

Identification	Subject (code, title, credits)	FIN 870 Financial Risk Management-3KU/6ECTS
	Department	Economics and Management
	Program (undergraduate, graduate)	Graduate
	Term	Spring, 2023
	Instructor	Ziya Alili
	E-mail:	ziya.alili@khazar.org
	Classroom/hours	Khazar University, Bashir Safaroglu; Monday/ Friday 18.30
	Office hours	
Prerequisites	FIN 830 Financial Management	
Language	English	
Compulsory/Elective	Compulsory	
Required textbooks and course materials	<p>Core textbook: 1 / Lecture notes, which will summarize relevant points from below textbooks, and provide references for further information</p> <p>2/ Richard Apostolik, Christopher Donohue, “<i>Foundations of Financial Risk: An overview of Financial Risk and Risk-Based Regulation</i>”, Wiley Finance Series, GARP, 2015.</p> <p>3/ John C. Hull, <i>Risk Management and Financial Institutions</i>, 5th edition, Wiley Pub, 2018</p> <p>Supplementary textbook: GARP Financial Risk and Regulation Series, 4 books:</p> <ul style="list-style-type: none"> - Market Risk Management - Credit Risk Management - Operational Risk Management - Asset and Liability Management 	
Course outline	This course provides an introduction to financial risk management in enterprise level as well as risk management within risk modelling process. It aims to explain the main stages of the financial risk management process, including risk identification, risk assessment, management strategies to reduce the risk.	
Course objectives	This course will examine the way in which financial markets and hedge funds hedge against market and credit risks quantitative background as well as knowledge regarding financial instruments are preferable to understand the main stages of the financial risk management. Instead of taking separate view on individual risks, holistic approach supposed to be more effective and efficient in understand risk associated with corporations and to understand the risk profile for the entire entity.	
Learning outcomes	<p>The goal of this course is to:</p> <ul style="list-style-type: none"> • equip students with financial risk management concepts and techniques; • cover key financial risks the financial instruments to manage the risk; • train students on market, credit, operational as well as other (i.e. ESG) risk that corporations may face during daily operations; • discuss the regulatory approach to various financial risks and their management; • discuss the potential impacts that a mis-management of risks can result; • create the sense of the risk awareness and risk culture. 	
Teaching methods	Lecture	x

		Group discussion	x
		Others	x
Evaluation	Methods		Percentage (%)
	Date/deadline s		
	Midterm Exam		30
	Attendance		5
	Activity		5
	Quiz		20
	Final Exam		40
Total		100	
Policy		‘Placement’ Quiz / not graded - Designed to help the students test preparedness for the module. Quizzes – two quizzes, each contributing 10% to total grade (combined 20%), composed of 5-8 open-ended questions. Will be held in pre-midterm and pre-final exams, on relevant subjects. Attendance: Grade in accordance with attendance at the lectures. Activity shall mean active participation i.e. asking and answering the question, contribute with insights and feedback, and demonstrate willingness and dedication to be part of an overall class discussion.	
Tentative Schedule			
Week	Date/Day (tentative)	Topics	Textbook/Assignments
1	17.02.2023	Introduction	Lecture notes
2	20.02.2023	Options 1 - 2	Lecture notes, Apostolik, Donohue, Ch6
3	24.02.2023	Foreign Exchange Risk management	Lecture notes, Apostolik, Donohue, Ch6
4	27.02.2023	Interest Rate Risk management	Lecture notes, Hull, Ch9
5	03.03.2023	Credit Risk Management - 1	Lecture notes, Apostolik, Donohue, Ch4
6	06.03.2023	Credit Risk Management -2 Quiz -1 (10%)	Lecture notes, Apostolik, Donohue, Ch5
7	10.03.2023	Midterm Exam	
8	13.03.2023	Quantitative methods	Lecture notes, Hull, Ch12-13
9	17.03.2023	Regulatory approach to Risk Management (Market and Credit Risks)	Lecture notes, Hull, Ch15-16
10	27.03.2023	Operational Risk -1	Lecture notes, Hull, Ch23
11	31.03.2023	Operational Risk -2	Lecture notes, Hull, Ch23
12	03.04.2023	Liquidity Risk	Lecture notes, Hull, Ch24
13	07.04.2023	‘Newly emerging’ financial risks	Lecture notes
14	14.04.2023	Lessons from history: Failing to manage risks Quiz 2 (10%)	Lecture notes, Hull, Ch6, Ch29

15	17.04.2023	Lessons from history: Failing to manage risks Revision / Pre-final discussion	Lecture notes, Hull, Ch6, Ch29
	TBD	Final Exam	