

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

LESSON PLAN

Subject Name: RISK MANAGEMENT

Lecture hours: 60

Objective: 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
Module I	Introduction to Risk Management	8 hrs		
1.	Definition of risk – Threat – Opportunity – Uncertainty distinguished - Relationship with performance objectives of risk	3	Lecture	Analyze the importance of risk Management in India
2.	– Implications for uncertainty management – risk management –	2	Lecture & presentation	MCQ
3.	Opportunity management and uncertainty management compared – Types	3	Lecture	
Module II	Analytical Overview of Bank Risk	10 hours		
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
Module III	Managing Credit Risk	12 hours		

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	Analyse the different types of credit risks and its impact.
3.	Measuring Credit risk, Credit rating framework - Managing credit risk –Limits and safeguards – Policy process and procedures.	4	Lecture and Presentation	
Module IV	Interest Rate and Liquidity Risk	10 hours		
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
Module V	Managing Market Risk - -	10 hours	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	10 Hrs		
	Risk Management :Meaning and objectives, Basic categories risk, Methods of managing risk.	4	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,	6	Lecture and Presentation	Find distinct latest services rendered by insurance and

	Insurance market dynamics, Loss Forecasting			the risk involved in insurance companies.
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