

# **FINN-4313: Advanced Commercial Banking**

Fall 2012

Dr. Yeager

## **CONTACT INFORMATION**

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Office Hours: TTH 2:00–3:30

## **TEXT**

*Financial Institutions Management*, 7<sup>th</sup> edition by Saunders and Cornett, 2011.  
Various journal articles and other readings will be made available throughout the semester.

## **INTERNET RESOURCES**

PowerPoint slides, project assignments and examples, and end-of-chapter homework assignments are posted on *Blackboard*. You are responsible for downloading and printing the relevant materials.

## **COURSE OBJECTIVES**

This course covers important issues facing large US commercial banks including the recent financial crisis. Topics include BHC financial statement analysis, liquidity risk, interest rate risk measurement and management, market risk, Basel II capital requirements, securitization, and diversification. By the end of the semester, you should have a sound knowledge of the risk challenges that large banks deal with and be familiar with the tools that bank managers have to deal with those risks.

## **EXPECTATIONS, ASSIGNMENTS AND GRADING**

I expect you to attend class each day, keep up to date on the textbook reading, do the assigned end-of-chapter homework questions, and turn in the group projects in a timely manner.

Homework assignments must be neatly written or typed and turned in to me by the beginning of the class period that they are due. Students will receive a grade of ‘S’ (satisfactory) or ‘U’ (unsatisfactory). An ‘S’ will be awarded if the student answers the majority of the questions neatly and correctly and attempts to answer each question. Late homework will not be accepted for any reason.

There are three exams during the semester. They are not explicitly comprehensive, but the material builds as we go along.

There are also two group writing assignments. You will be placed into groups of two to write each report during the semester analyzing various aspects of a large commercial

bank that you choose. Teams that have a nonparticipating member should report him/her to me, and I will have a discussion with that person. If the student still does not participate, he/she will be removed from the group and receive a zero on all the projects. Because the due dates will be announced well in advance, late projects will not be accepted for any reason.

The weighting for the assignments is as follows:

Two Writing Assignments	15%
Homework	10%
Exams	75% (25% each)

Grades will be assigned along the typical 90/80/70/60 scale.

In case of inclement weather, check Blackboard or my phone message for instructions on whether class will meet. Cell phone use in the classroom is prohibited.

### **MISSED EXAMS**

The only accepted excuses for missing an exam are medical illnesses or family emergencies. When possible, I must be notified beforehand if you cannot take the exam. An excused missed exam can be made-up at a time of mutual convenience.

### **CHEATING**

Cheating is a serious violation of student ethics and will be treated as such. Such behavior will result in failing the course at a minimum, and more serious administrative action will probably be taken. While cooperation on class projects and homework is encouraged, copying or cheating on projects or exams is unacceptable.

### **TENTATIVE SCHEDULE**

<i>Week of:</i>	<i>Topic</i>	<i>Chapter</i>
Aug 21	Current events in banking. Overview of depository institutions.	2
28	Evaluating the performance of BHCs. Project 1 assigned.	2A
Sep 4	Deposit insurance and bank regulation.	19
11	Capital requirements at banks. Basel I.	20
18	Basel II. Project 1 due.	20A
25	Exam 1. Liquidity risk.	17
Oct 2	Liquidity Risk. Project 2 assigned.	
9	Interest rate risk I: Earnings at risk.	8
16	Fall Break. Earnings at risk (cont.) Project 2 due.	
23	Interest rate risk II: Equity at risk.	9
30	Equity at risk (cont.) Exam 2	
Nov 6	Futures & Forwards. Options	22
13	Options. Credit default swaps.	23
20	Swaps. Thanksgiving Holiday.	24
27	Swaps. Market risk	10
Dec 4	Mortgage securitization and the GSEs	26
11	Final Exam 3:15pm – 5:15pm	

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