

FIN3118 Financial Risk Management

Semester I, AY2016/17

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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

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

References

Crouhy, Galai and Mark (2014), The Essentials of Risk Management, 2nd Edition, McGraw Hill.

Jorion (2007), Value at Risk, 3rd Edition, McGraw Hill.

Course Outline (Tentative)

Week	Date	Topic	Reading
1	12 Aug	Risk Management: The Big Picture	Chapter 1
2	19 Aug	Trading in Financial Markets	Chapter 5
3	26 Aug	The Credit Crisis of 2007	Chapter 6
4	2 Sep	How Traders Manage Their Risks	Chapter 8
5	9 Sep	Volatility and Correlations	Chapters 10 & 11
6	16 Sep	Value at Risk and Expected Shortfall	Chapter 12
	23 Sep	Semester Break	
7	30 Sep	Quiz 1	
8	7 Oct	Simulations and Model-Building Approach	Chapters 13 & 14
9	14 Oct	Scenario Analysis and Stress Testing	Chapter 22
10	21 Oct	Liquidity Risk and Model Risk	Chapter 24 & 25
11	28 Oct	Project Presentations	
12	4 Nov	Project Presentations	
13	11 Nov	Quiz 2	

Assessment

Group Assignments	10%
Group Project	30%
Quiz 1	30%
Quiz 2	30%

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