

**B40.3112****Risk Management in Financial Institutions**

Summer 2009 -DRAFT OUTLINE - NONBINDING

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**Objective of the Class**

The course will focus on modern, quantitative methods to measure and manage the risks faced by financial institutions.

**Recommended Text**

Anthony Saunders, Marcia Cornett, *Financial Institutions Management: a Risk Management Approach*, 6<sup>th</sup> edition, Irwin-McGraw Hill, 2008.

**Grading**

You will have one final exam, and maybe a project (a bank analysis?). The breakdown will be approximately:

- Project 20-30% (If I decide to assign a project.)
- Final: 70-80%. (100% if I decide not to assign a project).
- The exam is closed-book but I will give you a formula-sheet.

**Description**

There will be a packet of slides and extra materials on the following topics:

- interest rate risk
- market risk
- credit risk
- capital adequacy (Basel II will also be covered)
- securitization

**Prerequisites**

You need a financial calculator (the basic ones are just fine, no need to spend much money on this). You should be familiar with the CAPM, the main properties of the yield curve, and the basics of asset pricing.