

FIN3118 Financial Risk Management

Semester I, AY2015/16

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Office hours: By appointment only

Course Objective

This course provides an introduction to the measurement, analysis and management of risk in financial institutions. A full appreciation of the techniques applied in risk management would require a level of mathematical sophistication beyond the scope of this course. Hence, the course has been structured to focus on the intuition behind the techniques used in risk management, and the strengths and weaknesses of each technique. At the end of the course, students should be able to develop a conceptual framework for thinking about risk management.

Textbook

John C. Hull (2015), "Risk Management and Financial Institutions," 4th Edition, Wiley Finance Series.

Assessment

Class Participation	10%
Quizzes	60%
Group Project	30%

Course Outline (Tentative)

Week	Topic	Reading
1	Risk Management: The Big Picture	Chapter 1
2	Trading in Financial Markets	Chapter 5
3	The Credit Crisis of 2007	Chapter 6
4	How Traders Manage Their Risks	Chapter 8
5	Volatility and Correlations	Chapters 10 & 11
6	Value at Risk and Expected Shortfall	Chapter 12
Semester Break		
7	Quiz 1	
8	Simulations and Model-Building Approach	Chapters 13 & 14
9	Scenario Analysis and Stress Testing	Chapter 22
10	Liquidity Risk and Model Risk	Chapter 24 & 25
11	Project Presentations	
12	Project Presentations	
13	Quiz 2	

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