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Financial Modeling is organized along six different subject areas. Each of the first four sections of the book relates to a specific area of finance. These sections are independent of each other, though the reader should realize that they all assume some familiarity with the finance area—*Financial Modeling* is not an introductory text. Section I (Chapters 1–7) deals with corporate finance topics; Section II (Chapters 8–15) with portfolio models; Section III (Chapters 16–24) with option models; and Section IV (Chapters 25–28) with bond-related topics.

The last two sections of *Financial Modeling* are technical in nature. Section V (Chapters 29–35) relates to various Excel topics that are used throughout the book. Chapters in this section can be read and accessed as necessary. Section VI (Chapters 36–41) deals with Excel's programming language, Visual Basic for Applications (VBA). VBA is used throughout *Financial Modeling* to create functions and routines that make life easier, but it is never intrusive—in principle the reader can understand the materials in all of the other chapters of *Financial Modeling* without needing the VBA chapters.

New Chapters

Finance is a very dynamic area. The new edition of *Financial Modeling* contains many updates and changes that track new developments in the area of computational finance. In addition, almost all the chapters have been revised to make explanations more up-to-date. The third edition of *Financial Modeling* contains eight completely new chapters:

- Chapter 5 discusses bank valuation. The basic valuation framework of Chapter 5 is applied to the valuation of financial institutions.