Commercial Bank Management – MBAD 6156 – U90
Monday – 5:30-8:15 PM
Center City 906 - Spring 2013

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Office hours: I encourage you to meet with me, by appointment, to discuss the course or other areas of interest. We can meet after class or at other times which are mutually available.


Objectives: The objectives of this course are: (1) provide students with an introduction to the financial management of the commercial banking enterprise, (2) afford students with an understanding of the basic issues involved in value creation and risk management for banking firms, and (3) equip students with the technical and analytical tools, and strategic abilities necessary to understand the evolution and workings of the commercial banking industry.

Our main attention will focus on managing risk and return in the modern banking firm. Specifically, we will focus on the following areas:
1. identifying the distinguishing features of banks as financial intermediaries, their unique characteristics as businesses in our economy, and their sources of value-added in the economy;

2. identifying and understanding the sources of risk in banking and how these risks interact to understand the overall risk level that banks face in today’s economic, financial, and regulatory environment;

3. understanding how banks manage their risk exposure and the relationship of risk management to the creation of value for the bank;

4. understanding how the economic and regulatory environments of the bank impact bank decision-making;

5. developing technical, analytical and decision making skills in preparation for managerial responsibility in the financial management of the banking firm; and finally,

6. provide students with a foundation for more advanced academic and professional training and development in bank management.
Participation: Your participation will improve the experience for yourself and others in the class.

Assignments and Grading:

You will be graded solely on cases/projects/exams. You will be awarded a grade based on your performance on these activities.

I follow a scale of: 90-100 A, 80-89 B, 70-79 C, 60-69 etc

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Points</th>
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<tbody>
<tr>
<td>Project/Cases (2 @ 50 points each)</td>
<td>100 points</td>
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<tr>
<td>Midterm</td>
<td>100 points</td>
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<tr>
<td>Final Exam – cumulative</td>
<td>200 points</td>
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<td><strong>Total</strong></td>
<td><strong>400 points</strong></td>
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Absences from Examinations.
There will be no makeup examinations of any sort. The Final Examination must be taken at the scheduled date and time. If you cannot take the Final Examination for medical reasons, you will be awarded an “I” and can complete the course requirements the following semester. If you miss the midterm examination, your final examination will have a value of 300 points out of 400.

Assignments and Lectures
The principal method of instruction will be primarily by means of lectures. Students will be expected to actively participate in classroom discussions and the solving of problems. You should be prepared for class by reading the assigned chapters, before the class meets. Solving problems, reading the textbook and participating in classroom discussions are ways in which you can work to improve your understanding of the course material.

Students are expected to have a single, good non-programmable financial calculator to assist them in solving assigned problems. Make sure that you know how to use your calculator as calculator use is your responsibility. Since the field of investments is a dynamic and constantly changing area students are expected to keep abreast of current events in financial markets. This can be achieved by reading the Wall Street Journal, Business Week or Economist, which are all good sources for current information.

Academic Integrity
Students are advised to apprise themselves of, and adhere to the rules specified in the UNC-Charlotte code of student integrity regulations, which will be strictly enforced in this class.

Diversity Statement
The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.
Tentative Course Schedule

1. Introduction to the Sources of Value-Added in Commercial Banking
   Why are Financial Institutions Special - Chapter 1
   Depository Financial Institutions – Chapter 2
   Non-Depository Financial Institutions - Chapters 3-6

2. The Sources of Risk in Banking
   Overview of Sources of Risk - Chapter 7
   Interest Rate Risk – Chapters 8 & 9
   Market Risk – Chapter 10
   Credit Risk – Chapters 11 & 12
   Off-Balance Sheet Risks – Chapter 13
   Operating Characteristics and Risk in Banking – Chapter 14
   Foreign Activities and Risk – Chapters 15 & 16
   Liquidity Risk – Chapter 17

3. Managing Bank Risks
   Managing Liability and Liquidity Risk – Chapter 18
   Deposit Insurance, Bank Capital, and Capital Regulation – Chapters 19 & 20
   Managing Risk via Products and Markets – Chapter 21
   Managing Risk with Derivative Products – Chapters 22 – 24

Key Dates

January 21 – No class – Martin Luther King Jr holiday
February 18 – Project/Case 1 Due
March 4 – No class – Spring Break
March 11 – Midterm Exam
March 21 – Last Day to Withdraw from Class
April 22 – Project/Case 2 Due
May 6 – Final Exam
May 11 - Commencement