



APPLIES TO ACADEMIC YEAR 2012/2013

FIN 3511 Loan Risk Management

Programme

Bachelor in Finance (2. year)

Responsible for the course

Trond Eklund

Department

Department of Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

7,5

Language of instruction

Norwegian

Introduction

The course covers issues related to credit risk assessments of private businesses. The focus of the course is the ability to serve debt by analyzing future net cash flows and capital requirements. Moreover best practices will be addressed.

Learning outcome

Acquired knowledge

Students must be able to understand important concepts within the credit risks analysis discipline:

- Have a good understanding of the concept credit risk analysis and risks related to private business exposures.
- Understand the basic requirements for a private business to survive.
- Understand how to use information from financial statements in a credit risk analysis.

Acquired skills

Students must be able to evaluate the credit risk by the use of relevant models and tools.

- Be able to correct and group financial information to be used in a credit risk analysis.
- Be able to practice models to prepare a basis for decisions.
- Analyze the credit risk and present it for the decision maker.

Reflections

Students must be capable of demonstrating an ability to critically reflect upon their own role and work.

- Understand the importance of analyzing the credit risk.
- Understand the role of a credit risk analyst.
- Basic knowledge of best practices.

Prerequisites

BØK 3411 Finance and Managerial Accounting I or equivalent.

Compulsory reading

Books:

Eklund, Trond og Knut Knutsen. 2011. Regnskapsanalyse : aktiv bruk av regnskapet. 8. utg. Gyldendal akademisk

Other:

Basel Committee on Banking Supervision. 2000. Principles for the management of credit risk. Lenke til pdf på åpen web. <http://www.bis.org/publ/bcbs75.pdf>

Recommended reading

Course outline

- Correcting and assessing financial data and other information prior to analyzing
- Ratio analysis
- Cash flow analysis
- Future capital requirement

- Required future net internally generated cash flow
- Risk classification and models for predicting bankruptcy
- Credit risk and portfolio analysis
- Loan review
- Best practices

Computer-based tools

No specified computer-based tools are required.

Learning process and workload

The course is conducted with 36 hours of lectures and 9 hours of exercises. Extensive exercises are of great importance and part of lectures will be used to review assignments. Students are expected to be prepared for the lectures through literature and assignments.

Required work (mandatory mini-exercises)

During the course students must hand in a mandatory assignment.

The assignment will be handed out with a dead-line of 14 days, and must be handed in individually.

After the deadline feedback will be given by the lecturer. Students must get their assignment approved in order to sit for the final exam.

Recommended use of hours:

Activity	Hours
Lectures	36
Lecture supported exercises	9
Preparations for the lectures	65
Test exam	10
Preparations for the examination	80
Total recommended use of hours	200

Use of hours

Coursework requirements

In order to sit for final exam students must hand in a mandatory assignment and get it approved by the lecturer.

Examination

A three hour individual written exam concludes the course.

Examination code(s)

FIN 35111 Written examination, counts 100 % towards the final grade in FIN 3511 Loan Risk Management, 7,5 credits.

Examination support materials

All support materials 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>

Re-sit examination

Re-sit examination is offered every term.

Additional information