

**NATIONAL UNIVERSITY OF SINGAPORE
SCHOOL OF BUSINESS**

FIN3118 FINANCIAL RISK MANAGEMENT

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Session: Semester I 2014/5

Course Objectives:

This module is an introduction to the core of what financial risk management (FRM) involves. It serves as both an exposure to those who have a cursory interest of this area and others who wish to pursue professional a career in FRM.

Course Outline:

| <u>Week</u> | <u>Topic</u> | <u>Reading</u> |
|--------------------|--|-----------------------|
| 1 | Risk Management: A Helicopter View | pp 1-44 |
| 2 | Corporate Risk Management & Governance | pp 45-66, 151-182 |
| 3 | Value At Risk (VAR) | pp 233-264 |
| 4 | Asset Liability Management (ALM) | pp 265-304 |
| 5 | Credit Scoring | pp 305-332 |
| 6 | Credit Rating | pp 333-364, 467-470 |
| | Semester break | |
| 7 | Quiz 1 | |
| 8 | Credit Risk Transfer & Counterparty Risk | pp 411-466, 471-489 |
| 9 | Operational Risk Management | pp 499-528 |
| 10 | Model Risk | pp 529-554 |
| 11 | Term paper presentations | |
| 12 | Term paper presentations | |
| 13 | Quiz 2 | |

Recommended Text:

The Essentials of Risk Management, 2nd Edition, Crouchy, Galai and Mark, 2014, McGraw Hill, ISBN 978-0-07-181851-3.

Weightage of Assessment:

Quiz : 60%
Term Paper : 20%

Presentation : 20%

Term Paper

A term paper of 20 – 30 double-spaced pages must be submitted by each group. The paper should focus on the analysis of a single loss exceeding USD100m reported in any public media. The analysis should identify the cause i.e. market, credit, operational risk etc and whether better risk control would have reduced the loss.

This report must be submitted into the Workbin by Friday 5pm on Week 10. No hardcopy is required. This paper will be assessed on the quality of analysis.

Term paper presentation

The term paper will be presented on Weeks 11 and 12. All group members must participate in the presentation. Presentation will be assessed on how succinctly the analysis is conveyed.

Quizzes

Quiz 1 comprising 20 MCQ will be for 20 marks. Quiz 2 comprising 20 MCQ plus 2 short essay questions will be for 40 marks.