



APPLIES TO ACADEMIC YEAR 2008/2009

BØK 2500 Commercial Bank Financial Management

Program

Bachelor in Finance (3. year)

Responsible for the course

Emanuel Blattner

Department

Department of Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

6

Language of instruction

Norwegian

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. 2008. Financial institutions management: a risk management approach. 6th ed. London: 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 ed. 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 budgetting
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.

The students are required to solve to mandatory home assignment during the course.

The home assignments must be solved by groups of three or less students and must be passed to obtain a final grade in the course. The home assignments must be solved within 14 days.

Evaluation

The grade is based on the successful completion of the home assignments, which is graded passed/failed, and a four hour individual exam.

Evaluation code(s)

- BØK 25002 Mandatory Home Assignment 1. Pass/fail.
- BØK 25003 Mandatory Home Assignment 2. Pass/fail.
- BØK25004 Written exam, counts 100% to obtain final grade in BØK 2500, Commercial Bank Financial Management, 6 credits.

Both home assignments and written exam must be passed.

Aids at the examination

All aids are allowed. Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.
<http://www.bi.edu/studenthandbook/examaids>

Makeup exam

A re-sit is normally held at the end of the next course. Re-sit in BØK 25001 five hour written exam will be offered autumn 2008 and spring 2009.