

Study program: Business Economics and Finance			
Course name: Financial risk management			
Teacher(s): Nikola Gradojević, Jelena Vapa Tankosić, Miroslav Čavlin			
Course status: Elective			
Number of ECTS credits: 6			
Course requirement: Enrollment			
Aim of the course The main aim of the course is to upgrade existing knowledge and develop a broader understanding of the fundamental concepts of financial risks. This course is based on modern, quantitative methods that identify and quantify risks. It covers market risks (VaR fundamentals, market VaR), credit risk, interest rate risk, liquidity risk, foreign exchange and operational risk. By expanding their knowledge in this course, students will be able to master the knowledge, methods and techniques in the field of risk management, which will be an indispensable tool important for making many business decisions, especially financial decisions in a dynamic business environment.			
Course outcome After passing the exam, the student will be able to: Define the modern practice of creating economic value in a company; understand the ways of using financial instruments in practice; approach the process of measuring a company's exposure to risk, in particular credit and market risk; apply the process of analysis and management of other types of risk: exchange rate risk, risk form, imbalance, sectoral risk, liquidity risk and inflation risk; use qualitative and quantitative methods of financial risk management; Independently use techniques and methods for managing financial risks, as a type of specialization that focuses closely on when and how to use hedging financial instruments to effectively manage high risk exposure costs.			
Course content <i>Theoretical classes</i> - ALM in a global environment; - Credit risk, instruments, measurement and management methodologies; - VaR basics; - Credit VaR; - Interest rate risk; - Liquidity risk; - Foreign exchange risk; - Market VaR; - Risk of credit derivatives; - Operational risk; - Basel 2- review of the new international regulatory framework. <i>Practice hours: Exercises</i> Analysis of examples from real-life situations, individual and group presentations of seminar papers, class discussions.			
Reading materials/Literature a) Required: Miloš Sprčić, D. (2013). Upravljanje rizicima – temeljni koncepti, strategije i instrumenti, EF Zagreb. Hull, J. (2023). Risk Management and Financial Institutions, Wiley. b) Recommended: Auer, M. (2018), Hands-On Value-at-Risk and Expected Shortfall, Springer. Hull, J. (2014), Options, Futures, and Other Derivatives, Pearson. Jorion, P. (2011), Financial Risk Manager Handbook, Wiley.			
Number of teaching hours	Theoretical classes: 3x15 = 45	Practice hours:2x15 = 30	
Teaching methods The lectures are auditory with the support of modern teaching tools and active participation of students. Practice hours involve: Revising and revisiting lecture content, testing students' knowledge, analysis of cases from real-life situations, individual and group presentations of seminar papers. Consultations.			
Evaluation of knowledge (maximum number of points: 100)			
Pre-exam obligations	Points	Final exam	Points
Active participation in class	5	Written exam	
Practice hours	5	Oral exam	40
Preliminary exam	20	
Seminar paper	30		