



APPLIES TO ACADEMIC YEAR 2007/2008

EXC 2605 Financial Methods

Program

Bachelor in Business Administration (3. year)

Responsible for the course

Knut Sagmo

Department

Financial Economics

Term

According to study plan

ECTS Credits

6

Language of instruction

English

Objective

To acquire and develop basic analytical, and practical computing, skills within three main areas of investments and finance: (1) Financial mathematics, (2) Mean-variance efficient portfolio design, and (3) Financial derivatives. Skills in analyzing market generated data from the Oslo Stock Exchange is emphasized and facilitated by applying software such as Excel, SPSS, and Maple.

Prerequisites

EXC 2300 Basic Financial Management and BØK 9932 Financial Strategy (offered during Spring semester). Equivalent courses may be approved.

Compulsory literature

Books:

Benninga, Simon. 2000. Financial modeling. 2nd ed. Cambridge, Mass.: The MIT Press

Other:

Articles and other material discussed in class

Recommended literature

Books:

Ross, S.A., R.W. Westerfield, and J. Jaffe. 2006. Corporate finance. 7th. ed. Boston, Mass.: McGraw-Hill/Irwin

Course outline

- Introduction: Financial models, mathematics and software applications.
- Financial mathematics I: Modeling intertemporal consumption and savings decisions.
- Financial mathematics II: Time-series data as geometric series.
- Stochastic data: Log-normal stockprices.
- Introductory mean-variance efficient portfolio design.
- Derivatives: Pricing and proactive financial risk management.

Computer-based tools

Excel, SPSS, and Maple.

Course structure

36 lecture-hours of teaching.

Evaluation

Grade determined on the basis of performance on a three-hour, written (closed-book) exam given at the end of the lecture series.

Evaluation code(s)

EXC 26051 - written exam, counts 100% towards final grade in EXC 2605 Financial Methods, 6 ECTS credits

Aids at the examination

Interest rate tables and advanced calculator.

Support materials at written examinations are explained under exam information in our web-based student handbook. Please note use of calculator. <http://www.bi.no/studenthandbook>

Makeup exam

Next regular exam.