

**ASSUMPTION UNIVERSITY
MARTIN DE TOURS SCHOOL OF MANAGEMENT AND ECONOMICS
DEPARTMENT OF FINANCE AND BANKING
COURSE OUTLINE (SEMESTER 2 / 2011)**

Martin de Tours School of Management and Economics’ Vision and Mission

Vision:

To be the leading international business school in the ASEAN region providing high quality business education to enable graduates to make invaluable contributions to organizations and society.

Mission:

To shape our students into independent-minded graduates who are well-versed in business, able to communicate effectively, tech savvy, innovative, and ethical to successfully face global challenges.

COURSE TITLE : FIN 4815 BANK MANAGEMENT

RE-REQUISITE : FIN 3712 MONEY AND CAPITAL MARKETS

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COURSE DESCRIPTION

This course is designed to study and apply various aspects of bank management, nature of commercial banking, assets, liability and capital management, liquidity management, credit management, risk management, and current issues in banking industry.

COURSE OBJECTIVES

- Understand the environment in which banks operate and the various structural changes that affect the banking business;
- Understand and analyze bank financial statements and explain their implications on the risk-return performance of the banks;
- Understand the objectives, policies and strategies in the management of major banking functions such as funding, lending security portfolio management and liquidity management, and;
- Define the various banking risks such as liquidity risk, interest rate risk, credit risk and capital risk and identify or select the suitable strategies to manage the various risks.

TEXT BOOK

Main Textbook: • Timothy W. Koch and Scott S. Macdonald, “Management of Banking,” 6th Ed., Thompson/South Western, 2006

MARKS ALLOCATION* (*See also classroom policies)

Criteria	Allocation
Midterm Examination	30%
Final Examination	40%
Two Quizzes	10%
Assignment	5%
Project and Presentation	15%

Notes

- Calculators: Only non-programmable scientific or financial calculators are allowed.

COURSE SCHEDULES

No.	Topic	Chapter
1	The Changing banking Environment <ul style="list-style-type: none"> - Organizational forms of the Banking Industry - Goals and Functions of Bank Regulations - Fundamental Forces of Change 	1
2	Pricing Fixed-Income Securities <ul style="list-style-type: none"> - The mathematics of interest rates - The relationship between interest rate and bond prices - Bond price volatility and duration - Total return analysis - Money market yield 	4
3	Evaluating Bank Performance <ul style="list-style-type: none"> - Commercial bank financial statements - The Return on Equity model - Banking Risks and Returns: The profitability, liquidity, and solvency trade off 	2
4	Managing Non-interest Income and Non-interest Expense <ul style="list-style-type: none"> - Common financial ratios of expense control and non-interest income growth - Customer Profitability and Business Mix - Strategies to Manage non-interest expense 	3
QUIZ 1 (Chapter 1, 2, 3, 4): January 7, 2012 (Sat.): 15:00 – 16:00		
5	Funding the Bank and Managing Liquidity <ul style="list-style-type: none"> - The composition of bank liabilities - Measuring the cost of funds - Funding costs and banking risks - Meeting Liquidity Reserve requirement - Liquidity Planning 	8
MIDTERM EXAM (Chapter 1, 2, 3, 4, 8): January 17, 2012 (09:00 – 12:00)		
6	Managing Interest Rate Risk; GAP and Earning Sensitivity <ul style="list-style-type: none"> - Measuring Interest Rate Risk with GAP - GAP Analysis 	5
7	Managing Interest Rate Risk: Duration GAP and Market Value of Equity <ul style="list-style-type: none"> - Measuring interest rate risk with duration GAP 	6
8	Using Derivatives to Manage Interest Rate Risk <ul style="list-style-type: none"> - Speculation versus hedging - Micro hedging application - Macro hedging application 	7
9	Managing the Investment Portfolio <ul style="list-style-type: none"> - Objectives of the investment portfolio - Composition of Investment portfolio - Establishing investment policy guidelines - Active and Passive Investment Strategies 	13
QUIZ II (Chapter 5, 6, 7, 13): March 10, 2012 (Sat.): 15:00 – 16:00		
10	The Effective Use of Capital <ul style="list-style-type: none"> - Importance of bank capital - Risk based Capital Standards - Function of bank capital - The effect of capital requirements on bank operating policies - Characteristics of external capital sources - Capital planning 	9

11	Evaluating Commercial Loan Requests <ul style="list-style-type: none"> - Fundamental credit issues - Evaluating credit request - Credit analysis: an application 	11
COMPREHENSIVE FINAL EXAM: March 20, 2012 (13:00 – 16:00)		

Note:

- **Quizzes are conducted at Suvarnabhumi Campus and no make-up quizzes are allowed.**
- **Please re-check dates and time prior to all exams.**
- **The students will not be admitted to all quizzes' and exams' rooms later than 10 minutes after the quizzes and exams start.**

TERM PROJECT AND PRESENTATION

- 6 members for 1 group
- Search and choose any one research about Bank. You can find this research from online academic journal (JSTOR, Emerald, etc.). Please visit <http://libraty.au.edu> or ask librarian about how to access online database of academic journal.
- Make the summary for the paper about the main idea about objective, data, methodology, and conclusion.
- Prepare the presentation. *(All members need to come in presentation date. Absentees will get no mark for project.)*

CLASSROOM POLICIES:

- **Students need to comply with AU Dress Code, Time Conflict Examination Regulations, Laws on Smoking Cigarette, and Restrictions on Foods and Drinks V10.1, June 2010.**
- **Attendance policies:**
 - 2 times of ten-minute late for class considered as 1 absence.
 - Make-up classes are not allowed.
 - 80% attendance is strictly required regardless of any reason.
 - No checking attendance for other classmates. Violation of the policies will result in being automatically withdrawn from the class.
 - Attendance is counted since the first day of class regardless of any reason.
- **Manner in class:**
 - Behave in a polite manner
 - Pay respect to instructors and class participants
 - Turn off all communication devices
 - Do not leave and re-enter the classroom
 - Prohibited manners: Eating, drinking, chatting, talking on the phone, text-messaging, sleeping, reading other materials, doing other subjects' assignments/homework, walking in-out, etc.
 - Improper behavior will result in no attendance checked.
- **Dress code:**
 - Follow AU dress code
 - Improper dress code will result in no attendance checked.
- **Class assignments (Homework, reports, project, presentation, paper, etc.):**
 - No Plagiarism.
 - The students copying works from all sources will be penalized – “Zero” marks or “F” grade.
 - Hand in all class assignment on time, both soft copy and hard copy.
 - **Late submission will NOT be graded.**
- **Class participation:**
 - Be participative and attentive in class
 - The students are also required to comply with all classroom policies.
 - Violation of the classroom policies will result in “zero” or “negative” participation marks and/or no attendance checked.
- **Request for make-up quizzes (if applicable):**
 - The students requesting for the make-up quizzes need to submit their names with valid evidence (ABAC related issues only) to the respective lecturer within the specified dates.
 - Late submission will NOT be allowed to take the make-up quizzes.

- **Grade inquiry:**

- The students can request for a review for their marks or grades.
- The students need to submit petition to the respective Chairperson at D6 or MSM2 within 2 weeks after their marks or grades have been officially announced. Petition submitted after the specified period will NOT be considered.
- **Reevaluation process:** The students' class assignments or exam answer scripts will be reevaluated by the internal committees assigned by the respective department. Please note that the students' marks may or may not be adjusted after the reevaluation process and it is considered as a "final consensus" between the students and the committees.

**February 27, 2012 (Mon): Last day to withdraw with "W"
(Withdrawing after this date, the students need a chairperson's approval.)**