



SYMBIOSIS INTERNATIONAL (DEEMED UNIVERSITY)

(Established under section 3 of the UGC Act 1956)

Re - accredited by NAAC with 'A' Grade

Founder: Prof. Dr. S. B. Mujumdar, M.Sc., Ph.D. (Awarded Padma Bhushan and Padma Shri by President of India)

(Established under section 3 of the UGC Act 1956, by notification No.F.9-12/2001-U3
Government of India)

**Sub Committee for Curriculum Development
Banking & Finance Specialization**

Course : FP 56

Course Name: Financial Risk Management (2nd Year PG)

Course Code: T2056

Number of Credits: 2

Level: 5

Learning Objective(s): The student will be able to:
Compare and contrast the various types of risk.
Appraise the impact of different risks on the operations and performance of a firm.

Pedagogy:

Conceptual and analytical inputs through problem solving
Case studies

Pre-learning:

Statistics
Financial management.
Security analysis and Portfolio Management
Quantitative techniques.

Benchmarked:

Princeton University
NUS Business School
XLRI
IIMB.

Course Outline:

Sr.No.	Topic	Hours
1	Financial Risk: An Overview, Evolution, and the Environment	2
2	Risks definition (market, credit, liquidity, operational), more specifically on the identification of different forms of risk (currency, interest rate, equity, commodity)	3
3	Market Data Analysis, Introduction to Probability and distributions of asset prices, measuring return and risk.	2
4	Measuring risk using Value-at-Risk, concept and computation of VaR using Different approach, Calculating portfolio risk of more than one Assets.	2
5	Multifactor VaR, marginal and relative VaR, Stress testing and back-testing VaR, treasury applications.	3
6	Conditional VaR and its relevance, Comparison between VaR and cVaR.	3
7	Relaxing the Normal distribution assumption, the Cornish-Fisher VaR and the Cornish- Fisher cVaR.	3
8	Extreme Value Theory : Basic Principles, and application in Risk management	3
9	VIX –Theory and Application,	2
10	Operational Risk: Operational risk, Legal Risk, Accounting risk, Liquidity risk, Enterprise Risk	3
11	Credit Risk: Probability of Default, Loss Given default, Amount owed at Default, Portfolio Credit risks, Credit ratings & Transition Matrix Analysis, Contingent claim approach and the KMV Model, Credit Risk Management. Copula models in Credit Risk Management.	2
12	Indian environment in VaR applications (NSE, BSE, NCDEX, CCIL), RBI guidelines for credit & market risk management, VaR based margining.	2
	Total	30

Books Recommended:

1. Financial Risk Management : Frank J Fabozzi.
2. Financial Risk Management: A Practitioner’s Guide to Managing Market and Credit Risk By Steve L. Allen
3. Advanced Financial Risk Management: Tools and Techniques for Integrated Credit Risk and Interest Rate Risk Management (Wiley Finance) by Donald R. Van Deventer , Kenji Imai & Mark Mesler

Suggested Evaluation Methods:

Case studies

Exams

Risk calculation and analysis using historical stock price data (suggested)

Project works.

Parallel/Similar courses the existing curriculum:

S.No.	Name of the course	Institute where it was offered
<u>1</u>	Financial Risk Management	SIBM (B)

Name of Member	Anindya Chakrabarty				
Designation					
Org. / Inst.					
Signature					

Name of the Expert: v.Ravi Kumar

Signature:

Date: 17 August 2013

