

V 1-1 Risk Management and Derivatives

Academic Department	Prof. Dr. Klaus Schäfer BWL I: Chair of Finance and Banking	
Learning Outcomes	Students gain a detailed insight into the process of risk management and are given an overview on derivative strategies. The lecture is accompanied by a tutorial featuring brief examples and additional exercises. Students can analyze and apply strategies on the management of stock, interest rate, currency, credit and commodity risk – all based on advanced theoretical concepts.	
Course Outline	<p>Main content areas (non-exhaustive and subject to changes without prior notice):</p> <ul style="list-style-type: none"> - Theoretical and Practical Aspects of Risk Management - Risk Measurement (esp. Value-at-Risk, Lower Partial Moments) - Derivative Markets and Risk Management - Pricing of Options (esp. Black/Scholes) - Hedging Positions in Options (esp. Greeks) - Stock Price Risk Management - Interest Rate Risk Management - Currency Risk Management - Credit Risk Management - Commodity Risk Management 	
Teaching Mode	Lectures (2 hpw), tutorials (1 hpw). Both the lectures and tutorials are interactive. In-class and take-home case studies are used to highlight theoretical and practical problems. Independent study and reading is necessary. Literature is specified at the beginning of the course.	
Literature	<p>Hartmann-Wendels, Thomas / Pfingsten, Andreas / Weber, Martin (2010): Bankbetriebslehre, 5. Auflage, Heidelberg et al.</p> <p>Hull, John C. (2008): Options, Futures & Other Derivatives, 7th Intern. Ed., Upper Saddle River, New Jersey.</p> <p>Rudolph, Bernd / Schäfer, Klaus (2010): Derivative Finanzmarktinstrumente. Eine anwendungsbezogene Einführung in Märkte, Strategien und Bewertung, 2. Auflage, Heidelberg et al.</p> <p>Stulz, René M. (2003): Risk Management & Derivatives, Mason, Ohio.</p>	
Recommended Prior Knowledge	Good knowledge in the concepts of finance and in financial mathematic is presupposed.	
Prerequisites	None. Please look out for announcements on the BWL I website.	
Assessment	60 minute written exam at the end of the course. Participating in all the course sessions, preparing case studies as a home work, discussing case studies actively in the plenary sessions.	
Workload	Attendance lectures	30 hrs
	Attendance tutorials	15 hrs
	Independent study (incl. preparation and reading for case studies, tests and lectures)	135 hrs
	sum:	180 hrs
ECTS-credits	6 credits.	
Time Span	1 semester (lecture 2 hpw, tutorial 1 hpw)	
Frequency of course	Every second semester (currently summer semester)	