



# Financial Risk

## 4-th quarter 2021/22

### Course plan

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## The big recession 2009



“As an alternative to the traditional 30-year mortgage, we also offer an interest-only mortgage, balloon mortgage, reverse mortgage, upside down mortgage, inside out mortgage, loop-de-loop mortgage, and the spinning double axel mortgage with a triple lutz.”



## Windstorm insurance

Gudrun January 2005

326 MEuro loss

72 % due to forest losses

4 times larger than second largest

- Lectures Holger Rootzen, exercises Helga Olafsdottir, projects mainly Holger
- Do reading project on some interesting financial risk event: 5-page report, 15 minute oral presentation, 10 minute discussion with discussant group, 5 minutes general discussion
- Be discussants for one Reading project
- Individual fortunetelling
- Technical project 1: Use extreme value statistics to estimate Value at Risk
- Technical project 2: Credit risk modelling
- Real life exam
- Programming: use any program you want

## To do

- Hook up to Slack: [https://join.slack.com/t/slack-mys5539/shared\\_invite/zt-1rfu4d7uc-7B0gP6LBt6ObXYb8hnh71Q](https://join.slack.com/t/slack-mys5539/shared_invite/zt-1rfu4d7uc-7B0gP6LBt6ObXYb8hnh71Q)
- Form groups of 3, enter group into Canvas, choose reading project by Wednesday 23/3
- If you want to be anonymous use alias instead of name, where appropriate

Join forces with Helga and me to make the course as fun as possible: send comments, ideas for improvement, complaints, start discussions ....

**You must read “student ethics”**

# Reading project

Typically the reading projects are best and most fun if you invent a project of your own. However, still, here some examples of projects from the past and a few of new ones:

Corona; Valeant Pharmaceuticals scandal; Money laundering in Scandinavian banks; **Basel III**; **Solvency 2**; Markowitz portfolio theory; LTCM; Jerome Kerviel; Behavioral finance; Model risk; High frequency trading; Enron; Should banks be allowed to go into bankruptcy?; Madoff; Lehman brothers; Behavioral finance; Black Swans and Antifragility; The Weavering bankruptcy; 2008 great recession; Impact of Diversification in Risk Management; Michael Milken; Theranos; the Ukraine war; Silicon Valley Bank; USB

Read file Readingprojectinfo.pdf (more projects there)