APPLIES TO ACADEMIC YEAR 2010/2011

BØK 2500 Commercial Bank Financial Management

Programme
Bachelor in Finance (3. year)

Responsible for the course

Department
Department of Accounting - Auditing and Law

Term
According to study plan

ECTS Credits
6

Language of instruction
Norwegian

Introduction

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 bank's 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 managment 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 reading
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 reading
Books:
Gardner, Mona J., Dixie L. Milles, Elizabeth S. Cooperman. 2005. Managing financial institutions. 5th ed. Mason, Ohio : 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 assignemnts must be solved by groups of tre or less students and must be passed to obtain a final grade in the course. The home assignments must be solved within 14 days.

Examination
The grade is based on the successful completion of the home assignments, which are graded pass/fail, and a four hour individual eksam.

Examination 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 Financal Management, 6 credits.

Both home assignments and written exam must be passed.

Examination support materials
All aids are allowed + calculator TEXAS INSTRUMENTS BA II Plus™.
Exam aids at written examiniations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.
http://www.bi.edu/studenthandbook/examaids

Re-sit examination
Due to changes in our Bachelor Programmes from autumn 2009, there also will be changes in every single course. This course will be lectured for the last time autumn 2010. Re-sit exam will be offered every term from autumn 2011 up to even spring 2013.

Additional information