



APPLIES TO ACADEMIC YEAR 2003/2004

BØK 2113 Loan Risk Management

Program

Bachelor of Business Administration Program in Finance

Responsible for the course

Trond Eklund

Department

Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

12

Objective

The purpose of the course is to introduce the students to commercial lending issues. The students will be trained in methods and analysis of credit risk to manage the lending operations, from initial loan analysis to reviewing the overall portfolio. The emphasis will be on the ability of the borrower to serve the debt. Non-financial factors of importance for the cash-flow will be addressed in addition to an introduction to basic principles for the management of credit risk.

Prerequisites

Students should have previous knowledge equivalent to BØK 9700 Managerial Accounting and BØK 8950 Basic Financial Management from the first year of the Bachelor of Business Administration Program.

Compulsory literature

Eklund, Trond og Knut Knutsen. 2002. *Regnskapsanalyse med årsoppgjør: aktiv bruk av regnskapet*. 6. utg. Oslo: Universitetsforlaget.

Johnson, Gerry & Kevan Scholes. 2002. *Exploring corporate strategy*. 6th ed. New York : Pearson.

Norske bankers praksis på kredittområdet. 1995. Oslo: Kredittilsynet. Småskrift nr. 1

God praksis på kredittområdet: vedlegg til norske bankers praksis på kredittområdet. 1995.

Oslo: Kredittilsynet. Vedlegg til småskrift nr. 1

Various articles

Recommended literature

Böhren, Øystein og Per Ivar Gjærum. 1999. *Prosjektanalyse*. 2.utg. Oslo: Skarvet Forlag.

Course outline

Topics:

- Financial statement analysis
- Project analysis
- Cash flow requirements in lending operations
- Cash flow analysis
- Non-financial factors
- Portfolio management
- Loan review
- Risk classification and bankruptcy predictions
- Basic principles for management of credit risk

Computer-based tools

Computer-based tools are not used.

Course structure

The course duration is 72 hours.

Evaluation

A five-hour individual written examination concludes the course

Evaluation code(s)

BØK 21131 - written exam, which accounts for 100% of the grade in BØK 2113, 12 ECTS credits

Aids at the examination

All aids are permitted.

Makeup exam

A re-sit is normally held at the end of the next course.