

# LECON2336 Management of banks and financial institutions

## Syllabus

### Administrative information

**Instructor(s):** François Ducuroir

**Quadrimester:** 2nd

**Language:** English

### Learning outcomes

At the end of the course, the student should be able to grasp how bank managers ought to manage the profit and loss account of the bank they are running as well as a series of financial ratios taking into account regulatory and accountancy environment and the overall risk constraints typical to the financial world. The latter are essentially credit-, interest rate- and liquidity risks. The course does not examine operational risk.

### Content

The course will first examine the history and specificities of the banking activity. Some elements of - mainly international- regulation will also be examined.

The next part of the course will be devoted to the study of a commercial banking balance sheet and P& account. Credit margin, net interest income and leverage ratio will be studied in depth.

The different risks faced by a bank will be thereafter examined in details: i.e., credit-, liquidity and interest rate risk.

Examples and case studies will be used to illustrate the lectures and to show how to use tools of risk management (duration, VaR, Credit at Risk, simulations ,etc.)

The main topics covered by the course are :

- specificities of banking activity and a brief overview of banking regulation
- analysis of the bank accounts (P& and balance sheet)
- interest rate risk management: gap analysis, duration, VaR, etc.
- credit risk management
- liquidity and capital risk management

### Evaluation

Written exam