

Financial Risk Manager Handbook

Fifth Edition

PHILIPPE JORION
GARP



WILEY

John Wiley & Sons, Inc.

Contents

Preface	ix
About the Author	xi
About GARP	xiii
Introduction	xv

PART ONE

Quantitative Analysis

CHAPTER 1 Bond Fundamentals	3
CHAPTER 2 Fundamentals of Probability	31
CHAPTER 3 Fundamentals of Statistics	67
CHAPTER 4 Monte Carlo Methods	89

PART TWO

Capital Markets

CHAPTER 5 Introduction to Derivatives	111
CHAPTER 6 Options	127
CHAPTER 7 Fixed-Income Securities	161
CHAPTER 8 Fixed-Income Derivatives	195
CHAPTER 9 Equity, Currency, and Commodity Markets	217

PART THREE

Market Risk Management

CHAPTER 10 Introduction to Market Risk	247
CHAPTER 11 Sources of Market Risk	273
CHAPTER 12 Hedging Linear Risk	297
CHAPTER 13 Nonlinear Risk: Options	315
CHAPTER 14 Modeling Risk Factors	341
CHAPTER 15 VAR Methods	359

PART FOUR

Investment Risk Management

CHAPTER 16 Portfolio Management	383
CHAPTER 17 Hedge Fund Risk Management	401

PART FIVE

Credit Risk Management

CHAPTER 18 Introduction to Credit Risk	431
CHAPTER 19 Measuring Actuarial Default Risk	451
CHAPTER 20 Measuring Default Risk from Market Prices	479
CHAPTER 21 Credit Exposure	499
CHAPTER 22 Credit Derivatives and Structured Products	531
CHAPTER 23 Managing Credit Risk	561

PART SIX**Legal, Operational, and Integrated Risk Management**

CHAPTER 24 Operational Risk	587
CHAPTER 25 Liquidity Risk	607
CHAPTER 26 Firm-Wide Risk Management	623
CHAPTER 27 Legal Issues	643

PART SEVEN**Regulation and Compliance**

CHAPTER 28 Regulation of Financial Institutions	657
CHAPTER 29 The Basel Accord	667
CHAPTER 30 The Basel Market Risk Charge	699
About the CD-ROM	715
Index	717