# UNDERSTANDING FINANCIAL RISK MANAGEMENT

Third Edition

## ANGELO CORELLI

# Understanding Financial Risk Management

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INVESTOR IN PEOPLE

*"Education breeds confidence.    Confidence breeds hope.    Hope breeds peace."*

*Confucius*

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# Preface to the Second Edition

The second edition of *Understanding Financial Risk Management* aims to improve the first edition by introducing a more structured approach to the sources of risk in the organization, and the methods used to manage it.

From identification to assessment and management, all types of financial risks a company faces daily are analyzed, together with the tools and techniques that can be used to limit their impact and manage their connected risk events.

Built on the solid pedagogical approach used in the first edition, the second edition improves it by extending the narrative to modern and innovative topics like enterprise risk.

The result is a 22-chapter textbook that takes the student into a full-immersion experience. After an introductory part where distributional issues, statistical tools and other foundation topics are analyzed, the chapters start digging deep into all types of financial risk that are normally presented to the organization on a daily basis.

An improved coverage of major risks, together with ample narrative on how to use financial derivatives to hedge risk, offer a complete view on past, current and future trends in financial risk management.

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# Addendum to the Preface

The third edition of *Understanding Financial Risk Management* features a separated chapter for high-frequency data, as well as two new chapters, on commodity risk and digital finance and risk, respectively.

A general refinement has been done throughout the text in terms of editing and corrections, in order to improve the learning experience of the students and enhance the understanding of the various topics.

Overall, the book aims to keep a solid foundation of theory and applications, while looking forward to include modern topics and introduce the students to the digital era and other innovations.