B40.3112 Risk Management in Financial Institutions
TENTATIVE OUTLINE
Summer 2012 - Professor Sinan Cebenoyan

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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.

Required Text

Anthony Saunders, Marcia Cornett, *Financial Institutions Management: a Risk Management Approach*, 7th edition, Irwin-McGraw Hill, 2011.

Description

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

- introduction/overview
- interest rate risk
- liquidity risk
- market risk
- credit risk – sovereign risk
- capital adequacy
- securitization

- Your grade in this course will be based on your midterm (30-40 %) and final exam (60-70 %) scores. The midterm will be a 1 hour test on the 3rd class, The final will be 2 hours on the 6th and last class.
- The exams are closed-book but I will give you a formula-sheet.

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 term structure of interest rates, and the basics of asset pricing.