

## Summer School Lisbon Syllabus

### Subject:

**FINANCIAL RISK MANAGEMENT**

### Lecturers:

**Professor Paulo Viegas de Carvalho**

Department of Finance at ISCTE-IUL

PhD in Finance,

ISCTE Advisor on Financial Risk Modelling and Management

### Course Structure:

**Course Title:** FINANCIAL RISK MANAGEMENT

**Department:** Finance

**Target:** Bachelor or Master students

**Pre-requisites:** Basic Concepts of Finance and Statistics

#### Objectives:

This course aims to provide theoretical and applied knowledge on the most relevant issues and methods required for a sound financial risk management.

At the end of the course, students will be able to:

- Understand and identify the main sources of financial risk
- Be acquainted with the implementation of integrated risk management systems in the organizations
- Be able to apply the most accurate methods of risk assessment within each risk category
- Be able to evaluate the risk of a single asset and a portfolio of assets
- Identify the main differences between regulatory and economic capital
- Understand the basics underlying the process of financial institutions supervision and the minimum capital requirements determination

#### Programme:

1. Introduction to financial risks
2. Operational risk
3. Market risk
4. Interest rate risk
5. Credit risk
6. Risk adjusted performance

#### Assessment:

The evaluation system is computed as follows:

- Quizzes, homework, class participation, group presentations: 30%
- Final Exam: 70%

#### Teaching Method:

Besides the presentation and discussion of concepts, learning activities will include role-plays and the analysis of practical examples. Students will be required to actively participate in class discussion and problem solving.

**Reading:**

- Slides from classes
- Papers and articles

**References:**

- Alexander, Carol, 2008, Market Risk Analysis -Vol. IV -Value-At-Risk Models, Wiley
- Allen, Steven, 2013, Financial Risk Management: A Practitioner's Guide to Managing Market and Credit Risk, 2ndEd., Wiley
- Coleman, Thomas, 2011, A Practical Guide to Risk Management, Research Foundation of CFA Institute.
- Dowd, Kevin, 2007, Measuring Market Risk, 2ndEd., Wiley
- Hull, John C., 2018, Risk Management and Financial Institutions, 5thEd., Wiley
- Jorion, Philippe, 2007, Value at Risk: The New Benchmark for Managing Financial Risk, 3rdEd., McGraw-Hill Companies
- Jorion, Philippe, 2011, Financial Risk Manager Handbook, 6thEd., Wiley