

Minnesota State University Moorhead

FINC 526: Bank Management II

A. COURSE DESCRIPTION

Credits: 3

Lecture Hours/Week: 3

Lab Hours/Week: 0

OJT Hours/Week: *.*

Prerequisites:

This course requires the following prerequisite

FINC 425 - Bank Management I

Corequisites: None

MnTC Goals: None

This course extends the content of Bank Management FINC 425 and the management of commercial banks to a more advanced level. The course continues the concepts introduced and developed in FINC 425 associated with the analysis and bank performance drivers, balance sheet structure, and risk management/mitigation. It advances critical concepts that represent primary dimensions within most commercial banks within the present operating environment with more in depth and engaged analyses of loan (credit) underwriting (commercial and commercial real estate), secondary market residential mortgage lending, the role (structure, development, and analysis) of mortgage-backed securities in modern bank investment portfolios, and interest rate risk modeling. Students will participate in a mock loan committee as presenters of a loan proposal. The course introduces the impact of decision making on bank performance via a dynamic bank performance simulation exercise employed throughout the duration of the course, aimed to challenge the student to engage strategies in pursuit of growth, market position, and quite essentially, long-term profitability. Asset-liability management concepts are investigated as the determinants of risk and reward. The course focuses on the drivers of bank financial performance and the principal risk influences bank executives face every day within a setting where students realize the consequences of decisions.

B. COURSE EFFECTIVE DATES: 02/01/2016 - Present

C. OUTLINE OF MAJOR CONTENT AREAS

1. Decomposition of bank financial performance
2. Management of capital and the balance sheet of a commercial bank
3. Loan underwriting
 - a. Commercial lending
 - b. Commercial real estate lending
 - c. Credit (loan) committee and the loan proposal: mock credit committee
4. Secondary market residential mortgage lending
5. Management of the bank investment portfolio
 - a. Mortgage backed securities: risks, structure, analysis, performance, impacts
6. Asset-Liability management: liquidity, margin, interest rate risk, convexity risk
7. Mock Credit committee presentation competition
8. Managing the Bank through a simulation program

D. LEARNING OUTCOMES (General)

1. Analyze and plan regarding strategies you would employ as the bank manager, learning the results and consequences. Recognize the market and financial implications on the decisions and respond with dynamic strategies in managing a bank.
2. Estimate secondary market residential real estate lending and the approach to underwriting loan requests on this major of banks' financial performance and risk management activity.
3. Apply advanced fixed income risk and financial concepts to the management of financial institutions.
4. Breakdown and analyze the principal drivers of returns in financial institutions.
5. Decompose and reconstruct mortgage backed securities as a major 'low-risk' asset class within the investment portfolio of banks.
6. Prepare and implement strategies to maximize the value of the bank.
7. Employ the techniques used in the industry today to underwrite commercial and commercial real estate loan requests.
8. Isolate, estimate, and analyze the primary risk influences banks carry in principal asset and liability accounts.
9. Participate in a mock loan committee, with presentations made to a panel of industry experts.

E. Minnesota Transfer Curriculum Goal Area(s) and Competencies

None

F. LEARNER OUTCOMES ASSESSMENT

As noted on course syllabus

G. SPECIAL INFORMATION

None noted