

**St. Joseph's College of Commerce (Autonomous)  
#163, Brigade Road, Bangalore – 560 025**

**LESSON PLAN**

**Subject Name: RISK MANAGEMENT**

**Lecture hours: 60**

**Objective: 1.** To develop an understanding of what risk is, how it can be measured and transferred. **2.** To gain a deeper understanding on the need for Risk Management in the Banking and Insurance sectors

Sl. No	UNIT & OBJECTIVES	No. of Lecture Hours	Methodology/ Instructional techniques	Evaluation/ learning confirmation
<b>Module I</b>	<b>Introduction to Risk Management</b>	<b>8 hrs</b>		
1.	Definition of risk – Threat – Opportunity – Uncertainty distinguished - Relationship with performance objectives of risk	3	Lecture	Evaluation through assignment and questions at the end of the session
2.	– Implications for uncertainty management – risk management –	2	Lecture & presentation	MCQ
3.	Opportunity management and uncertainty management compared – Types	3	Lecture	
<b>Module II</b>	<b>Analytical Overview of Bank Risk</b>	<b>10 hours</b>		
1.	Why is risk critical to banks – Value drivers and business model of a bank – Understanding differing perspectives –	2	Lecture and Presentation	Presentations
2.	shareholders, regulators and debt providers –major risk groups – Credit, market , liquidity, operational – management objectives -	3	Lecture and Presentation	Presentations
3.	risk versus return – Lessons learned from recent risk management failures – Sub-prime, CLO's, leveraged loans, Trading Losses and etc -	3	Lecture and Presentation	MCQs

4.	Capital allocation: Types of capital- Shareholder, regulatory and economic capital – Economic capital	2	Lecture and Presentation, cases	Presentations
<b>Module III</b>	Managing Credit Risk	<b>12 hours</b>		
1.	Defining Credit risk, The Basel Committee’s Principles of Credit risk Management Regulatory capital Basel 1 versus Basel 2	4	Presentation	MCQs
2.	– Managing capital structures – Comparisons between banks - Basel 3 (Overview and changes compared to Basel 2) -	4	Lecture and Presentation	Evaluation through question and answers about different types of credit risks in banks and its impact.
3.	Measuring Credit risk, Credit rating framework - Managing credit risk –Limits and safeguards – Policy process and procedures.	4	Lecture and Presentation	
<b>Module IV</b>	Interest Rate and Liquidity Risk	<b>10 hours</b>		
1.	Introduction, Asset- Liability Management, Managing and Measuring Interest rate risk,	3	Lecture through PPT	Question and Answer
2	Methods to reduce Interest rate risk, Managing Interest rate with Interest rate derivatives,	4	Lecture and Presentation	Group Presentations
3	Liquidity risk- Sources, Approaches, Measuring Liquidity risk.	3	Lecture and Presentation, exercises	Group Presentations
<b>Module V</b>	Managing Market Risk - -	<b>10 hours</b>	Lecture and Presentation	Group Presentations
1.	Banks Investment Portfolio Basic concepts.	3	Lecture and presentation	
2	The Treasury functions, Risks and Returns of Investment securities, Measuring Interest rate risk with VAR, Approaches to VAR Computation.	4	Lecture and Presentation exercises	
3	The Interplay between Market and Credit risk	3	Lecture and Presentation	

Module VI	Risk Management in Insurance Companies	<b>10 Hrs</b>		
	Risk Management :Meaning and objectives, Basic categories risk, Methods of managing risk.	<b>4</b>	Lecture and Presentation	
	Risk mitigation, Enterprise risk management, Risk management process, Different scenarios and Risk management strategies, Personal risk management, Risk control and Risk financing, Insurance market dynamics, Loss Forecasting	<b>6</b>	Lecture and Presentation	Evaluation through question and answers at the end of each session

#### Dates and Nature of CIA

1. CIA-I – Assignment on Managing Interest rate with Derivative Instruments- 10 marks- 5<sup>th</sup> December 2018
2. Mid semester exam – module 1,2,3 .
3. CIA- II – Group Presentations on Different General Topics related to risk management-10 marks- 20<sup>th</sup> February 2018.