funds

COURSE SELECTION CRITERIA

- Exchange experiences with seasoned hedge fund managers
- Operational suggestions for the process of hedge fund creation
- Pragmatic approach based on real-life examples
- Active debate

RECOMMENDED FOR:

- Hedge fund managers
- Fund selectors
- Institutional investors
- Analysts

DURATION: 1 day

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COURSE OUTLINE

Each Fund Manager presents an aspect of his/her research and procedure

- Long-short equity: system override?
 - . Structuring data
 - . Giving meaning to scoring models
 - . Controlling model and execution risk
- CTA: minimising risk?
 - . System typology
 - . Diversification of systems, parameters, markets, horizons
 - . Stop loss management
- Arbitrage: automated trading?
 - . Mathematical and behavioural models
 - . Theory vs. Practice
 - . Modelling execution
- Convertible arbitrage: capacity constraints?
 - . IFRS constraints on issuers
 - . Widespread arbitrage models
 - . A closer-to-perfect arbitrage
- Funds of hedge funds: predict successes
 - . Managing capacities
 - . Due diligence: emerging strategies
 - . Performance analysis

Presentations will be followed by a workshop in which will be exchanged professional experiences dealing with hedge fund creations

Practical Matters

- Initial team
- Validating the process: beyond back-testing
- Business assets
- Business plans and seed capital

Operational Matters

- Selecting a prime broker and a custodian
- Administrator
- Valuation
- Marketing strategy

Risk Management, VaR Frontiers

- Dynamic risk analysis
- Model risk
- Liquidity risk
- Non-linear aspects and cumulative effects

Structured Products for Asset Management

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Pricing major derivatives - *Intermediate*
- Basics of structuring - *Intermediate*
- Mechanisms and parameterisations of common structuring methods - *Intermediate*
- Particularities of various benchmark underlyings - *Intermediate*

Acquired Skills:

- Value derivatives and analyse their sensitivity to market parameters
- Identify different types of structured products
- Break down structured products into their basic building blocks
- Know the general forms of pay-off found in structured products and find their break-even points

COURSE SELECTION CRITERIA

- Extensive overview of structuring techniques
- Comparison: the benefits and drawbacks of various solutions associated with underlyings
- Be able to know if a structured product is well-adapted to a given investment strategy
- Current products to support the learning process

RECOMMENDED FOR:

- Financial consultants
- Fund managers
- Client relationship managers
- Middle & back office personnel, reporting staff
- Compliance, risk management
- Institutional investors

DURATION: 3 days

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COURSE OUTLINE

Fundamentals

- Interest rate conventions
- Finding and using zero-coupon spot rates
- Present value computation using discount factors
- Exotic swaps: quanto, CMS
- Mechanisms and sensitivity of standard and exotic options

Practical Workshop

- Identify the optional elements in a structured product

Structured Products

- Deconstructing structured products into their basic building blocks
- Break-even sensitivity
- Parameters
- Comparison of pay-off vs. direct investment

Case Study

- Capital gains and/or income/premium purchase or sale

Structured Products on Interest Rate/FX

- Dual currency deposits
- Range accrual
- Reverse floaters
- Snowball ratchets, target redemption notes

Equity Structured Products

- Vanilla and exotic options
- Baskets and correlations
- Asset allocations
- Products with no guarantee

Structured Products on Hedge Funds

- Product attractiveness
- Specificities of hedge funds and funds of hedge funds
- Guaranteed products using options
- Guaranteed products using CPPI
- Guaranteed products using options on CPPI
- Comparison of different methods: advantages and disadvantages
- Products with no guarantees - advantages and disadvantages

Structured Products on Credit

- Specificity of credit as an underlying asset
- CDS
- CDO

Conclusion

- Recap: techniques used
- Product analysis chart
- Product selection methodology

Synthesis

- Define requirements and choose the most adequate structured product

Portfolio Insurance: CPPI and Other Techniques

ADVANCED LEVEL



OBJECTIVES

Key Concepts:

- Portfolio insurance and surplus management - *Advanced*
- CPPI, CPPI options, DPI - *Advanced*
- Guarantee cost - *Advanced*
- Credit-linked CPPI - *Advanced*

Acquired Skills:

- Structure and parameterise a CPPI management strategy
- Structure and parameterise a CPPI option management strategy
- Structure and parameterise variants with dynamic floors
- Know the advantages and drawbacks to various solutions and be able to give recommendations

COURSE SELECTION CRITERIA

- Exhaustive analysis of protection techniques
- Presentation of the specific features and a wide variety of underlyings
- Description of associated risks
- Analysis of recently issued exotic structures

RECOMMENDED FOR:

- Structurers
- Financial engineers
- Client relationship managers
- Fund managers
- Financial consultants
- Institutional investors

DURATION: 2 days

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COURSE OUTLINE

Investment management Under Minimum Performance Constraint

- Description of basic ,static and dynamic management strategies
- Analysis of constraints and objectives
- Strategy selecting the underlying
- Acceptable multiplier in relation to gap/liquidity risks

Mechanisms, Use and Monitoring of CPPI Management

- Management principles: Floor, Cushion, Multiplier
- Dynamic Management Rules
- Distribution of return
- Types of products

Case Studies

- . Valuing the position at stage 1
- . Dynamic simulations
- . Risk analysis and pricing of a guarantee

Options on CPPI Options

- Management principle and setting up the position
- Initial investment analysis
- Monitoring and management
- Option pricing

Case Study

- . Recent examples
- . Analysis of price sensitivity to various parameters

Variants by Underlying

- Shares and baskets
- Interest rates, fixed/floating duration
- Credit
- Hedge funds

Case Study

- . Credit-linked CPPI variants
- . Examples of hedge fund structures

Variants and Recent Developments in Dynamic Portfolio Insurance

- Dynamic floor
- Lookback, ratchet
- Coupons

Case Study

- . Recently issued structures

Investment Performance Measurement and Analysis

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Calculating performance - *Intermediate*
- Performance attribution - *Intermediate*
- Performance presentation - *Intermediate*
- Interpreting a performance - *Intermediate*

Acquired Skills:

- Calculate an investment's performance and risk
- Compare this performance to a benchmark and other investments
- Analyse a performance and attribute it to active management factors
- Present a performance following the best practices for institutional orders and unit trusts

COURSE SELECTION CRITERIA

- Thorough presentation of an essential skill
- Learn the practical applications of each concept discussed
- Close attention paid to interpreting results and their uses
- Operational advice that will help you optimise the quality of your results

RECOMMENDED FOR:

- Performance analysts, reporting, back-and-middle-office staff
- Client relationship managers
- Fund managers
- Institutional investors
- Financial consultants

DURATION: **2 days**

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COURSE OUTLINE

Accounting Principles and taxes

- Accrued and collected income
- Realized and unrealized capital gains
- Expenses
- Taxes and stamp duties
- Elements of performance

Types of Performance Measurement

- For the investor: money-weighted rate of return (MWRR)
- For the fund manager: time-weighted rate of return (TWRR)
- Processing intermediary flows: Dietz methods

Calculation and Performance Analysis Principles

- Linking rates of return
- Geometric average, Compound Annualised Growth Rate
- Risk, annualisation

Benchmarking

- Necessary qualities of a benchmark
- Composite benchmarks, statistics and dynamics
- Regression in relation to a benchmark: beta, alpha, R2
- Relative risk: tracking error
- Implied benchmark and style analysis

Synthetic Ratios: Definition, Calculation and Uses

- Sharpe ratio
- Treynor ratio
- Information ratio
- Calmar, Sortino, Omega and Sterling ratios

Principles of Performance Attribution

- Brinson methodology
- Impacts of allocation and selection
- Managing residuals and chaining
- Limitations and practical concerns

Methods and Principles of Performance Presentation

- Survivorship bias, attrition
- Reporting bias, backfill
- GIPS performance presentation standards
- Internal dispersion of composites and investment discipline

UCITS

- NAV and dividends, performances and chaining
- Front end/Back end load
- Databases and comparison universes
- Template Fund Factsheet

Practical Workshop

The seminar is supported throughout by practical exercises and mock situations based on the methods explained.

Operations

THIS DIAGRAM

ENABLES YOU TO SELECT YOUR COURSE BY PRODUCT LINE AND BY LEVEL:

Introductory
 Intermediate
 Advanced

↶
 Indicates relevant courses belonging to another training area

OPERATIONS

COMMON SKILLS	MARKETS	SECURITIES
NEW FRONT TO BACK PROCESS 1 day . page 91	↶ COURSES BELONGING TO THE FINANCIAL MARKETS PRODUCTS AND TECHNIQUES RANGE pages 9 to 68	
	CAPITAL MARKET OPERATIONS 3 days . page 92	SECURITIES OPERATIONS 2 days . page 97
	NEW FX OPERATIONS 2 days . page 93	NEW DELIVERY AND SETTLEMENT PROCESSES 2 days . page 98
	NEW INTEREST RATE AND CREDIT DERIVATIVES OPERATIONS 2 days . page 94	NEW REPO OPERATIONS 3 days . page 99
	EQUITY DERIVATIVES OPERATIONS 2 days . page 95	
	NEW P&L: COMPUTATION AND CONTROL 2 days . page 96	

Front to Back Process



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Key players in an investment bank - *Introductory*
- Transversal processes and systems - *Introductory*
- Market deal processing and booking (local, centralised, etc.) - *Introductory*

Acquired Skills:

- Know the functions of various personnel
- Gain an overall understanding of how an investment bank functions
- Know all types of organisational structure
- Apply these structures to concrete examples

COURSE SELECTION CRITERIA

- No prior knowledge required
- Understand how an investment bank functions
- Grasp all possible structures
- Understand the consequences of different structures and information systems

RECOMMENDED FOR:

- Middle and back office
- Organisation
- IT staff
- Internal controls, audit
- Human resources

DURATION: 1 day

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FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Structure of an Investment Bank, Staff Functions (with Revision of Regulatory Constraints):

- Front Office: Activities
 - . Salespeople
 - . Traders
- Middle Office
 - . Transaction recording
 - . Calculation and monitoring of P&L and risk
- Back Office: Products
- Risks
- Accounting
- Transversal systems: third-party, price and rate references
- Client services (treasury pooling, etc.)

Administrative Procedures

- Booking entities
- Processing entities & hubs
 - . Centralised structure vs. local structure
 - . Back-to-back
 - . Constraints of different types of organisation

Correlations, consolidation

Using Dedicated Legal Structures (Securities, Agencies, SPVs, Funds...)

- Advantages of each structure
- Specific features
- Associated risks
- Organisational impact

Practical Workshop

- . Using sample products, choose the best booking and processing structures for the bank's objectives

Capital Market Operations



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Organisation of Front, Middle and Back Office
- Mechanics of the main Interest rate, Credit, FX and equity products (cash and derivative) - *Introductory*
- Back Office administration: Interest rate, Credit, FX and equity products (cash and derivative) - *Introductory*
- Accounting for financial products - *Introductory*
- Managing operational risks under Basel II - *Introductory*

Acquired Skills:

- Understand the processing flows following dealer transactions
- Understand all the technical aspects of back-office professions
- Gain a global vision of capital markets

COURSE SELECTION CRITERIA

- A highly operational approach to products and their processing

RECOMMENDED FOR:

- Back office and middle office staff
- Organisers of trading activities
- Internal controls, audit
- IT staff

DURATION: 3 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
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FIRST FINANCE North America
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E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

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COURSE OUTLINE

Organisation of Trading Activities

- Definitions, management principles (allocation of duties, internal control, etc.)
- Organisation of trading activities: front-office, middle-office and back-office
- Tasks, functions, IT organisation (STP)
- Examples of organisation
- Foreseeable developments

Money Markets

- Organisation
- Administrative procedures
- Accounting
- Risk management

Practical workshop

. Detailed breakdown of flows, accounting and booking transactions

Securities (Equities and Interest Rate Products)

- Organization
- Administrative procedures
- Accounting
- Risk management

Practical workshop

. Detailed breakdown of flows, accounting and booking transactions

Forex

- Organisation
- Administrative procedures
- Accounting
- Risk management

Practical workshop

. Detailed breakdown of flows, accounting and booking transactions

Derivatives and Structured Products, FX, Interest Rate, Credit and Equity

- Organisation
- Administrative procedures
- Accounting
- Risk management

Practical workshop

. Detailed breakdown of flows, accounting and booking transactions

Reviewing and Preparing the Accounts

- Drafting the accounts
- Regulatory requirements and their impact

Principles of IFRS Accounting

FX Operations



INTERMEDIARY LEVEL

OBJECTIVES

Key Concepts:

- Internal and external functions: Roles and responsibilities - *Intermediate*
- Back Office administration of FX products - *Intermediate*
- Accounting operations - *Intermediate*

Acquired Skills:

- Master the flow of transactions on FX products from one step to the next
- Master the Back Office administration of financial products
- Master operational risk
- Integrate the principles of transaction accounting

COURSE SELECTION CRITERIA

- Overview of the latest technical developments and market trends
- Detailed mechanics of CLS
- Analysis of accounting regulations
- Practical exercises for various products
- No prior knowledge required

RECOMMENDED FOR:

- Back office and middle office
- Organisers of trading activities
- IT
- Internal controls, audit

DURATION: 2 days

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COURSE OUTLINE

Products and Key Players on FX Markets

- Context
 - . Historical revision - Herstatt risk
 - . Markets
 - . Trade of volumes
 - . Electronic brokers
- Mechanics and Uses of Major Products
 - . Spot
 - . Forward
 - . Plain vanilla and exotic FX options
 - . NDF...
- Information flow between Back, Middle and Front Offices

Processing FX Products

- Confirmations and documentation
- Handling events in the life of a contract, collateralisation
- Settlement via correspondent banking and SWIFT
- CLS
 - . How it works
 - . Managing risk with CLS
 - . Third party offer

Accounting

- Accounting for FX products in prop trading
 - . FX positions
 - . FX results
 - . Covering currency results
- Practical Workshop**
 - . Monitoring risk in CLS
 - . Matching transactions
 - . Recording transactions



Interest Rate and Credit Derivatives Operations

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Internal and external participants: roles and responsibilities - *Intermediate*
- Mechanics and uses of major interest rate and credit derivatives - *Intermediate*
- Back Office processing of interest rate and credit derivatives - *Intermediate*
- Accounting for interest rate and credit derivatives - *Intermediate*
- IAS/IFRS standards for interest rate and credit derivatives - *Intermediate*

Acquired Skills:

- Understand the flows of derivative operations between all participants
- Master the back office administration of derivatives
- Comprehend operational risks surrounding derivatives
- Understand accounting principles for derivative operations
- Understand and apply IAS/IFRS standards

COURSE SELECTION CRITERIA

- Introduction to the most recent technological innovations and market developments
- Understand accounting regulations
- Exercises with futures, listed options, FRAs and swaps
- Prerequisite: basic knowledge of derivatives

RECOMMENDED FOR:

- Back and middle office staff
- IT
- Audit

DURATION: 2 days

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COURSE OUTLINE

Interest Rate and Credit Derivative Markets: Structure and Key Players

- Exchange traded and OTC markets
- Characteristics and uses of interest rate and credit derivatives (FRAs, caps/floors, swaps, CDSs...)
- Fundamentals of derivative valuations
- Information flow between front, middle and back offices

Revision: Prominent Organised Markets

Administration of OTC Interest Rate and Credit Derivatives

- Legal characteristics of the contracts (master agreements, master confirmations, confirmations and long form confirmations)
- Handling documentation
- Managing events during the life of a contract
- Collateralisation
- Best processing practices recommended by different participants
- Using SWAPSWIRE, SWAPCLEAR, DTCC, etc.

Accounting for Interest Rate and Credit Derivatives: General Principles

- Accounting for derivatives in proprietary trading
 - . Accepted aims
 - . Formation of results and specific conditions
 - . Effects of IAS standards

Practical workshop

- . Practical case for FRAs, swaps and options

Equity Derivatives Operations



INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Characteristics, market conventions and uses of equity derivatives - *Intermediate*
- Fundamentals of valuing equity derivatives - *Acquisition*
- Administration of equity derivatives - *Intermediate*
- New systems and new management standards - *Intermediate*
- Accounting of equity derivatives - *Intermediate*
- Legal and accounting implications - *Intermediate*

Acquired Skills:

- Understand characteristics and administration of equity derivatives (payment, delivery, clearing)
- Comprehend the accounting implications of prop trading
- Understand these products' operational risks

COURSE SELECTION CRITERIA

- Overview of equity derivative products and of their administration
- Presentation of the back office new international platforms
- Numerous case studies

RECOMMENDED FOR:

- Back office and middle office
- IT
- Internal controls, audit

DURATION: 2 days

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COURSE OUTLINE

Equity and Equity Derivative Markets: Structure and Key Players

- Exchange traded/OTC products
- Characteristics and uses of equity derivatives (standard and exotic options, Equity Linked Swaps, volatility and variance swaps, total return swaps, dividend swaps, ...)
- Information flow between back, middle and front office

Administration of Equity and Equity Derivatives

- Contracts' main legal points (master agreement, master confirmation, confirmation and long form confirmation)
- Managing events during the contract's lifetime
- Collaterals
- Best practices as recommended by some players
- Use of SWAPSWIRE, DTCC, EURONEXT BCLEAR , ...
Practical study of documentation

Principles of Accounting for Equity and Equity Derivatives

- Accounting administration of derivatives for third parties
- International accounting standards in consolidated results: IAS 39

P&L: Computation and Control



INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Measuring the P&L of market portfolios – *Intermediate*
- P&L composition: unrealised profits, carry, etc. – *Intermediate*
- Transfer and coverage – *Intermediate*
- Reconciling accounting and management – *Intermediate*
- P&L reporting – *Intermediate*

Acquired Skills:

- Master all aspects of portfolio P&L calculations for all types of market transaction
- Understand the differences between front office management methods and accounting formalities

COURSE SELECTION CRITERIA

- Learn how to calculate results using a full range of available techniques
- Analysis of real-life scenarios illustrating recurring problems in financial markets, particularly taking foreign exchange and treasury issues into account
- Develop your ability to identify anomalies in financial statements as quickly as possible, using a step-by-step procedure
- Develop your capacity to validate a Mark-to-Market without complicated calculation tools, simply using a straight-forward and accessible calculation
- Examples specific to interest rate and FX markets

Financial product pricing is not dealt with in this course. Only the simplest methods (discounting and FX conversions) are used.

RECOMMENDED FOR:

- Middle office staff in charge of P&L
- Capital market accountants, in charge of link-ups
- Internal controllers of capital market management, risk controllers
- Internal controls, audit
- Market operators wishing to extend their field of knowledge

DURATION: 2 days

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COURSE OUTLINE

Financial Results

- Types of results, front and back office, management and accounting, economic and regulatory
- Organisation of portfolio hierarchy
- Portfolio management objectives
- Choice of benchmark currency
- Internal operations
- Different valuation methods: mark-to-market, accrued, provisions
- Nature of accounting results
- Position/OTC terminology

Structure of Financial Results

- Possible definitions of mark-to-market
Practical Workshop
• Illustration of the different definitions of mark-to-market: loan and swap
- Profit components: realised, unrealised
- Treasury financing and management
- Impact of FX risk
- Gathering and validation of market data
Practical Workshop
• Calculate a mark-to-market and accrued loan's performance over several periods

Reporting

- Reporting results: year to date cumulated results
- Generating reports: calculating, stocking...
- Factoring in errors, retroactive effects
- Limits on results: stop loss
Practical Workshop
• Calculate the profit on the liquidation of a Futures position

Bringing Together Accounting and Management

- Differences between accounting methods and management methods
- Premium, balance of payment, overvaluation/discount
- Bank accounting framework applied to market products
- Forex positions and revaluation mechanisms
- Reconciling realised and unrealised profits
- Hypothetical results associated with risks
- Reconciling the impact of forex trades
Practical Workshop
• Simulated cost of carry calculation on a portfolio
• Formatting the results

Performance Measurement

- Regular transfer of foreign-currency denominated profits
- Annual initialisation of the portfolio treasury
- Management of errors
- Portfolio transfers: mergers, transfer, closure, etc.
Practical Workshop
• Calculation of the amortised cost of a bond over several periods

Securities Operations



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Flow of operations for securities - *Introductory*
- Administration of various types of securities - *Intermediate*
- Regulatory framework - *Introductory*
- Identification and understanding of risks - *Introductory*

Acquired Skills:

- Master operational techniques of securities management through the study of several practical cases
- Know the international delivery and payment systems
- Deal efficiently with daily anomalies and understand risks involved

COURSE SELECTION CRITERIA

- Comprehensive approach of products and their post-trading administration
- Understand the issues and future development of back office administration of securities

RECOMMENDED FOR:

- Back office and middle office
- Internal controls, audit
- IT

DURATION: 2 days

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COURSE OUTLINE

Back Office Administration of Securities

Duties and Organisation

International and Domestic Custody

Characteristics of Securities and Key Market Players

Stock Exchanges and Delivery Systems

- Domestic
 - European
 - International
- Practical workshop*

. Manage the administration of stock orders

OTC Deals and Delivery/Payment Systems

- Legal obligations
 - Administration of security operations, tax reporting and customer information
- Practical workshop*

. Deal with the administration of a repo operation

Unit Trust and Mutual Fund Operations

Practical workshop

. Flow of transaction orders
. Services to issuers

General Principles of Accounting for Securities

Professional Developments

Projects of various financial centres

- MIFID
- ESES
- SEPA
- 3G
- TARGET 2

Delivery and Settlement Processes



INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Key players and their functions - *Intermediate*
- Basic functioning of settlement-delivery - *Intermediate*
- Settlement-delivery of domestic and international securities - *Intermediate*
- Clearing techniques - *Intermediate*

Acquired Skills:

- Master settlement-delivery of domestic and international securities
- Know the different settlement-delivery channels
- Know all associated risks
- Learn the consecutive cash flows involved in national and international transactions
- Master all services offered by clearing houses, and national and international central securities depositories

COURSE SELECTION CRITERIA

- Know the new European and international world of Securities
- Understand the implications of institutional strategies within a highly competitive context
- Numerous studies and examples of practical applications

RECOMMENDED FOR:

- Back and middle office staff
- Internal organisers
- IT staff
- Internal controls, audit

DURATION: 2 days

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COURSE OUTLINE

Clearing

- Definitions
 - . Depository/custodian (in context of a mutual fund)
 - . Central depository
 - . Broker/counterparty
 - . OTC or organised market
 - . Global custody
 - . Local custody
 - . DVP
- Participants in the international flow of securities: issuers, servicing banks, syndicates, IPAs, transfer agents, nominees, trustees...
- Nature of international transactions
- Nature of traded instruments, holding methods
- Instrument codification (ISIN)

Domestic Clearing

- Transactions
- Overview of domestic settlement-delivery systems
- Clearing house: objectives, guarantees
- Administration of foreign securities

International Clearing

- International movements, inter-depository connections
- International clearing centrals: missions, services provided
- International settlement-delivery systems
- Special features of the primary market (international issues)
- Monetary euro-issue market
- Processing corporate actions
- Special features of American securities (ADR)

Developments in Market Professions and Projects

Repo Operations

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Back office administration of securities - *Intermediate*
- Administrative flows - *Intermediate*
- Legal and tax aspects - *Intermediate*
- Characteristics and legal aspects of repo operations - *Intermediate*

Acquired Skills:

- Understand the administrative flows generated by domestic and international security deals
- Master all technical and legal aspects
- Master repo techniques and the repo administration process

COURSE SELECTION CRITERIA

- A technical and specialised seminar using state-of-the-art techniques
- Operational and pragmatic approach

RECOMMENDED FOR:

- Back & middle office staff in book-keeping/custodial institutions
- Internal controls, audit
- IT

DURATION: 3 days

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COURSE OUTLINE

ADMINISTRATION OF SECURITIES

General Overview

- Definition, types and rationale
- Participants, process, functions of participants, property transfer rules
- Technical and legal aspects (book-keeping/custodial obligations)

Capital Transactions

- Allotment
- Subscription
- Capital Reduction
- Converting bonds into equity
- Exchanges
- Exercising warrants

Practical Workshop

- . Calculate the value of allotment rights, subscription amounts and bond conversions
- . Calculate the value of application rights

Public Offerings

- Takeover bids, exchange offers

Coupons and Reimbursements

- Dividends, interest, application rights

Practical Workshop

- . Calculate various premiums linked to capital increase operations

Rules for International Security Administration

- Specific characteristics, dates, property transfers

REPOs

- Pensions
- Security lending

Correcting errors in security administration

ALM-Risk Management

THIS DIAGRAM

ENABLES YOU TO SELECT YOUR COURSE BY PRODUCT LINE AND BY LEVEL:

Introductory
 Intermediate
 Advanced

↶
 Indicates relevant courses belonging to another training area

ALM - RISK MANAGEMENT

ALM	RISK MANAGEMENT/BASEL II
ALM 1: FUNDAMENTALS 2 days . page 101	INTRODUCTION TO VALUE AT RISK (VAR) 1 day . page 103
ALM 2: TOOLS AND ADVANCED TECHNIQUES 2 days . page 102	RISK MANAGEMENT 1: RISK ASSESSMENT 3 days . page 104
	RISK MANAGEMENT 2: PRACTICAL CASES AND STRESS TESTS 2 days . page 105
	RISK MANAGEMENT 3: IMPLEMENTATION – METHODS 2 days . page 106
	RISK MANAGEMENT 4: OPERATIONAL RISKS 1 day . page 107
	CREDIT RISK: ANALYSIS AND MANAGEMENT TOOLS FOR CREDIT MANAGERS 3 days . page 108
	INTRODUCTION TO BASEL II 1 day . page 109
	BASEL II: IMPLICATIONS FOR RISK MANAGEMENT AND CAPITAL ALLOCATION 2 days . page 110

ALM 1: Fundamentals

INTRODUCTORY LEVEL



600
delegates
so far!

OBJECTIVES

Key Concepts:

- Liquidity gap - *Introductory*
- Interest rate gap - *Introductory*
- Hedging risks - *Introductory*
- Internal transfer rate - *Introductory*
- Economic capital - *Introductory*

Acquired Skills:

- Master the principles, objectives and techniques of ALM
- Measure and manage balance-sheet risks
- Optimise resource allocation

COURSE SELECTION CRITERIA

- Understand the economic, accounting and regulatory environment of ALM
- Acquire the essential concepts of risk analysis (liquidity, interest rate, FX)
- Practice a method of economic asset allocation
- Real case studies

RECOMMENDED FOR:

- Junior ALM managers
- Internal controls, audit
- Salespeople/ALM structuring
- Treasury

DURATION: 2 days

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COURSE OUTLINE

Objectives of ALM

- Strategic and operational risks
- Mastering global risks
- Optimising risk allocation
- Risk regulatory framework
- Banking book and Trading book
- Anticipated developments of risk and accounting international standards
- Rating agencies

Liquidity Risks

- Definition of strategic risk
- Liquidity crisis
- Regulatory and operational timeframes
- Valuing the gap
- Dealing with elements of underdetermined duration
- Pricing liquidity
- Accounting standard: "Fair value" IAS

Practical workshop

- . Calculate the gap in EXCEL™, choose the hedge

Global Interest Rate Risk: Definition and Measure

- Problems
- Results

Practical workshop

- . Real case study

Calculation of Internal Rates

- Use
- Determination

Global Interest Rate Risk, Measurement

- Dead ends
- Results

Practical workshop

- . Real case study

Credit and Counterparty Risk

- Estimating exposure from hidden options (credit limits, early redemption)
- Counterparty risk from derivative products
- Rating classification and evolution of the solvency ratio
- Estimating default probability and economic provisions

Study of an International Bank



ALM 2: Tools and Advanced Techniques

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Value management - *Intermediate*
- Results management - *Intermediate*
- Implicit options - *Intermediate*
- Inflation risk - *Intermediate*
- Constraints imposed by IAS standards - *Intermediate*

Acquired Skills:

- Master the practical tools used in ALM
- Become fully operational in ALM techniques
- Master the consequences of the new accounting standards

COURSE SELECTION CRITERIA

- Acquire new and non-standard ALM techniques
- Real case study
- Assimilate the techniques of analysis and management of operational risks

RECOMMENDED FOR:

- ALM managers
- Risk Controllers/audit
- Financial controls
- Analysts

DURATION: 2 days

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COURSE OUTLINE

Value vs. Results Management

- Limits of standard indicators: dead ends and results
- Market value vs Earning at risk

Practical workshop

. Construct a virtual bank and use various methods

Dynamics of Retail Banking

- Necessity of a dynamic approach
- Uncovering risks: level, slope, delay

Practical workshop

. Construct a virtual bank and use various methods

Anticipating Behaviours

- Estimating customers' behaviour
- Econometric techniques of estimation
- Limits of the quantitative approach

Application to Implicit Options:

- Early redemption
- Renegotiation

Practical workshop

. Construct a simulator applied to fixed-rate loans

Managing Inflation Risk

- Account analysis
- Cash and derivative hedging tools
- Nominal rates and inflation

Practical workshop

. Analyse spread risk

Managing the Constraints of IAS

- Held-to-maturity vs Available for sale
- Fair value hedge, Cash flow hedge, Portfolio fair value hedge, Carved out fair value hedge
- Financial information

Practical workshop

. Study a bank published accounts

Residual Risks

- Cost of resources
- Basis swaps
- Managing short-term interest rate risk
- Strategies to optimise the risk/return ratio
- Optimal portage
- Sloping
- Dynamic optimisation and scenario
- Strategies

Case Studies

. Case studies, illustration of concepts in EXCEL™



Introduction to Value at Risk (VaR)

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Market price fluctuation models - *Introductory*
- Risk factor and Mark-to-Market - *Introductory*
- Volatility, VaR - *Introductory*
- Optimising a risk measure - *Introductory*
- Evaluating market risks - *Introductory*
- Risk limits/statutory capital - *Introductory*

Acquired Skills:

- Understand the tools used for valuation and risk management
- Make simple risk measure calculations in accordance to various VaR methods
- Understand the uses and limits of VaR

COURSE SELECTION CRITERIA

- Instructive method to teach the main statistical tools used in risk management
- Comprehensive analysis of all market risks - practical application to the main products
- Takes account of the current statutory and economic environment

RECOMMENDED FOR:

- Risk management
- Financial divisions
- Middle office
- Support staff: internal controls, audit
- External audit
- Structurers
- Compliance
- IT

DURATION: 1 day

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COURSE OUTLINE

Introduction

- Notions of risk measurement
- Types of risks
- Risk factors and Mark-to-Market
Practical workshop
• Analyse risk factors and P&L for various products
- Regulatory framework (Basel II and CRD)

Value At Risk (VaR): Methods

- Analysis of spreads: rate/historical prices
- Notion of probable losses on real series of data
- Historical VaR
- Revision of statistics (variance, covariance, correlation)
- Estimation and market price fluctuation models
- Parametric VaR
- Monte Carlo VaR
- Analysis and comparison of the three VaR methods
- Limits and alternatives
- Back-testing and notion of stress tests
- Regulatory constraints
Practical workshop
• Calculation in EXCEL™ preformatted spreadsheets

Applications and Calculation

- FX positions
- Interest rate positions
- Indices and equity positions
- Multi-market portfolios

Uses

- Internal risk management and internal controls (e.g. limits)



Risk Management 1: Risk Assessment

INTERMEDIATE LEVEL

450
delegates
so far!

OBJECTIVES

Key Concepts:

- General risk/specific risk - *Intermediate*
- Sensitivity/risk factor - *Intermediate*
- Conditional and non-conditional products - *Intermediate*
- Risk indicators: standard deviation, ETL, VaR - *Intermediate*
- Correlation of underlying - *Intermediate*
- Assessing market risks - *Intermediate*
- Assessing counterparty risks - *Intermediate*
- Internal use/regulatory capital - *Intermediate*

Acquired Skills:

- Learn the essential techniques of risk measurement
- For all market instruments, know how to assess positions and counterparty risks for some strategies and for a trading portfolio
- Understand the links with the Basel II reform
- Understand VaR-like models
- Introduction to credit VaR

COURSE SELECTION CRITERIA

- Study, critical analysis and implementation of the full range of methods and models used in the assessment of market risk and counterparty risk
- Topics systematically placed within the framework of the Basel II reform and its implications

RECOMMENDED FOR:

- Risk management departments
- Finance departments
- Middle office
- Traders, asset managers
- Support functions: internal control, audit
- Financial engineers
- Deontology
- IT

DURATION: 3 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
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FIRST FINANCE North America
Tel: +1 212 321 7095
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FIRST FINANCE Asia
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FIRST FINANCE Paris
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COURSE OUTLINE

Fundamentals

- Introduction to risk classification
- Basic techniques common to market risk valuation
 - . Reference framework: market price (Mark-to-Market)
 - . Quantifying exposure: using sensitivity and convexity
 - . Linear/non-linear positions

Practical workshop

- . Application to interest rate positions: duration, sensitivity and convexity
- . Application to optional positions. Use of sensitivities ("Greeks"): delta management
- . Estimate market movements, scenarios

Concept of Value At Risk

- . Example using the analytical method: portfolio effects, cash flows mapping, correlation
- . Limits due to empirical difficulties: (leptokurtism, stability of volatilities and correlations, ...)

Position Risks: Various Methods of Calculating VaR

- Internal risk management
- Regulatory approach (integration of Basel III) and capital allocation
- Introduction to Monte-Carlo, historical and analytical VaR
- Specific areas, estimating VaR
 - . Foreign-exchange risk/Equity risk/Interest rate risk/Commodities risk
- Use of RISKMETRICS™
- Risks of options

Practical workshop and computer simulations

- . Calculate VaR in EXCEL™
- . Back-testing
- . Variance-covariance matrices: UWMA and EWMA

Pricing risks

- . Derivatives - VaR delta, gamma

Vega

- Synthesis of VaR: putting the different methods into context and conclusions on using VaR

Counterparty Risks (market, credit)

- Basics and operational aspects
- Classification of counterparty risks (credit risk, variation risk, risk of delivery/settlement, issuers, etc.)
- Measuring counterparty risks: centile exposure and average exposure

Practical workshop

- . Calculate the risk profile of an IRS via the Monte Carlo method

- Classification of objectives: monitoring of the positions of a customer, calculation of a credit spread, calculation of economic capital and economic profitability, monitoring of sovereign risks

- Introduction to credit VaR (internal portfolio models) and to statutory capital:

- . Determining credit risk
- . Calculation methods
- . Calculating the McDonough ratio (regulatory capital); link with the credit VaR.



Risk Management 2: Practical Cases and Stress Tests

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Risk factors and sensitivities - *Intermediate*
- Risk indicators: VaR - *Intermediate*
- Evaluating market risks - *Intermediate*
- Risks on non-linear products - *Intermediate*
- Stress tests - *Intermediate*

Acquired Skills:

- Master risk valuation techniques using several typical practical cases
- Learn how to identify and solve problems specific to VaR
- Identify the risks unaccounted for in the VaR process
- Learn to determine, calculate and analyse stress scenarios

COURSE SELECTION CRITERIA

- Simulations of the main issues involved in risk management
- Transferal of expertise from real case scenarios

RECOMMENDED FOR:

- Risk management
- Financial departments
- Support functions: middle office, internal control, IT
- Traders
- Fund managers
- Financial engineers
- Compliance

DURATION: 2 days

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COURSE OUTLINE

1st PRACTICAL CASE: Risk management of fixed-income portfolios

- Choice of risk indicators
- Determining the risk limits
- Problems surrounding VaR valuation in this kind of activity

Practical workshop

- Simulation of bond portfolio management

- Identifying the risks unaccounted for in the VaR process (liquidity, squeeze, etc.)
- More scenarios and stress tests

2nd PRACTICAL CASE: Risk Management of a Standard Options Book

- Risk of options and choice of risk management indicators
- Determining the risk limits: calibrating limits and drawing a coherent limit matrix
- Analysis via sensitivities
- Comparison of VaR calculation methods
- Integrating the smile in VaR and simulations
- Risk factors unaccounted for in the VaR process (e.g. smile)
- Determining, calculating and analysing stress scenarios: what risk factors should be examined?

Practical workshop

- Stress tests analysis of an equity option book

3rd PRACTICAL CASE: Risk Management of an Exotic Options Book

- Presentation of the main exotic options (barrier, hybrids, etc.)
- Choice of risk indicators: are the indicators adaptable to these products or must the products be coherent with the other product lines?
- Specific issues: discontinuity risks, correlation risks, forward volatility etc.
- Comparison of VaR calculation methods and simulations
- Issues and problems linked to VaR implementation
- A complement: stress tests

Practical Workshop

- VaR calculation and problems linked to a portfolio of digital options

STRESS TESTS

- Categories and principles

CONCLUSION

- Pertinence of indicators different for different products
- Global monitoring of risks



Risk Management 3: Implementation - Methods

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- The role of a risk manager - *Intermediate*
- Architecture of IT systems - *Intermediate*
- Regulatory and prudential standards - *Intermediate*
- Internal model - *Intermediate*
- Reporting of risks and P&Ls (content, target, analysis) - *Intermediate*
- Monitoring - *Intermediate*
- Risk management and optimisation - *Intermediate*
- Methods and best practice - *Intermediate*

Acquired Skills:

- Learn how to define a bespoke methodology for calculating and monitoring risk
- Understand all aspects of limits enforcement procedures
- Analyse reporting for corrective actions at front-office level
- Understand the requirements and the issues when validating an internal model

COURSE SELECTION CRITERIA

- Focus on the daily procedures of a risk management department and on the operational processes (results, risks, limits, overrun procedures, back-testing of VaR, reporting, management of resources)
- Conforming to Basel II and its developments
- Analysis of an audit report for the risk division and follow-up of recommendations

RECOMMENDED FOR:

- Risk managers
- Internal controls, audit, compliance
- Middle office
- Traders, fund managers

DURATION: 1 day

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COURSE OUTLINE

Role of risk management within financial institutions

- Various functions for various structures
- Staying independent from front-office (regulatory constraint) while maintaining a close monitoring of risks
- Interaction with other divisions
- General framework for the monitoring of market, credit and operational risks

Practical workshop

- . Risk management: daily process
- . Comparison of the various risk management structures chosen by various banks

Analysis of risk monitoring methods

- Revision of the most appropriate VaR methods ; list by business-lines
- Revision on procedures of calibration and monitoring of limits and stop-losses (instruction, granting, revision, validation)
- Procedure if operational limits are broken
- Granularity of risk monitoring and consolidation
- Continuous integration of new products

Practical workshop

- . Calibration of analytical, historical and Monte-Carlo VaR

Necessary conditions for implementation of risk management

- Recocile front/back data

Practical workshop

- . Daily reconciliation, cash flow, validation and automatisisation

- Daily validation of independent market data entry

Practical workshop

- . Checking the coherence of market data

- Maintain historical database of market prices
- Use appropriate and integrated risk tools

Deployment and monitoring of risk process

- Validation of pricers (sensitivity/simulation)
- Definition of P&L calculation methods

Practical workshop

- . Calculation of P&L in Mark-to-Market and accrued
- . Impact in terms of risk and VaR of FX positions

- Calibration and setting-up of refactions and of Day-One PNL

- Production and control of VaR, setting-up "add-on"

- Backtesting of VaR regulatory aspects

- Process to implement for credit risk and operational risks: regulatory models, standard and advanced IRB

- Using stress scenarios for operational management

Practical workshop

- . Reconstitution of P&L by sensitivities and effects

- . Translating the bank's risk appetite in terms of operational limits

Validating the internal model

- Integration in the structure and business model

- Transversal process and holding of scientific committees

- Taking into account and implementing Basel II last covenants

- Qualitative and quantitative required environment: best practice

Practical workshop

- . Detailed checking tool by validation criteria

- . Multiple Choice Questionnaire

Risk Management 4: Operational Risks

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Definition of operational risk - *Intermediate*
- Management methodology - *Intermediate*
- Risk factors: human, information systems, external event processes - *Advanced*
- Capital allocation methodology: basic, standard and advanced methods - *Intermediate*
- Prevention and reduction of risk - *Advanced*
- Business continuity planning - *Intermediate*

Acquired Skills:

- Master the tools and the techniques for operational risk evaluation
- Know how to identify, analyse, evaluate, organise and monitor information related to operational risk
- Learn how to implement an IT solution that reduces operational risk
- Understand the modelling of operational risk in the context of Basel II

COURSE SELECTION CRITERIA

- Practical approach to operational risk: regulations and methodology, compliance standards, laws against money-laundering
- Description of management tools and operational risk

RECOMMENDED FOR:

- New recruits in risk management departments
- Internal auditors
- Compliance
- Financial intelligence unit staff

DURATION: 1 day

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COURSE OUTLINE

Fundamentals

- Introduction and difficulty of operational risk valuation
- Regulatory framework
- Basic concepts
 - . Risk dimensions - why manage operational risk?
 - . Event losses
 - . Risk factors

Real case study

- . Illustrations of real cases
- . Average and unexpected losses
- . Catastrophic losses
- . Dependence between risk factors and events

- Capital allocation methodology proposed by the Basel committee and the Banking Commission

Practical workshop

- . Illustrations from a real case study

A Methodology for Operational Risk

- Defining the objectives of operational risk management
- Identifying risks and risk factors
- Identifying controls
- Modelling the risk management process
- Estimating potential losses: data and loss distribution, LDA, Scorecard
- Measuring the effectiveness of controls and their impact on capital
- Calculating capital at each stage of the process (capital allocation)

Practical workshop

- . Carry out an entire methodology from real case scenarios

Actions

- Levels of risk reduction and factors of change
- Predicting incidents
- Preventing incidents
- Controlling incidents
- Reducing incidents and continuity plans
- Financing

Practical workshop

- . Illustrations from a real case study

Design and Build a Better Environment for Managing Operational Risk

- Monitoring and reporting procedures to be implemented
 - . Different types of reports: events, risks, transaction profiles, actions, snapshots
 - . Evaluating and updating the risk model
- Business continuity plan
 - . Objectives
 - . Regulatory framework
 - . Key factors of success
 - . Deployment
- Calculating economic capital
 - . Estimating loss provisions

Practical workshop

- . Illustrations from real case study



Credit Risk: Analysis and Management Tools for Credit Managers

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Credit risk- *Intermediate*
- Credit approval process - *Intermediate*
- RAROC parameters and Basel II (PD, LGD, EAD) - *Intermediate*
- Rating tools - *Intermediate*
- Techniques to measure exposure - *Intermediate*
- RAROC and ROE - *Intermediate*
- Economic and regulatory capital - *Intermediate*
- Portfolio effects - *Intermediate*
- Credit portfolio management - *Intermediate*
- Credit derivatives, credit spread - *Intermediate*
- Optimisation of credit portfolio - *Intermediate*

Acquired Skills:

- Master the most recent credit analysis techniques that complement traditional financial analysis
- Understand the stakes involved in global credit risk management
- Learn to use the tools available to optimise a credit portfolio

COURSE SELECTION CRITERIA

- The seminar enables participants to understand the ins and outs of a credit decision.
- The aim is not so much to further knowledge of modelling techniques but to better understand the uses and limits of the models and tools available to credit managers

RECOMMENDED FOR:

- Analysts
- Credit managers
- Credit exposure
- Coverage
- Anyone involved in the credit decision process

DURATION: 3 days

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COURSE OUTLINE

Global monitoring of financing process

- Credit approval process and predictive RAROC
- Credit risk controls at transactional level
- Recommendations of credit committee
- Certificate of conformity
- Global management of credit portfolio

Predictive RAROC of one transaction

- Internal management objectives in relation to the Basel II constraints
- Basel II parameters
- Calculation of RAROC
- Economic/Regulatory capital
- Sensitivity of RAROC to some parameters (client rating, maturity, ...)
- Impact on RAROC of risk reduction factors (guarantees etc.)

Examples of Financing and RAROC Calculation

Credit Risk Measurement: Actuarial Approach

- Default definition/credit event
- External rating
 - . Rating process
 - . Default and transition probabilities: estimates and characteristics

Practical workshop

- . Examples of S&P and Moody's analysis

- Internal rating: pre-requisite, validation by estimated or historical default rates, uses
- Recovery rate in case of default (LGD)
- Estimating exposure in case of default
 - . Financing activities
 - . Market activities

Credit Risk Market Price and Measurement Models

- Merton model and market price
- Application: Edf de KMV, Creditgrades
- CDS spread and risk premium: interpretation

Case study

- . Comparative analysis of Edf, ratings and CDS prices

Credit risk related to a Portfolio

- Presentation of the stakes involved in global credit risk management: from Cooke to Basel II to economic capital
- Calculating average and exceptional losses
- Market VaR: objectives and calculation methods
- Analysis of portfolio effects and concentration or diversification
- Optimisation tools: by names or portfolios

Case study

- . Reduction of Cooke regulatory capital
- . Liquid market First-to-Defaults
- . Rating of CDO
- . Risk analysis and portfolio optimisation

- Credit derivative market: who does what?



Introduction to Basel II

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Internal risk management methods and monitoring - *Introductory*
- Risk assessment: market, credit, operational/ expected and unexpected losses - *Introductory*
- Rating and default analysis - *Introductory*
- Solvency and profitability ratios - *Introductory*
- Risk management and capital allocation strategies - *Introductory*

Acquired Skills:

- Understand Basel II and the 3 Pillars
- Acquire a basic knowledge of market, credit and operational risks measurement methods
- Understand VaR internal method for market risks
- Understand the implications of Basel II on banking and financial markets

COURSE SELECTION CRITERIA

- General overview of the reform and deep implications
- Review of the new approaches implemented by Basel II
- No mathematical prerequisite

For a specific course on market risks, see Risk Management 1:risk assessment

RECOMMENDED FOR:

- Bank employees or consultants involved in Basel II issues

DURATION: 1 day

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COURSE OUTLINE

INTRODUCTION

Key players and organisation of risk management

- Basel committee and domestic regulatory bodies
- Implications and limits of Basel I/CAD II: notion of statutory capital
- How Basel II came to life
- Risk management in banks

BASEL II REFORM

Objectives and Issues of the Reform

- New solvency ratio and estimated timetable
- The 3 Pillars

Tools and Methods

Pillar 1: risks

- Credit risks
 - . Internal rating system: participants and organisation
 - . Presentation and analysis of the standard method
 - . Presentation and analysis of the internal method (IRB)
 - . Basel parameters: PD, LGD, EAD, CCF, ...
 - . Expected and unexpected losses (EL and UL)
 - . Risk reduction elements

Case study and Practical workshop

- . Calculation and analysis of capital use according to various methods
- . Revision on market risks: trading book definition, standard valuation methods and Value at Risk (VaR)

Practical workshop

- . Simple VaR calculation

- Operational risks
 - . Measurement of operational risk
 - . Introduction to techniques of risk control and management
 - . Monitoring methods

Pillar 2: risk monitoring

- . Objectives and issues
- . Constraints and implications for banks

Pillar 3: discipline and disclosure

- . Objectives and issues
- . Critical analysis of the new ratio

Impacts of Basel II on:

- Internal structures
- On customer deals and the bank strategy
- On financial markets



Basel II: Implications for Risk Management and Capital Allocation

INTERMEDIATE LEVEL

400
delegates
so far!

OBJECTIVES

Key Concepts:

- The three pillars of the Basel II reform - *Intermediate*
- Quantification of risks - economic approach - *Intermediate*
- Quantification of credit risk and operational risk - Basel II approach - *Intermediate*
- Capital allocation - *Intermediate*
- Adjustment of maturity, risk reduction factors, taking correlation into account - *Intermediate*

Acquired Skills:

- Understand every aspect of the Basel II reform
- Learn methods of quantifying and managing credit risk
- Master the current approaches to capital allocation (economic and regulatory)
- Master the different approaches introduced by the Basel II reform
- Comprehend the impacts of the Basel II reform on capital management, on capital markets, etc.

COURSE SELECTION CRITERIA

- Highly operational approach
- Essential knowledge for the application of the objectives and methods used by the reform
- Description of the general background and detailed presentation of credit risk management

RECOMMENDED FOR:

- Those working in operational management and risk management positions, particularly credit risk management, credit portfolio management and ALM
- Sales management and capital markets
- Departments involved in the setting up of Basel II reforms: IT, accounting, etc.
- Consultants working on Basel II reform-related issues

DURATION: 2 days

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COURSE OUTLINE

Introduction to the Basel II Reform

- Overview and objectives
- The three pillars of the reform
- Impact of the reform on capital markets
- Opinions on the new ratio

Capital Allocation - Economic Approach

- Market risks
 - . Defining and measuring exposure
 - . Quantifying market risk (Value at Risk)
 - . Case study
- Credit risk
 - . Defining and measuring exposure
 - . Quantifying credit risk: approach via ratings, approach via structural models (KMV), approach via credit spreads, CREDITMETRICSM, CREDITRISK+SM, etc.
 - . Case study

Capital Allocation - Regulatory Approach (Basel II)

- Approaches used for credit risk:
 - . Analysis of standard methods
 - . Detailed presentation of both internal approaches: IRB foundation and IRB advanced
- Practical implementation of the McDonough ratio
 - . Implementing an internal ratings system
 - . Defining default, calculating the PD, LGD and EAD
 - . Adjusting maturity, risk-reduction factors, taking correlation into account
 - . Practical application to various types of portfolio
- Operational risk
 - . Definition
 - . Quantifying operational risk via a straightforward approach
 - . Using internal methods to quantify operational risk

Differences Between Economic and Regulatory Approaches

- Contrasting the effect of the two approaches on credit risk
- Using models in management
 - . At transaction level (quantifying individual risk, putting an internal price on the cost of risk to dealers)
 - . At portfolio level (optimizing portfolios based on the Return/Risk ratio)
- Initial comparison: required parameters, calculation methods, uses and results

Corporate Finance

THIS DIAGRAM

ENABLES YOU TO SELECT YOUR COURSE BY PRODUCT LINE AND BY LEVEL:

Introductory
 Intermediate
 Advanced

Indicates relevant courses belonging to another training area

CORPORATE FINANCE

FUNDAMENTALS OF CORPORATE FINANCE	FINANCIAL ANALYSIS AND VALUATION	CAPITAL INVESTMENT	SPECIALISED FINANCING
<p>INTRODUCTION TO CORPORATE FINANCE 2 days . page 112</p>	<p>NEW INTRODUCTION TO FINANCIAL ANALYSIS 1 day . page 116</p>	<p>NEW BASICS OF PRIVATE EQUITY 1 day . page 119</p>	<p>PROJECT FINANCE 2 days . page 123</p>
<p>CORPORATE FUNDING TECHNIQUES 2 days . page 113</p>	<p>NEW FUNDAMENTALS OF CORPORATE VALUATION 1 day . page 117</p>	<p>PRINCIPLES OF MERGERS & ACQUISITIONS 2 days . page 120</p>	<p>NEW ADVANCED TECHNIQUES OF PROJECT FINANCE 2 days . page 124</p>
<p>NEW FUNDAMENTALS OF CORPORATE FINANCE 5 days . page 114</p>	<p>CORPORATE VALUATION 2 days . page 118</p>	<p>PRIVATE EQUITY AND LBO TECHNIQUES 2 days . page 121</p>	<p>NEW ADVANCED MODELLING FOR PROJECT FINANCE 3 days . page 125</p>
	<p> MANAGING CREDIT RISK IN INVESTMENT PORTFOLIOS 3 days . page 74</p>	<p>NEW TECHNIQUES OF MEZZANINE FUNDING 2 days . page 122</p>	<p>NEW FINANCIAL ASPECTS OF PPP/PFI 2 days . page 126</p>
	<p> CREDIT ANALYSIS: FINANCIAL ISSUERS 3 days . page 75</p>		<p>STRUCTURED ASSET FINANCE 2 days . page 127</p>
	<p> CREDIT ANALYSIS: CORPORATE ISSUERS 3 days . page 76</p>		<p>TRADE FINANCE: FUNDAMENTALS AND RISKS 2 days . page 128</p>
	<p> CREDIT ANALYSIS: EMERGING MARKET ISSUERS 3 days . page 77</p>		<p> FX AND INTEREST RATE RISK MANAGEMENT FOR CORPORATE 3 days . page 67</p>
	<p> FINANCIAL ANALYSIS AND EQUITY VALUATION 3 days . page 80</p>		<p> CASH MANAGEMENT 2 days . page 68</p>

Introduction to Corporate Finance



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Review of financing techniques and trends - *Introductory*
- Bank regulatory framework - *Introductory*
- ROE and RAROC - *Introductory*
- Rating techniques - *Introductory*
- Main types of funding - *Introductory*

Acquired Skills:

- Gain a comprehensive understanding of investment banking and corporate finance
- Understand the aims and constraints of investment banking

COURSE SELECTION CRITERIA

- Acquiring the basic knowledge necessary to understand the asset and liability management and capital adequacy dilemma of investment banks
- Review of main players and techniques for the main types of corporate finance instruments
- No pre-requisite, mathematical or otherwise

RECOMMENDED FOR:

- Professional staff wishing to acquire a comprehensive vision of the corporate finance world
- Newcomers to support areas of corporate finance: middle and back office, accounting, IT....
- Communication and HR professional staff

DURATION: 2 days

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COURSE OUTLINE

Introduction

- How banks approach the corporate world
- Corporate Finance and the profitability of banks

Bank Regulation: the Impact of Risk on Equity

- New trends in banking regulation:
 - . From Basel I to Basel II
 - . Counterparty, market and operational risks
 - . New measurement tools (VaR, ...)
 - . Measuring return on equity: ROE and RAROC, their use and limitations

Assessing the Level of Corporate Risk

- Corporate rating techniques
- Financial analysis and interpretation
- Funding policy and cost of capital

Case study

- . Valuation of a listed company

Corporate Finance

- Internal cash generation
- Borrowing
- Private equity
- IPO
- Short term commercial paper
- Asset Backed Securities

Valuation - M&A

- Valuation techniques (Net Asset Value, Goodwill, Discounted Cash Flows, PER, EVA, etc...)
- Mergers and Acquisitions

Case study

- . Case study of a merger (Valuation, ownership level issues, pre and post merger equity stakes)

Financing Specific Requirements

- Acquisition finance
- Project finance and associated risks
- Asset finance (real estate/shipping/aircraft)
- Export finance

Case study

- . Asset finance and securitization: airport and rail finance case studies

Corporate Funding Techniques



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Connection between the capital structure and shareholder value - *Introductory*
- Leasing techniques - *Introductory*
- Real estate funding instruments - *Introductory*
- Specifics of project finance - *Introductory*
- Mechanics of leveraged finance - *Introductory*

Acquired Skills:

- Be aware of the main funding options and their impact on the company
- Be familiar with structured finance techniques and their role within a larger financing strategy
- Be able to optimize the financing mix depending on the investment strategy and objectives of the company
- Measure the impact of funding choices on shareholder value and risk
- Be aware of the risks involved in each financing option

COURSE SELECTION CRITERIA

- Review of available financing tools: bond or bank debt, asset finance, leasing, externalisation, equity and quasi equity, ...
- Selection of an optimal funding strategy within a given investment policy and accepted level of risk
- No financial knowledge pre-requisite

RECOMMENDED FOR:

- Corporate borrowers and lenders, coverage ...
- Bank and Corporate officers responsible for evaluating and structuring projects
- ALM and risk officers

DURATION: 2 days

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COURSE OUTLINE

Opening Case Study: Optimizing the Corporation's Capital Structure

Enhancing Shareholder Value with an Optimal Financing Mix

- The connection between commercial and investment banking
- Capital structure and financial information

Case study

- . Funding a capital intensive business

Capital Structure and Financial Information

- On and off balance sheet financing
- How to rank quasi capital instruments
- Required rate of return and financial disclosure

Case study

- . Influence of working capital needs on the company's valuation

Impact of Funding Strategies on Shareholder Value

- Consequence of funding choices on risk and value for shareholders, leverage and term optimisation

Case study

- . Analysis of the funding choices of a listed group of companies over time

Review of Long Term Financing Instruments: Asset Finance

- Leasing versus corporate funding

Real-Estate Finance

- How to choose between traditional funding, leasing and externalisation
- Real estate equity investors and asset managers

Shipping Finance

- An example of incentives to investment in a particular industry

Project Finance

- Why use project finance
- How project and asset finance differ

Acquisition Finance and LBO

- Main features and specificities of acquisition finance

Summary and Conclusion

- Inventory of available funding resources
- How to optimise leverage and capital structure
- How and when to adapt the required funding mix
- How shareholders strategies impact the funding mix (public and private companies)

Fundamentals of Corporate Finance

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Relationship between financial structure/ valuation of a company - *Introductory*
- Mechanics of leasing - *Introductory*
- Real-estate financing - *Introductory*
- Fundamentals of project finance - *Introductory*
- Mechanics of LBOs - *Introductory*

Acquired Skills:

- Determine and optimise financing methods and their impacts
- Master specialised funding tools and integrate them in a global funding policy
- Optimise resources and financial structure, in line with investment projects and the company's objectives
- Understand the impacts on valuation and shareholders' risk of the financing policy and financial structure
- Master the risks linked to funding methods
- Identify customers' needs

COURSE SELECTION CRITERIA

- Overview of main financing techniques: loan, bond issue, real-estate funding, leasing, outsourcing, mixed products (debt/capital)...
- Optimise the financial structure of a corporate while taking into account the company's strategy and the expectations and risk-adversity of shareholders
- No pre-requisite knowledge

RECOMMENDED FOR:

- Corporate Bank Managers
- Risk Officers
- Structured Finance Departments
- Finance Directors and Corporate Development Managers

DURATION: 5 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Day 1

COMPANY VALUATION

Introduction

- Key players
- Revision of financial mathematics

Foundations of Value

- Consistency of methods
- Basic principles (NAV, EVA, MVA...)
- Main concepts (capital market value, company's value...)

Cost of Capital/WACC

- Basics (definition, concepts, practical issues, database)
- Models for determining the cost of capital
- Specific case of unlisted companies

DCF Method

- Free Cash Flow to the Firm
- Other cash flows: Free Cash Flow to Equity, etc.

Multiples

- The various multiples
- Consistency between multiples

Day 2

FINANCIAL POLICY AND OPTIMISATION OF BALANCE SHEET

Financial Structure and Accounting Information

- On balance-sheet funding
- Off-balance sheet funding
- Hybrid financing
- Review on financial structure and accounting information

Practical Workshop

. Impact of Financing Methods on Shareholders' Value

- Impact for shareholders of the financing method in terms of value and risk; balancing long and short term

Practical Workshop

. Analyse the financing strategy over several years of a listed company

Day 3

MERGERS/ACQUISITIONS

M&A Strategies

- Economic analysis of operations (types, motivations, limits, alternatives)
- Financial analysis of operations (M&A investments, constraints, impact on performance)
- Analysis of the new organisation (integrating subsidiaries, structuring holding companies)
[M&A Case study](#)

Phases of M&A Operations

- Types of negotiations (listed, unlisted)
 - Typical steps from origination to closing
 - Closing
 - . Contract
 - . Price
 - . Guarantees
 - . Payment and funding methods
- [Study the funding of an acquisition](#)

Day 4

LBO AND PRIVATE EQUITY

Main types of Private Equity Operations

- Buying a minority/majority share
- Profitable target or turn around
- Net cash flows, high or low

Acquiring a Minority Stake

- Preference dividend
- Financial instruments: convertible bonds, warrants...
- Calculating the exit IRR
[Workshop](#)
 - . Calculate the dilution caused by convertible bonds
 - . Study an investment via a holding company

Acquiring a Majority Stake

- Principles of leverage
- Absence of pledge on assets
- Use of cash flows to reimburse acquisition debt
- Management profit-sharing scheme

The industrial point of view

- Identifying synergies

Day 5

PROJECT FINANCE

Introduction

- Overview of project finance and recent trends
- Various types of project finance
- Presentation of key players and risk matrix

Bank Syndication

Project Finance Case Study

- Tender process
- Role and organisation of participating banks during the project's various phases
- Terms of syndication
- Multilateral lenders

Issuing Bonds

- Impact of Basel II on project finance
- Various methods of bond financing and refinancing
- Credit enhancement

Equity and Quasi-equity

- Specialist investment funds
- Sponsors and subordinated debt

Introduction to Financial Analysis



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- How to read a balance sheet and a P&L statement - *Introductory*
- Cash flow approach and managing treasury positions - *Introductory*
- Optimising the capital structure - *Introductory*

Acquired Skills:

- Understand the basic principles of accounting
- Familiarise yourself with the basic concepts and vocabulary of finance
- Perform a simple financial analysis (profitability, debt)

COURSE SELECTION CRITERIA

- Fast and simple introduction to financial analysis
- Requires no prior financial knowledge
- Serves as an introduction to the seminar: Fundamentals of Corporate Valuation

RECOMMENDED FOR:

- Non-financial corporate or bank executives wishing to familiarise themselves with the subject
- Administration and support functions in corporate banking, corporate finance and investment companies

DURATION: 1 day

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FIRST FINANCE UK
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FIRST FINANCE North America
Tel: +1 212 321 7095
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FIRST FINANCE Asia
Tel: +852 2116 5040
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FIRST FINANCE Paris
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COURSE OUTLINE

Basics of Accounting

- Accounting in two parts – balance sheet and profit & loss statement
- Accounting production obligations
- Basic principles of IFRS

Reading a Profit and Loss Statement

- Measurement of activities and profitability
- Interim balances, EBITDA and EBIT

Reading a Balance Sheet

- Items under 'Assets': fixed assets, current assets
- Items under 'Liabilities': capital and reserves, bank debt and operating debt
- Asset liquidity and current liabilities
- Consolidation simplified

Operating Balance Sheet and Dynamic Treasury Approach

- A simplified and operational presentation of the balance sheet
- Working Capital and Working Capital Requirement
- Handling treasury crises

Cash flows

- Method using the P&L statement
- Method using the operating balance sheet
- Cash flow table
- Importance of cash flows in a financial analysis

Optimising the Capital Structure

- Shareholder profitability and leverage
- Key ratios of structure, activity and profitability

Practical Workshop

- Study a simplified tax return and create a simple analysis chart: P&L statement, operating balance sheet and calculation of key ratios.



Fundamentals of Corporate Valuation

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Drivers of share value - *Introductory*
- Classic methods of corporate valuation - *Introductory*
- Concepts of value used on the market - *Acquisition*

Acquired Skills:

- Quickly value a company using market info
- Find the information you need to make a detailed valuation calculation
- Evaluate the profitability of a corporate project

COURSE SELECTION CRITERIA

- Quick and simple introduction to the difficulties of corporate valuation
- Requires no prior financial knowledge
- Complement to the seminar: Introduction to Financial Analysis

RECOMMENDED FOR:

- Non-financial corporate or bank executives wishing to familiarise themselves with the subject
- Administration and support functions in corporate banking and investment companies

DURATION: 1 day

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COURSE OUTLINE

Varying Approaches to Valuation

- Buyer's perspective vs. seller's perspective
- Premiums and discounts on the value of a capital position

Goodwill

- Asset revaluation
- Consequences of IFRS standards

Cash Flow Approach

- Capitalisation and actualisation
- NPV and IRR
- Dividend discount model (DDM)
- Discounted cash flows (DCF)

Valuing Listed Companies

- Price Earning Ratio and share price
- Dilution

Project Valuation

- Establishing provisional cash flows
- Using NPV and IRR to compare projects
- Sensitivity

Practical Workshop

- Simplified calculation of the value of a listed company using all three methods. Comparison of results.

Corporate Valuation

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Market value (firm, debt and shareholder's equity) - *Intermediate*
- Creation of value - *Intermediate*
- Discounted cash flows model (DCF) - *Intermediate*
- Average weighted cost of capital - *Intermediate*
- Valuation via multiples - *Intermediate*

Acquired Skills:

- Master the financial concepts behind valuation techniques
- Identify the connections between theory and valuation techniques
- Learn to implement various valuation methods in different situations (listed & unlisted companies)

COURSE SELECTION CRITERIA

- Introduction to the theoretical concepts of financial analysis, followed by practical implementation of financial techniques in various situations
- Financial tools are delivered, enabling pertinent choices to be made, facilitating negotiations during a corporate valuation
- Decipher ostensibly complex concepts and put them into practice

RECOMMENDED FOR:

- Financial analysts
- Financial directors
- Accountants
- Junior private equity and M&A officers
- Coverage, corporate managers

DURATION: 2 days

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FIRST FINANCE UK
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FIRST FINANCE Asia
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COURSE OUTLINE

Introduction

- Main Players in corporate valuation
- Review of financial mathematics

Fundamentals of valuation

- Consistency between various methods (share price methods, asset valuation methods, etc.)
- Basic principles (value creation, NPV, EVA, MVA, etc.)
- Main concepts (market value of assets, enterprise value, etc.)

Practical Workshop

- Initial public offering and share price

Determining the WACC

- Basic principles (definition, concepts, practical problems, databases)
- Models used to determine the cost of capital
- Unlisted companies
- Emerging markets

Exercises

DCF Method

- Free Cash Flow to the Firm (FCFF)
- How to validate a business plan?
- Terminal value: what are the alternatives?

Practical Workshop

- M&A and share price

Other cash flow methods

- Free Cash Flow to Equity (FCFE), dividends, etc.
- Bank valuation

Restating debt

- Debt valuation (impacts of IAS, hybrid securities, etc.)
- Specifics (multi-business enterprises, etc.)

Valuation using multiples

- The various multiples
- Consistency between multiples

Conclusion

- Recap of both days

Basics of Private Equity

INTRODUCTORY LEVEL



OBJECTIVES

Key Concepts:

- Mechanics of fund investments: investors, roles and remuneration of management teams, portfolio companies - *Introductory*
- Fund performance calculation for investors (NAV and IRR) - *Introductory*

Acquired Skills:

- Understand the basics of venture capital and growth capital
- Know the major structures and practices
- Quickly evaluate the performance of a fund and/or management team

COURSE SELECTION CRITERIA

- Accessible to all
- Requires no prior financial expertise

RECOMMENDED FOR:

- Non-financial corporate or bank executives wishing to familiarise themselves with the subject
- Administrative and support personnel in corporate banking and investment companies

DURATION: 1 day

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FIRST FINANCE Asia
Tel: +852 2116 5040
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COURSE OUTLINE

Life Cycle of An Investment Fund

- Fundraising from investors
- The phases of an investment operation
- Mechanisms of transfer and distribution: role and powers of investors in a fund

Management Company

- Activities
- Remuneration: commissions and profit sharing
- Different types of investment company
- Market authorities

British and American Private Equity Structures

- General Partner/Limited Partner Structure
- Key players in Private Equity

The Fund As Shareholder in the Portfolio Companies

- Obligations and responsibilities of shareholders and representatives
- Dialogue with management and between industrial and financial shareholders

Financial Performance of a Fund

- P&L account and balance sheet of the fund and management company
- Valuing the portfolio companies
- NAV and IRR
- Market return expectations

Fund Management: Best Practices

- Calls for funds and cash management
- Deal flow management
- Frequency of distribution and reporting to investors

Practical Workshop

- Study a venture/growth capital fund: rules of procedure, reporting, accounts of the fund and management company

Principles of Mergers & Acquisitions

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- The investment drive behind mergers and acquisitions - *Intermediate*
- Essentials of M&A structuring techniques - *Intermediate*
- Optimization from the buyers' point of view - *Intermediate*

Acquired Skills:

- Understand the financial logic, the various steps and the funding techniques used in most M&A operations
- Be able to analyse a transaction
- Understand the various parties roles and interests in the process
- Be able to structure a basic M&A deal

COURSE SELECTION CRITERIA

- Exhaustive presentation of the various stages in the merger process
- Practical case studies

RECOMMENDED FOR:

- Coverage and corporate banking officers
- Newcomers to investment funds or advisory teams or firms
- Private equity professionals and middle office teams
- Corporate borrowers
- Auditors and accountants
- Lawyers
- All those involved in the financial dynamics of the M&A process

DURATION: 2 days

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FIRST FINANCE UK
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E-mail: info-us@first-finance.com

FIRST FINANCE Asia
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COURSE OUTLINE

Revision

- Economic Value Added
- Organic versus external growth
- Increasing regulatory constraints

M&A Strategies

- Economic analysis of M&A operations (types of operations, motives, limitations, alternatives)
- Financial analysis (M&A equity investments, position of the parties, constraints, impact on performance)
- Operational analysis (integration and organisation of a group of companies)

Case study

- . Analysis of the investment and divestment strategy of the Reuters group

Sequencing of M&A Operations

- Types of negotiations (listed and non listed shares)
- Stages of a typical deal, from origination to closing
- Closing
 - . Share Purchase Agreement
 - . Price
 - . Indemnities and warranties
 - Deferred payment
 - Bank guarantees
 - . Price settlement methods
 - Cash
 - Deferred cash
 - Earn-out clauses
 - Payment in kind
- Negotiating the acquisition of a controlling stake

Case study

- . Implementation of an acquisition within a listed group of companies

Financing Techniques in M&A Operations

- Traditional financial analysis
- Valuation on the seller side (with a particular focus on private equity)
- Financial planning of acquisition operations

Case study

- . Analysis and valuation methods within a worldwide industrial group

Structuring and Implementing a Takeover

- Structuring and funding of a takeover investment
- Gaining and keeping control
- Current trends in leveraged acquisition finance

Case study

- . Structuring of a leveraged buy-out

Private Equity and LBO Techniques



INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Simple calculation of the IRR of an investment, levers for increasing the IRR - *Introductory*
- Knowledge of the various financing techniques in an LBO - *Introductory*
- Constraints in financing an LBO - *Introductory*
- Introduction to the basic structuring techniques in an LBO - *Introductory*

Acquired Skills:

- Be conversant with the market criteria for assessing the bankability of a LBO
- Know how to value an equity stake in the context of an LBO
- Be able to identify the optimal structure for the specific deal
- Be aware of market trends and key players

COURSE SELECTION CRITERIA

- No pre-requisite for course participants
- Acquisition of the essential knowledge as far as LBO and private equity are concerned

RECOMMENDED FOR:

- New comers to LBO origination and structuring
- Structured finance professionals
- Corporate managers
- CFOs
- Seniors bankers, coverage officers
- Risk management professionals

DURATION: 2 days

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FIRST FINANCE UK
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E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

Principles of LBO

- Definition of LBO
- Review of the LBO markets in Europe
- Typical scheme of a LBO operation (Holdco/Opco, dividend allocation, tax integration, financial assistance)
- Creating value for shareholders
 - . IRR and ROI
 - . Financial leverage
 - . Other levels of leverage (tax, legal, operational)
 - . Acquisition and exit multiples

Case studies

Origination and Acquisition Process

- Private equity players (funds, investment banks, senior lenders, mezzanine investors, advisors)
- Identifying targets
 - . "Deal killers"
 - . Assessing risks
- Open bid
- Specifics of "Public to Private" (LBOs on listed targets)

Case studies

Financial Structuring

- Various types of debt in an LBO
 - . Senior and subordinated debt: principles of subordination
 - . Senior debt tranching
 - . Mezzanine vs. High Yield
 - . Typical financing structures
- Assessing the target's repayment capabilities
 - . Business Plan and Bank Case
 - . Free cash-flows and dividend requirements

Case study: structuring

Credit agreement

- . Principles (security, covenants)
- . Usual clauses

Other Structural Features

- Management Packages
 - . Hard equity/sweet equity
- Shareholder Purchase Agreement ("SPA")
- Life of the deal: governance and shareholder agreement
- Target identification and bankability
- Identifying the optimal structure
- Setting the acquisition price with respect to a target IRR

Case study

Problem Cases and Work out Techniques

- Alarm signals
- Restructuring
- Liquidation

Latest Market Trends

- Liquidity and market players
- Secondary and tertiary LBOs and consequences
- Recaps and refinancings, impact on the IRR
- New financing tools



Techniques of Mezzanine Funding

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Free Cash Flows Measurement - *Intermediate*
- Calibration of acquisition finance - *Intermediate*
- Capital structure and required rate of return - *Intermediate*
- Computing the investments IRR - *Intermediate*
- Computing post operation dilution - *Intermediate*
- Taking into account the constraints of LBOs - *Intermediate*
- Types of mezzanine instruments - *Intermediate*
- Risks involved in the various structures - *Intermediate*

Acquired Skills:

- Know how to structure the financing depending on the specific features of the target
- Know how to optimize the risk/return features of each financing instrument
- Know how to size mezzanine debt with an optimal risk/dilution mix
- Be aware of current market trends, main market players and bankability requirements

COURSE SELECTION CRITERIA

- Master all aspects of mezzanine funding
- Hands on approach of structuring private equity and acquisition transactions
- No pre-requisite

RECOMMENDED FOR:

- Corporate borrowers and lenders
- Commercial and investment bankers
- Private equity specialists
- All professionals wishing to understand better leveraged and mezzanine finance techniques

DURATION: 2 days

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Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
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Tel: +33 (0)1 44 53 75 75
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COURSE OUTLINE

Mezzanine: Both Debt and Equity

- Definition
- Required rate of return

Mezzanine Lenders

- Banks, investment and specialist funds
- How they finance themselves

Leverage Buyout Analysis

- How private equity investors value target companies
- Risk and leverage
- How to compute the investors IRR

Mezzanine Debt in LBO Transactions

- Structuring a Leverage Buyout: balancing equity, senior and mezzanine debt
- Types of mezzanine debt
- Exit strategies

Case study

- Structuring an LBO transaction, calibrating the financing (equity, mezzanine and senior debt), target returns and sensitivities to mezzanine assumptions

Mezzanine Lenders and other Parties to the Transaction

- Vs junior lenders: covenants, warranties, subordination
- Vs equity investors: exit, warrants, shareholders agreements

How Mezzanine Lenders Assess the Risk of a Transaction

- Bank mezzanine lenders
- Mezzanine fund investors

New trends in Mezzanine Funding

- A profitable substitute for equity
- Mezzanine and minority investment
- Mezzanine in corporate lending
- Why and when mezzanine investors become equity investors

Case studies from recent transactions

Project Finance

INTRODUCTORY LEVEL



OBJECTIVES

Key Concepts:

- Advantages of project finance - *Introductory*
- Risk analysis and risk sharing in project finance - *Introductory*
- Structuring of a project finance transaction - *Introductory*
- Design of financing agreements - *Introductory*
- Introduction to Public-Private Partnerships (PPP) - *Introductory*

Acquired Skills:

- Learn the basic principles of project financing
- Master the contractual structure of various types of project finance transactions
- Understand the role of key provisions and covenants
- Be aware of the specifics of certain sectors

COURSE SELECTION CRITERIA

- Presentation of the different parties' perspectives in a transaction
- Presentation of key industry, country and public/private specificities

RECOMMENDED FOR:

- Project and structured finance managers
- Government bodies
- Project lenders and sponsors
- Senior bankers, coverage
- Risk managers
- Corporate project managers

DURATION: 2 days

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E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

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COURSE OUTLINE

Introduction

- Project finance market
- Definition of project finance
- Financing techniques by industry
- Key players and the various phases in the bidding process

Risk Analysis

- Review of main risks involved
- Risk evolution over time
- Typical structuring and risk allocation
- Basic principles for optimum risk management

Practical workshop

- . Screening of various projects for the main risks and their allocation

Funding Instruments

- Syndicated senior debt and bonded debt
- Multilateral lenders
- Capital and quasi-capital
- The optimal capital structure
- Roles and benefits of modelling

Case study

- . Analysis of the funding of a tolled freeway in an EU country

Financing Agreements

- Contractual structure of a project
- Main provisions of the basic agreements
- Security and support agreements
- Bankability

Practical workshop

- . Analysis of a project's financing agreements
- . Screening of key provisions



Advanced Techniques of Project Finance

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Common conflicts of interest in project finance, particularly in Public-Private Partnerships - *Intermediate*
- Optimum risk sharing schemes among various participants - *Intermediate*
- Limitations and counterweights to prevent opportunism - *Intermediate*
- Using advanced financial instruments - *Intermediate*

Acquired Skills:

- Know each party's stakes in a variety of different project finances
- Understand the concepts underlying Public-Private Partnership negotiations
- Identify what measures are necessary so that each party holds its commitments
- Negotiate transfers of risk

COURSE SELECTION CRITERIA

- Exhaustive presentation of each party's position in order to enhance a structure
- Theoretical analysis put into practice using role-playing exercises based on real-life cases
- Role-playing exercises play out the conflicts of interest between the different organisations, as well as the personal stakes of the individuals involved (real-life cases)
- In-depth study of financial tools and how they are used

RECOMMENDED FOR:

- Specialised funding
- Government bodies
- Corporate project managers
- Senior bankers
- Risk divisions
- Corporate financial divisions

DURATION: 2 days

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COURSE OUTLINE

Orientation

- Revision
- Presentation of different types of structure (including PPP)
- Roles of each party in a transaction

Practical Workshop

- . Legal and financial structures
- . Risk analysis and sharing

Main Risks

- Involved in the construction process
- Involved in administrative and environmental procedures
- Involved in profit forecasts
- Operational risks

Case Study

- . Analyse the causes for the failure of a real-life project

Find the Optimum Risk Sharing Scheme

- Risk sharing rules
- Rules between the project company and the grantor
- Rules between the project company and the constructor
- Rules between the project company, the lenders and the shareholders
- "Indirect" agency relationships

Practical Workshop

- . Role playing exercise based on a real-life case
- . Negotiate the sharing of risk between the project company and the grantor

Financial Tools

- Tools for senior debt
- Arbitrage between banking debt and bond debt
- Debt refinancing
- Capital, quasi-capital and the secondary market

Practical Workshop

- . Role playing exercise based on a real-life case
- . Organise the financial structure of a project finance operation
- . Renegotiate a project finance scheme between "industrial sponsors" and a banking pool



Advanced Modelling for Project Finance

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- The role of cash flow statements in project finance modelling - *Intermediate*
- Modular model structuring - *Intermediate*
- Using the model as a scenario analysis tool - *Intermediate*
- Programming with flexible formulae - *Intermediate*
- Adapting the model to the project's underlying activity ("bottom up" approach) - *Intermediate*

Acquired Skills:

- Programme a model's key modules
- Make timings flexible and manage the project's key dates
- Programme while avoiding circular codes
- Create sensitivity scenarios
- Take on and debug third-party models

COURSE SELECTION CRITERIA

- Model is created progressively in EXCEL™ throughout the course of the exercises
- Models developed to allow for simplified control by auditors
- Model built to generate scenarios for analysing risk
- Understand partners' financial models

RECOMMENDED FOR:

- Specialised finance professionals
- Government bodies
- Corporate project managers
- Senior bankers
- Risk division personnel
- Corporate finance staff
- Financial analysts
- Credit analysts
- Business development managers

DURATION: 3 days

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E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

www.first-finance.com

COURSE OUTLINE

PRINCIPLES OF MODELLING

Financial Analysis Applied to Project Finance

- Financial statements and capital-employed analysis
- Relation between accounting statements and prevalence of the cash flow plan
- "Primary" and "secondary" cash flows

Practical workshop

- . Balance sheet and capital-employed analysis

Impact of IFRS Standards

Practical workshop

- . Intangible asset model and financial asset model

Principles of Financial Bankability

Ratios Used in Project Finance

ASSEMBLING A "TOOL KIT"

Basic Principles of Modelling

- Financial models: fields of application
- The golden rules of modelling
- Computerised model structuring

Practical workshop Programming

- . EXCEL™ configuration for programming
- . Arrange initial data
- . Use flags/masks to assemble a "tool kit" for managing events in time
- . Programme construction and operating phases
- . Take inflation into account

Key Indicators

Practical workshop Programming

- . Programme ratios while respecting periodicity

Circularity

Practical workshop Programming

- . Programming without circularity

Financial Project Structuring

Practical workshop Programming

- . Programme capital drawdowns
- . Programme debt mobilisation and repayment

ADDITIONAL ELEMENTS

Cash Flow Cascade

- Application and resources
- Cash flow presentations according to contract documentation
- Connections between the various modules of a model

Practical workshop Programming

- . Organise cash flows in function of financial documentation

Sensitivity Scenario Analysis

- Creating a system for assessing different scenarios
- Sensitivity analysis
- Connections between the various modules of a model

Practical workshop Programming

- . Apply sets of variables in a calculation "engine"

Analysing Third-Party Financial Models

Profit & Loss Statements

Practical workshop Programming

- . Programme tax calculations and disbursement
- . Linear amortisation for different asset classes
- . Ultimate control of the model by balancing the statement

Error Verification and Correction

- Making financial statements



Financial aspects of Public-Private Partnerships (PPP/PFI)

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Various forms and aspects of PPP worldwide - *Introductory*
- Project finance in PPP - *Introductory*
- Importance of contracts in PPP structures - *Introductory*

Acquired Skills:

- Know the financial characteristics of PPP contracts
- Understand PPP documentation
- Situate the role of banks in a structure
- Model the principle aspects specific to PPP deals on EXCEL™

COURSE SELECTION CRITERIA

- Understand the complementarity of the financial and contractual aspects when structuring a PPP

RECOMMENDED FOR:

- Structured finance officers in banks and government agencies
- Senior bankers
- Risk officers
- Corporate finance officers

DURATION: 2 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
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COURSE OUTLINE

Overview of Public-Private Partnership Financing

- Definition of PPP
- The specificities of the British PFI

Partnership Contracts

- The history of Partnership contracts
- Project Finance structures
- Securitisation structures

Competitive Bidding

- Review of the main phases of a tender
- Principles of selection of the main players and their advisors
- Selection and internal organisation of arranging banks

Contractual Aspects of PPPs

- Contractual organisation
- Project contracts (grant agreement, construction and operation contracts)
- Financing and guarantees
 - . Project bankability

Financial Modelling

- Principles of financial bankability
- Modelling simple financial clauses in EXCEL™

Practical Workshop

- . Build a spreadsheet in EXCEL™ to model various financial clauses specific to PPPs

Structured Asset Finance



ADVANCED LEVEL

OBJECTIVES

Key Concepts:

- Optimal allocation of an asset to a financial resource - *Advanced*
- Legal, tax and financial structuring of asset finance operations - *Advanced*
- Optimization of the WACC - *Advanced*
- Finance and operating leases - *Advanced*
- Carrying and terminal values of assets under structured finance techniques - *Advanced*
- Corporate versus Asset versus Project Financing - *Advanced*
- Risk analysis, allocation and stripping - *Advanced*
- Structured finance: opportunities and limitations of outsourcing and off balance sheet financing - *Advanced*
- New legal, tax and accounting environment of structured asset finance - *Advanced*
- Public Private Partnerships and PFI: specific financing tools for public service infrastructure - *Advanced*

Acquired Skills:

- Master the issues, principles and techniques of structured asset finance
- Be familiar with the various aspects of asset finance: tax, accounting, fiscal and financial
- Master the movable asset financing techniques (aircraft, shipping, rolling stock...)

COURSE SELECTION CRITERIA

This seminar is an opportunity:

- for newcomers in structured finance departments to become fully operational, be it on the origination, structuration or sales side
- for corporate borrowers to update their information and become fully aware of the cost and benefits involved in asset financing techniques in a moving environment
- for corporate finance professionals to discuss the latest trends in the market with seasoned professionals in the field

RECOMMENDED FOR:

- Corporate finance and corporate banking professionals
- Corporate borrowers
- Legal and tax specialists and advisors

DURATION: 2 days

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COURSE OUTLINE

Asset Financing Techniques

- Basic principles of structured finance
- Comparing the various types of asset finance:
 - . Lease versus Buy and Loan
 - . Finance Lease versus Operating Lease
 - . Tax and non tax leases
 - . Other lease operations
- Role of the parties and implementation process of a typical deal
- Main typical structures of asset finance operations
 - . Detailed schemes
 - . Usual Terms and Conditions
 - . Financial Modelling and assumptions (dual use of the model for simulation and optimisation purposes)
- The specifics of export and cross-border lease operations

Tax Aspects of Lease Operations

- European Union and WTO directives
- Negotiating a tax agreement
- Current trends in selected countries

Further Study and Practical Cases

- Optimisation criteria
 - . Availability of funding
 - . Risk management aspects: how spinning off assets can transfer or reduce risk
 - . Accounting rules and financial criteria
 - . Tax optimisation
- Financing Property, Plant and Equipment: leasing as an essential financing technique
 - . Review of the main categories of eligible assets
 - . Identifying the optimal structured finance technique depending on the nature of the assets and the optimisation criteria

Case study

- . Financing and refinancing of a commercial vehicles fleet

- Alternatives to leasing for the financing of intangible assets and working capital needs
 - . Main categories of eligible assets
 - . Facilities Management and Outsourcing contracts

Case study

- . Financing and refinancing of a stock of wines and spirits

- Effects of asset finance on corporate balance sheets in a post ENRON environment
 - . Recent evolutions of the main accounting norms (IAS, US GAAP)
 - . Consecutive adjustment of dynamic balance sheet management techniques
 - . Latest innovations in terms of asset financing techniques

Public Private Partnerships:

- Overview of the regulatory framework in the UK and Europe
- Main sectors involved: infrastructure, health, education, defence.
- Current results and future trends

Conclusion: prospects and new trends in techniques of asset finance



Trade finance: Fundamentals and Risks

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Risks involved in cross border trade operations - *Introductory*
- Mechanism of Documentary Letters of Credit - *Introductory*
- Contract bonds and guarantees - *Introductory*

Acquired Skills:

- Be familiar with market rules and practices
- Understand the needs of the customer or counterparty
- Be able to put forward the best options
- Manage risks
- Be able to call on the various types of guarantees available

COURSE SELECTION CRITERIA

- Comprehensive presentation of all aspects of trade finance
- Explanation of the various techniques supported with numerous examples

RECOMMENDED FOR:

- Trade finance associates and support staff
- Coverage officers, corporate exporters and lenders
- Risk management teams

DURATION: 2 days

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COURSE OUTLINE

Cross Border Environment and Customer Needs

- Non-delivery and non-performance on contracts
- Non-payment, non-remittance risks
- Cash imbalances
- Economic and political risk
- Foreign exchange risk
- Fraud

Product Solutions

- Customer advisory relationship
- Trade finance information

Cross Border Settlement Methods

- Non documentary settlements
 - . Cash payments
 - . Deferred payments
- Documentary settlements: remittances and documentary credits
- Documentary collections
 - . Procedure and settlement: underlying risks for the bank and for the customer
- Documentary Letters of Credit
 - . History
 - . International Chamber of Commerce rules
 - . Comparison of UCP 500 and UCP 600 rules
 - . Circuit of a documentary Letter of Credit
 - . Standard and non standard confirmation
 - . Settlement
 - . Customer risk
 - . Risk for the bank

Contract Bond and Guarantees


- Issuance of guarantees
 - . Types of guarantees (first demand, Standby Letters of Credit, etc...)
 - . Life of a guarantee (extension, expiry, call, cancellation)
 - . Risk assessment, recourse against the client
- International banking practices: Problem claims, insurance against unfair calling
- First demand and Standby Letters of Credit: recourse on the exporter and image
- Country and political risk coverage

Real Estate

THIS DIAGRAM

ENABLES YOU TO SELECT YOUR COURSE BY PRODUCT LINE AND BY LEVEL:

 Introductory  Intermediate  Advanced

 Indicates relevant courses belonging to another training area

REAL ESTATE

FINANCING

NEW

FUNDAMENTALS OF REAL ESTATE FINANCING
2 days . page 130

INVESTMENT

NEW

REAL ESTATE INVESTMENTS:
STRUCTURES AND VALUATION TECHNIQUES
2 days . page 131

Fundamentals of Real Estate Financing

INTRODUCTORY LEVEL

OBJECTIVES

Key Concepts:

- Fundamentals of real estate - *Introductory*
- Understand risks involved in real estate investments - *Introductory*
- Monitoring real estate risks - *Introductory*
- Structuring a real estate project - *Introductory*

Acquired Skills:

- Master the methods of non-recourse financing and real estate securities
- Master all aspects of real estate risks
- Analyse the returns of real estate projects from a financial (IRR, ROE...) and accounting (cash on cash) point of view, and build a stress case from the banker's perspective
- Determine an asset's price and risk premium

COURSE SELECTION CRITERIA

- Overview of the risk analysis factors in real estate and each party's logic in a real estate investment and financing
- Illustration of various financial structures through practical exercises and cash flow studies based on several types of real estate project

RECOMMENDED FOR:

- Real estate finance professionals
- Junior analysts and real estate portfolio managers
- Risk division analysts
- Real estate investors
- Investment department staff

DURATION: 2 days

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COURSE OUTLINE

Fundamentals of Real Estate

- Developments in the sector
- Asset types
 - . Business/commercial/industrial/residential/hotel/recreation, etc.
- Life cycle of a real estate project
- Key participants

Risks & Control

- Growth
- Market
- Construction/Execution/Operating
- Financing
- Legal, tax, insurance
- Country, FX, etc.

Financing Features

- Non-recourse/limited recourse financing
- Based on cash flows
- Leverage adjustment: Debt/Equity Ratio

Debt Structure: Senior/Mezzanine Debt

- Revision of common indicators: cash on cash/yield/cap rate/IRR/NPV
- Modelling stages
 - . Base case
 - . Stress case
- Debt coverage, covenants, break-even points
- Guarantees
 - . Mortgages on real estate assets (land/buildings)
 - . Collateral securities (equity)
 - . Bank guarantees
 - . Business, land, contract and insurance leases
- Term Sheet
- Production cycle
 - . Study of feasibility/Indicative offer
 - . Credit committee/firm offer/order
 - . Credit document trades
 - . Closing/Syndication/Securitisation

Case Studies

- . Financing of an office building, hotel and shopping mall (based on real-life cases)
- . Examples of debt structuring - Observations
- . Elaborate of a simplified cash flow - participants will create a cash flow that will allow them to establish an offer; based on a practical example and economic/real estate-related data
- . Calculate the classic bank ratios, LTV, ICR, EBITDA multiples, break-even points
- . Decision-making and elaboration of an offer

Real Estate Investments: Structures and Valuation Techniques

INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Structuring a real estate investment - *Intermediate*
- Constructing a financial valuation model - *Intermediate*
- Review of real estate asset classes - *Intermediate*
- Identifying factors of value creation - *Intermediate*

Acquired Skills:

- Master the tools of pricing valuation for real estate investments in various asset classes
- Understand the logic, concepts and techniques used by investment vehicles
- Analyse the performance of a real estate investment from a financial (IRR, ROE, etc.) and accounting perspective (cash on cash, etc.)
- Value an asset and its risk premium, and determine an exit strategy
- Master the tools of capital structuring and their effects on an investment's profitability

COURSE SELECTION CRITERIA

- Illustration of various financial structures through practical exercises and cash flow studies based on different types of real estate projects in Europe

RECOMMENDED FOR:

- Real estate investors
- Real estate professionals
- Junior analysts and real estate portfolio managers

DURATION: 2 days

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FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
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COURSE OUTLINE

Introduction

- Real estate sectors
 - . Business/residential/industrial/commercial/hotels/tourism/mixed-use
- Types of real estate investor
 - . Investment typology (sought asset and IRR types)
 - . Investment strategy and recent developments (sectors and geographical zones)

Basics of A Real Estate Transaction

- Value chain of the real estate sector: parties involved and their roles
- Types of real estate transaction
 - . Acquisition of existing assets/Sale and Leaseback/Promotion/ Purchase of a company having real estate assets
 - . Mixed portfolios
- Major Steps in a Transaction
 - . Identifying the investment opportunity
 - Off market
 - Bidding process with a bid submission
 - . Investor/composition of the shareholding entity (shareholders' agreement, minority shareholder's rights)
 - . Business Plan/Strategy/Pricing/Exit strategy/Funding/Structuring (taxes + structure)
- Key Finance and Tax Concepts
 - . Unlevered: cap rate, going in yield, asset management, IRR, NPV, residual value and exit value
 - . Levered: type of debt and structure
 - . Debt financing: equity vs debt
 - . Senior debt/mezzanine debt/shareholder loan
 - . Review a classic term sheet
 - . Taxes: optimum tax schemes
- Revision: Real estate risks
 - . Example 1: Acquisition of an office building in a business district
 - . Example 2: Real estate promotion project – construction of a shopping mall in St. Petersburg

Valuation and Pricing Strategy

- Key methods of real estate valuation
 - . DCF/perpetual returns/NPV/replacement cost
- Cash flow models
 - . Overview of major finance and tax concepts
 - . Determining the price of an asset
 - . IRR calculation and sensitivity analysis
 - . Examples and real-life cases

Constructing a Cash Flow Model and Determining a Purchase Price Under IRR Constraints

- Investment opportunities
- Review: valuation hypotheses
- Constructing a financial model
 - . Unlevered cash flow/Pre-tax levered cash flow/Post-tax levered cash flow/Post-all cash flow

Practical Workshop


- . Investment opportunities in Europe
 - Example 1: Real estate promotion; purchase of property and construction of an office building in the London area
- . Balance sheet and cash flow model
 - Example 2: Acquisition of a hotel in Amsterdam
- . Hotel P&L statement and cash flow model
 - Example 3: Acquisition of a shopping mall in Moscow
- . Transaction terms
- . Real estate markets in Eastern Europe and Russia
- . Particularities of real estate investment in Russia
- . Cash flow model
 - Example 4: Acquisition of a stabilised office building
- . Different angles of value creation
- . Cash flow model

Sales & Management

THIS DIAGRAM

ENABLES YOU TO SELECT YOUR COURSE BY PRODUCT LINE AND BY LEVEL:

 Introductory  Intermediate  Advanced

 Indicates relevant courses belonging to another training area

SALES & MANAGEMENT

SALES AND COMMUNICATION TECHNIQUES

NEW

SALES TECHNIQUES IN A TRADING ROOM
2 days . page 133

NEW

PITCH TO WIN: INCREASE YOUR IMPACT
2 days . page 134

NEW

PUBLIC SPEAKING TECHNIQUES FOR ANALYSTS,
ASSET MANAGERS AND CRMS
2 days . page 135

MANAGEMENT

NEW

BEING A MANAGER IN INVESTMENT BANKING
OR ASSET MANAGEMENT
2 days . page 136

Sales Techniques in a Trading Room



INTERMEDIATE LEVEL

OBJECTIVES

Key Concepts:

- Understanding the needs of customers - *Intermediate*
- Using communication tools: learning to listen, to be silent, ask questions, etc. - *Intermediate*
- Psychological steps of a sale - *Intermediate*
- Understanding the motives behind emotional reactions and the tools for using them as levers - *Intermediate*

Acquired Skills:

- Knowing when to stand back from one's sales technique and identify areas of excellence and progress
- Mastering the most efficient communication tools to build client relationships and confidence
- Developing your capacity to generate transactions with high added-value
- Mastering techniques to turn difficult situations to your advantage
- Managing situations of client resistance
- Understanding the steps and motives behind selling to improve your techniques

COURSE SELECTION CRITERIA

- Specific and operational training created specifically for trading room sales professionals
- Pragmatic and applied training, built around several exercises and real life situations
- Each course participant identifies his/her progress and establishes an action plan

RECOMMENDED FOR

- Junior and Senior Sales in fixed-income, forex, equities and derivative products
- Corporate and Institutional Sales

DURATION: 2 days

CONTACT

FIRST FINANCE UK
Tel: +44(0)20 7868 5277
E-mail: info-uk@first-finance.com

FIRST FINANCE North America
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com

FIRST FINANCE Asia
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com

FIRST FINANCE Paris
Tel: +33 (0)1 44 53 75 75
E-mail: info@first-finance.fr

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COURSE OUTLINE

Building Business Relations by Focusing on the Client

- Discover and understand client expectations
- Structure your prospecting strategy
- Before acting: the questions to ask oneself

Practical workshop

- . Discuss in small groups what clients expect and what they do not appreciate from the sales staff

Master the Sales Scheme and the Key Steps

- Prepare yourself
- Understanding the client's decision-making process
- Discovering the client's real needs and selling high added-value products
- Arguing your case and turning information into an opportunity
- Leaving effective telephone messages and sending efficient e-mails
- Perceiving what is hidden behind objections and leveraging them into a selling point
- Closing a deal: why this is sometimes difficult; various types of closing
- Capitalising on selling and follow-up

Filmed mock situations

- . Based on real life situations in a trading room, apply the acquired notions - personalised debriefing

Practical workshop

- . Quick-fire competition: the most convincing sales pitch

Develop your Communication Skills to Build Confidence

- Mastering the skill of listening
- Using silence
- Asking questions: how and what to ask to discover your clients' needs and build up a relationship
- Understanding and managing strong emotional reactions from your client
- Being assertive in difficult situations to gain respect and develop a client relationship

Practical workshop

- . Asking the right questions

Practical workshop

- . Managing objections and being assertive

Filmed mock situations

- . Based on real life situations in a trading room, apply the acquired notions - personalised debriefing

Defining a Personal Action Plan

- Based on the knowledge gained during the two-day course, participants define a specific and precise personal action plan

Pitch To Win: Increase your Impact

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Analyse the needs of others - *Intermediate*
- Charisma - *Intermediate*
- Non-verbal communication - *Intermediate*
- Interpersonal communication - *Intermediate*
- Written teaching material - *Intermediate*
- Causes of emotional reactions: understand them to better manage them - *Intermediate*

Acquired Skills:

- Be more at ease to gain charisma and manage your stress
- Master the most efficient communication tools to increase your confidence
- Structure your pitch to increase its impact
- Manage your clients' resistance and use it as a springboard
- Make efficient use of teaching materials

COURSE SELECTION CRITERIA

- Priority given to practical mock situations
- Pragmatic approach adapted to issues commonly encountered in dealing rooms
- Participants reinforce their strengths and areas of progress
- Creation of a personalised progress plan
- Lecturer an expert in behavioural techniques and dealing room professions

RECOMMENDED FOR:

- Junior and confirmed salespeople
- Originators
- CRMs in asset management
- Coverage
- Corporate bankers

DURATION: 2 days

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COURSE OUTLINE

Preparing and Structuring Your Pitch

- Understanding the customers' needs and expectations
 - . Before beginning: questions to ask yourself
 - . Defining objectives and main points
 - . Create a storyboard
- Make Your Pitch Powerful and Punchy
 - . Keep the four axes in balance:
 - . Inform, integrate, elaborate and stage
 - . Deciding each participant's role

Practical Workshop

 - . Mock situation and debriefing

Mastering Presentation Supports

- Create a driver and tips
 - . Know the limits of presentation tools to increase your impact
 - . Create catchy presentation tools

Practical Workshop

 - . Mock situation and debriefing

Developing Non-Verbal Skills

- Impact of non-verbal communication
 - . Using your voice, respiration, eye contact and body language
- Importance of contact
 - . **Practical Workshop**
 - . Filmed mock situation and debriefing

Developing Interpersonal Skills: Assert Yourself, Build Confidence and Adhesion

- Mastering the weapon of listening
- Using silence
- Understanding your emotional reactions and those of others in order to manage and control them
- Understanding what is hidden behind a customer's resistance
 - . Assertively managing difficult situations to turn them into springboards
 - . Creating approval
 - . Efficient closing

Creation of a Personalised Action Plan

- Based on the experiments and discoveries made during the 2-day seminar, define a concrete and precise personalised action plan

Public Speaking Techniques for Analysts, Asset Managers and CRMs

INTERMEDIATE LEVEL



OBJECTIVES

Key Concepts:

- Standing in the listeners' shoes and asking the right questions - *Intermediate*
- Importance of illustrating and staging information - *Intermediate*
- Non-verbal communication and charisma - *Intermediate*
- Interpersonal communication tools: silence, listening and affirmation - *Intermediate*

Acquired Skills:

- Communicate in a precise and defined way
- Increase your efficiency and impact with your listeners
- Master non-verbal communication to increase your impact
- Better understand your listeners in order to adapt, improvise, bounce back, manage destabilisation and improve Q&A
- Master yourself and your listeners while gaining confidence

COURSE SELECTION CRITERIA

- Priority given to practical mock situations
- Course adapted to issues commonly encountered by asset management professionals
- Lecturer an expert in behavioural techniques and dealing room professions
- Participants reinforce their strengths and create a personalised progress plan

RECOMMENDED FOR:

- Financial analysts
- CRMs in asset management
- Portfolio managers

DURATION: 2 days

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COURSE OUTLINE

Before Communicating: Prepare

- Before engaging: questions to ask yourself
- Organising your pitch: creating a storyboard
- Keeping 4 axes balanced: informing, integrating, elaborating and staging
- Using written supports
- Using drivers

Practical Workshop

. Filmed mock situation and debriefing

Non-Verbal Communication

- Importance of non-verbal communication
- Importance of contact and people
- Voice
- Rhythm
- Body language
- Eye contact

Practical Workshop

. Filmed mock situation and debriefing

Communication Tools

- Four relational situations
- Listening and reformulating
- Power of silence
- Asserting yourself and centring the debate

Practical Workshop

. Filmed mock situation and debriefing

Confidence and Self-Control

- Understanding the causes of emotions to better control them
- Managing listeners' reactions and questions

Practical Workshop

. "Commando" mock situation and debriefing

Creation of a Concrete and Precise Personalised Action Plan Based on the Experiments and Discoveries Made During the 2-Day Seminar

Being a Manager in Investment Banking or Asset Management

INTRODUCTORY LEVEL



OBJECTIVES

Key Concepts:

- Helping someone assume new functions in a management position - *Introductory*
- Using personality type, communication and management tools - *Introductory*
- Understanding how people function, how they interact, and how to develop positive communication - *Introductory*

Acquired Skills:

- Acquire the tools to lead a team of front office operators in function of your own management style
- Develop your ability to objectively assess the performances of your collaborators
- Fix concrete objectives in order to reach your medium-term goals
- Inspire your collaborators to work to the best of their abilities
- Handle resistance and sources of negative stress coming from your collaborators

COURSE SELECTION CRITERIA

- Concrete and lively training programme designed specifically for investment bank and asset managers
- Pragmatic and tested, built around role-playing exercises and mock situations
- Each delegate learns the areas in which s/he needs to progress and establishes a personalised action plan
- Delivered by a seasoned professional in market finance and human resources with training expertise in interpersonal and managerial skills

RECOMMENDED FOR:

- Any professional (management, trading, sales, CRMs, M&A, ECM, analysts, structurers) wishing to join, or who has just joined, a management team

DURATION: 2 days

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COURSE OUTLINE

The Role of Manager

- Creating meaning – Indicating direction – Giving feedback
- Communicate – Motivate – Delegate
- Reward – Penalise
- Developing strategies for constructive relationships
- Drivers and obstacles of front-office teams

Practical Workshop

- . Learn the six personality types and how they communicate and satisfy their needs – Concrete case of a front office team: Identify the psychological needs, stressful situations and preferred styles of interaction

Management Styles

- Four styles of management: Participative – Informative – Delegative – Directive

Practical Workshop

- . Questionnaire to help you find out your management style
- . Determine your style of body language
- . Roundtable discussion: past experiences

- Group maturity: behaviours centred on the activity and process
- Drivers and interaction: Please me – Be perfect – Make effort – Be strong
- Management styles and company culture: Work groups – Experts – Network – Pyramid
- Strengths and weaknesses of each management style within the context of a team of front office operators

Mock Situations for Desk Managers

- . Each participant is confronted with a specific situation taken from a desk manager's daily routine (markets overheating, back office problems, trader/seller friction, etc.). Delegates show what they would have done (or did do) in the described situation.
- . Debriefing by the group on the drivers and obstacles associated with the decision
- . Brainstorming on other possible decisions, their reception and their consequences

Keys to Leading Front-Office Teams

- The 3 types of brain: Reptilian – Limbic – Cortex
- Benchmarks for using the "entire brain"
- Preference chart
- 3 types of leadership: brainstorming; delegated leadership; exploration and construction in sub-groups

Practical Workshop in Sub-Groups: Leading A Meeting on the Organisation of an Investment Bank's Sales Activities

- . Work in sub-groups requiring all three types of leadership
- . Debriefing on the meeting's efficiency and the participants' impressions

Creation of A Personalised Action Plan

- Creation of a concrete and precise personalised action plan based on the experiences and discoveries made during the 2-day seminar

How to register



1. Register on-line at:
www.first-finance.com
2. Or send an email with your details and interests to:
UK: **info-uk@first-finance.com** - North America: **info-us@first-finance.com** - Asia: **info-asia@first-finance.com**
3. Or call us on:
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4. Or fill in the following form and send it to:
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FIRST FINANCE

56, rue Laffitte 75009 Paris
Tél. : +33 (0)1 44 53 75 75
E-mail : info@first-finance.fr
www.first-finance.fr

FIRST FINANCE UK

Providian House
16-18 Monument Street
London EC3R 8AJ
Tel: +44 (0)20 7868 5277
E-mail: info-uk@first-finance.com
www.first-finance.com

FIRST FINANCE Asia

Unit 1401, 14/F - Euro Trade Centre
21-23 Des Voeux Road, Central - Hong Kong
Tel: +852 2116 5040
E-mail: info-asia@first-finance.com
www.first-finance.com

FIRST FINANCE North America

World Financial District
35th floor - Suite 3502
60 Broad Street
NEW YORK NY10004
Tel: +1 212 321 7095
E-mail: info-us@first-finance.com
www.first-finance.com