**Course descriptor**

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| Title of the course | **Financial Risk Management** | | |
| Title of the Academic Programme | Management | | |
| Type of the course | Elective | | |
| Prerequisites | Economic Theory, International Finance, International Finance | | |
| ECTS workload | 6 | | |
| Total indicative study hours | Directed Study | Self-directed study | Total |
| 42 | 186 | 228 |
| Course Overview | The course presents an advanced treatment of the theory and its application to financial institutions and international corporations. This course will provide students with a comprehensive overview of the main types of risk that have such a substantial impact on international firms and financial institutions. This course consists of seven units, which will enrich knowledge with an invaluable grounding in the subject and enable students to acquire a strong theoretical and practical understanding of the current and essential risk management practices. | | |
| Intended Learning Outcomes (ILO) | Know basic functions of financial risk management.  Forecast the financial risks that financial institutions and corporations could face in the international market.  Measure the risks that arise from financial markets - such as credit risk, market risk, liquidity risk and sovereign risk.  Classify derivative instruments that could be used in managing the risks of financial institutions and international corporations. | | |
| Indicative Course Content | 1. Introduction to financial risk-management 2. Interest-rate risk 3. Credit default risk 4. Foreign-exchange risk 5. Sovereign risk 6. Off-balance-sheet risk and liquidity risk 7. Managing risk | | |
| Teaching and Learning Methods | The course consists of lectures and tutorials. The tutorials involve student presentations (in small groups), problems solving, case analysis and the individual assignment (project). | | |
| Indicative Assessment Methods and Strategy | **The cumulative grade (GC)** is calculated as an average, based on the following equation:  G*C* = 0,45·G*hw* + 0,1· G*sa*+0.45Gt where  *Ghw* – grade for colloquium  *Gsa* – grade for students’ activities at class  Gt - grade for written assignment  **The final grade (GF)** is calculated as follows:  *GF = 0,5*·*GC + 0,5·GEX ,* where  *GEX –* grade for the final examination | | |
| Readings / Indicative Learning Resources | Mandatory   1. Anthony Saunders & Marcia Millon Cornett (2014). Financial Institutions Management: A Risk Management Approach, 8th edition, McGraw-Hill/Irwin. 2. Zvi Bodie, Alex Kane, Alan J. Marcus (2012). Essentials of Investments, 9th Edition, The Mcgraw-Hill/Irwin, USA.   Optional   1. Michel Crouhy, Dan Galai, Robert Mark (2014). *The Essentials of Risk Management, 2nd Edition*. McGraw-Hill, NY, USA. | | |
| Course Instructor | Dr. Darko Vukovic, Prof. Assoc. | | |