



APPLIES TO ACADEMIC YEAR 2012/2013

## SFU 1492 Commercial Bank Financial Management

### Programme

Bachelor in Banking and Finance (SF)

### Responsible for the course

Emanuel Blattner

### Department

Department of Accounting - Auditing and Law

### Term

According to study plan

### ECTS Credits

7,5

### Language of instruction

Norwegian

### Introduction

### Learning outcome

#### Acquired knowledge

After taking the course, the students shall be able to explain key concepts and give an account of the tools used in asset and liability management, statement of income and cash flow analysis, the use of derivatives in asset and liability management.

Examples of concepts that students shall be able to explain: balance sheet, statement of income and cash flow in financial institutions, the term structure of interest rates, repricing gap, duration gap, duration of equity, futures and forwards, interest rate swaps, interest rate options.

#### Acquired skills

After taking the course, the students shall be able to (a) apply knowledge (i.e. concepts and skills) in analyses and discussions on asset and liability problems, (b) distinguish between relevant and irrelevant information, and (c) give written answers to questions so that the readers understand the applied methods and conclusions. Examples:

- Analyzing financial reports of financial institutions
- Risk in financial institutions
- The use of the term structure of interest rates in asset and liability management
- The calculation of the repricing gap
- Duration gap calculations
- Equity duration
- The use of on-balance immunizing in asset and liability management
- The use of derivatives in off-balance immunizing

#### Reflection

After taking the course, the students shall be able to ask critical questions and reflect on crucial assumptions and theories within the asset and liability management field.

#### Prerequisites

Basic knowledges in finance are required.

#### Compulsory reading

##### Books:

Saunders, Anthony, Marcia Millon Cornett. 2011. Financial institutions management : a risk management approach. 7th ed. McGraw-Hill/Irwin

#### Recommended reading

##### Books:

Hubbard, R. Glenn & Anthony P. O'Brien. 2012. Money, banking, and the financial system. Pearson

#### Course outline

- Balance, statement of income and cash-flow analysis
- The term structure of interest rates
- Fixed interest securities and effective interest
- Interest rate risk and the repricing gap theory
- Duration
- Interest rate risk and the duration gap theory
- "On-balance" immunizing
- "Off-balance" immunizing

### Computer-based tools

Excel spreadsheets.

### Learning process and workload

The course is lectured over one semester and will include lectures, case studies and home assignments.

It is mandatory for students to solve and pass three home assignments to obtain final grade in the course.

The home assignments must be solved by groups of three or less students. Exact deadlines for handout and delivery of home assignments will be given when the course starts.

Recommended use of hours:

Activity	Use of hours
Lectures	28
Assignments	65
Reading literature	104
Final exam	3
<b>Total use of hours recommended</b>	<b>200</b>

### Use of hours

28 hours - Lectures

17 hours - Guidance

45 hours total

### Examination

A three hour individual written exam concludes the course.

### Examination code(s)

SFU 14925 Written exam, counts 100% to obtain a final grade in SFU 1492 Commercial Bank Financial Management, 7,5 credits.

### Examination support materials

Calculator TEXAS INSTRUMENTS BA II Plus™ is 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

Make up examinations are held in the next ordinary course.

Students that have not passed three assignments must retake the assignments at the next scheduled course and must pass. Students that have not passed the written exam or who wish to improve their grade must retake the exam in connection with the next scheduled course.

### Additional information