

CREDIT AND FINANCIAL RISK MANAGEMENT (m63111p)

Instructor: A.EPISCOPOS

Core Course, 4th semester, 5 ECTS units

Course level: Graduate (MSc)

Language: Greek

Course Description

The course studies risk management, with a focus on financial institutions. Among the topics covered are: Interest rate risk. Volatility and value at risk (VaR). Regulatory framework for capital adequacy. Basel Accords I, II, and III. Credit risk models and calibration. Credit ratings. Estimation of default probabilities. Credit exposure on derivatives. Operating risk. Liquidity risk. Using derivatives contracts in risk management.

Prerequisites

Essential knowledge on the valuation of derivatives contracts.

Target Learning Outcomes

After successfully completing the course, students will be able to:

- Understand the importance of risk management, with an emphasis on financial institutions.
- Know the regulatory framework on bank capital adequacy, such as Basel Accords I, II, and III.
- Analyze and apply models of measurement and management of financial risks, such as interest rate risk, market risk, liquidity risk, and operating risk.
- Analyze and apply models of credit risk measurement and management.
- Effectively use derivatives contracts in risk hedging.

Recommended Bibliography

- Hull, John (2018), *Risk Management and Financial Institutions*, 5th edition, Wiley.
- Saunders, Anthony, and Marcia Cornett (2018). *Financial Institutions Management: A Risk Management Approach*, McGraw Hill.

Teaching and Learning Activities

One three-hour lecture per week. Homework exercises through a derivatives analysis software.

Assessment and Grading Methods

The final grade is a weighted average of the written examination grade and the grade on homework exercises with 70% and 30% weights, respectively.