



APPLIES TO ACADEMIC YEAR 2006/2007

BØK 2500 Commercial Bank Financial Management

Program

Bachelor in Finance (3. year)

Responsible for the course

Emanuel Blattner

Department

Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

6

Objective

The objective of the course is to provide the students with knowledge about how financial institutions can use their duration gap as an overall measurement of the banks interest rate risk and to immunize the market value of equity for the institution. The immunization can be done by using on-balance and/or off-balance tools as future contracts, interest rate swaps and interest rate options. The course also aims at giving the student increased competence to solve asset- and liability management problems by using cases and a banking simulation.

Prerequisites

Knowledge equivalent to the 2nd year of the Bachelor of Business Administration Program in Finance.

Compulsory literature

Books:

Saunders, Anthony, Marcia Millon Cornett. 2006. Financial institutions management: a risk management approach. 5. utgave. New York : McGraw-Hill/Irwin. Kap: 1,2,7,9,10,13,18,24,25,26

Other:

Utdelt materiale

Recommended literature

Books:

Gardner, Mona J., Dixie L. Milles, Elizabeth S. Cooperman. 2005. Managing financial institutions: An asset/liability approach. 5th. Mason, Oh.: Thomson/South Western

Course outline

1. Overview of banking and the financial-service industry
2. Sources and uses of bank fund and the risk of banking
3. Accounting and economic models of banking performance and valuation
4. Asset-liability management and the interest rate risk
5. Profit planning and budgeting
6. "Banking game" simulation

Computer-based tools

Excel spreadsheets and "Banking Game" simulation

Course structure

The course will include lectures, case studies and banking simulating, 36 teaching hours in all.

Evaluation

The course is concluded with a five hours individual written exam.

Evaluation code(s)

BØK 25001 - written exam, which accounts for 100% of the grade in BØK 2500 Commercial Bank Financial Management, 6 ETCS Credits.

Aids at the examination

Alle aids are permitted

Makeup exam

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