

BANKING



**Seminar IA – Basic information
on lectures and tutorials**

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Basic info

Lecturers and Tutors



Lecturers

- Michal Mejstřík
- Magda Pečená
- Petr Teplý

Tutors

- Karolína Vozková
- Matěj Kuc

Basic info

Lectures – basic info

12 lectures

Prerequisites: JEB027 – Financial Economics
JEB045 – Financial Management

Content:

1. Introduction to Financial and Banking Market
2. Basic Principles of Banking
3. Principles of Risk Measurement and Risk Management
4. Central Banking
5. Banking Capital
6. Banking Regulation
7. Credit risk – its Measurement and Management
8. Liquidity risk and liability management
9. Market risk – its Measurement and Management
10. Non-interest Income of Banks, in Context with Operational Risk (I)
11. Non-interest Income of Banks, Banking Financial and Credit Operations and Financial Innovations (II)
12. EU banks

Basic info

Tutorials – basic info

12 tutorials

Content:

- ✓ Financial mathematics
- ✓ Financial statements of banks and non-financial companies
- ✓ Credit application
- ✓ Money market instruments, Interest rates, repo-operations
- ✓ Capital adequacy
- ✓ Liquidity management
- ✓ ALM, duration and convexity
- ✓ Loan pricing, RAROC, VAR
- ✓ Credit derivatives
- ✓ Factoring, forfeiting

Basic info

Total assessment grades



<i>Duty</i>	<i>Max pts</i>
Mid-term test	25
Credit application	15
Credit appraisal	5
Class participation	5
Total from Tutorial	50
Final exam-written	30
Final exam-oral	20
Total from Exam	50
TOTAL GRADE	100

Important notes:

- **In case you don't fulfill 50 % out of the Tutorial segment (thus 25 points out of 50) = FAILED (F)**
- **At least 15 points from the final written test are needed to be admitted to take an oral exam**

91– 100 pts	Excellent	A
81 – 90 pts	Very good	B
71 – 80 pts	Good	C
61 – 70 pts	Satisfactory	D
51 – 60 pts	Satisfactory-	E
0 – 49 pts	Failed	F

Don't register this course just for fun!!!

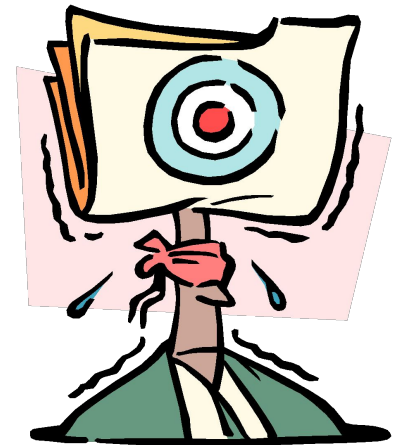
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Tutorial prerequisites

Prerequisites: JEB027 – Financial Economics
JEB045 – Financial Management

Background in finance needed!!!

- Financial mathematics
- Bond valuation
- Company analysis/valuation
- Risk and return
- Portfolio theory

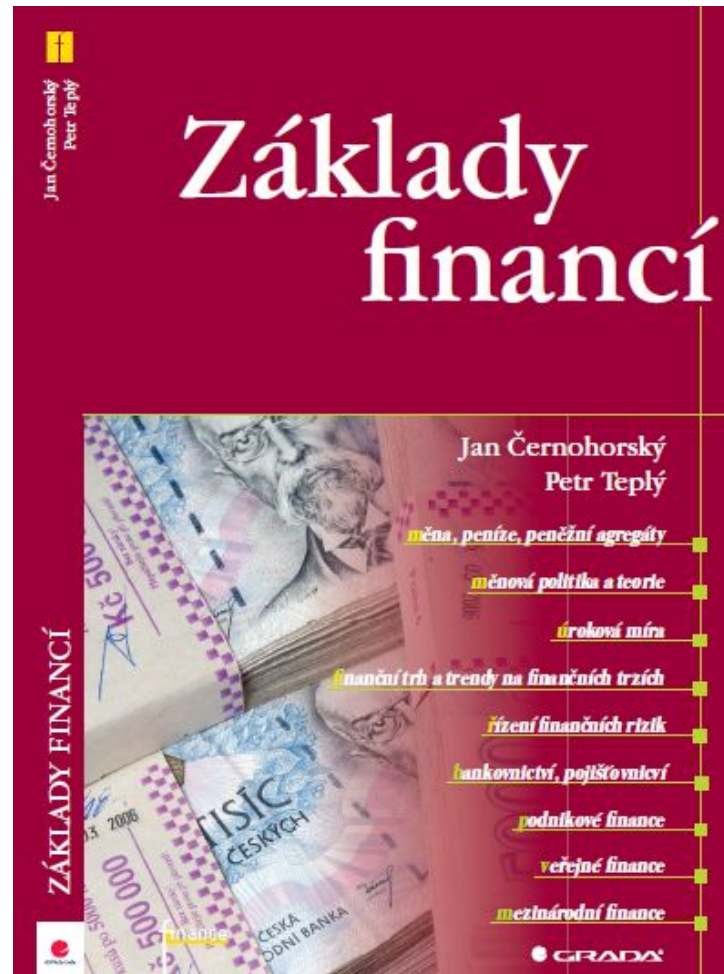


This course is not for beginners!

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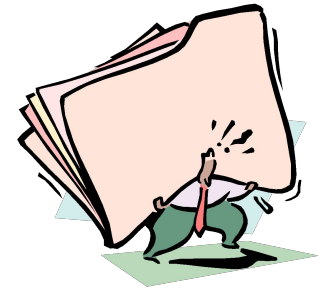
Prerequisite:

JEB027 - Economics fo Finance or equivalent course in finance



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Tutorial requirements



- Mid-term test (25 pts)
- Credit application (15 pts) - teamwork
- Credit appraisal (5 pts)
- Class participation (5 pts)

Active class (tutorial) participation grade (max. 5 pts) depends on your active engagement in the learning process, regular attendance (including on-time arrival to class), and turning in any in-class assignments on time. Please note that class participation grade is primarily based **on the quality of your active participation in class discussion** not for attendance.

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Deadlines



Tutorial	Deadline	Duty
T03	18th October	Credit application – selection of a company
T07	15th November	Credit application – submission
T08	22th November	Mid-term test
T10	6th December	Credit appraisal – submission

Note 1) No late submissions acceptable (time of submission is recorded in Moodles).

Note 2) Submission time: 23:55 of the required date.

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Preliminary schedule



	<i>Chapter</i>	<i>Details</i>	<i>Tutorial (book)</i>	<i>Lecture 17:00</i>	<i>Week</i>	<i>Date</i>	<i>Duties</i>
1	Introduction to Financial and Banking Market	(L) Introduction and Basic terms, (T) Financial mathematics + bonds,	T1 - Bonds	MM	1	4.10.2017	
2	Basic Principles of Banking	(L) Bank in view of its reporting, structure of the basic bank operations, efficiency, risks and bank heterogeneity, (T) Financial statement analysis and ratio analysis of banks only, (T) Structure of the bank (how it works inside)	T2	MP	2	11.10.2017	
3	Principles of Risk Measurement and Risk Management	(L) ALM, interest rate measurement techniques, only part directly related to ALM, (T) Modern risk management and risk measurement techniques, categorization of risks and loss distribution of risks	Credit Application	MP	3	18.10.2017	CA - selection of Company
4	Central Banking	(T) Central banking - T-bills, repos, (T) Interest rates	T4 - Basics of risk mgmt	PT	4	25.10.2017	
5	Banking Capital	(L) Banking capital (and dividends)- theory, management, NBCA regulation, (nové) - more on risks (how are dealt with in Basel II), CAD (T)	T3 - Central banking	PT	5	1.11.2017	
6	Banking Regulation	(L) Value and risk management of banks, potential instability and bank regulation, CAD (T)	T6 - Bank capital, regulace, Basel III	PT	6	8.11.2017	
7	Credit risk - its measurement and management	(L) ALM and credit risk	Credit risk	MP	7	15.11.2017	CA submission
8	Liquidity risk and liability management	(L) Liquidity, liquidity risk and liability management, (T) Liquidity GAP, Current account	Test	PT	8	22.11.2017	Test
9	Market risk - its measurement and management	(L) ALM, interest rate management techniques	Liquidity + Credit Appraisal	MP	9	29.11.2017	
10	Non-interest income of banks, in context with Operational risk (I)	(L) Non-interest income of banks and payment system	Market risk	MM	10	6.12.2017	CAR - submission
11	Non-interest income of banks: Banking financial and credit operations and financial innovations (II)	(L) Non-interest bank income: Banking financial and credit operations and financial innovations	M&A and investment banking	MM	11	13.12.2017	
12	EU banks/final lecture	(L) History, EU banks	Credit derivatives and sovereign crises	MM	12	20.12.2017	

Basic info

Credit application instruction 1/2

- CA communication: Moodle
- Detailed info on CA – tutorial October 18
- CA can be written either in Czech, Slovak or English (English is strongly preferable)
- Structure of CA will be given based on real CA
- Team – 2 members
 - **President** / communicator (emails) (Student #1)
 - **Vice-President** / Richelieu (no emails!!!) (Student #2)

Credit application instruction 2/2

1. Make a team consisting of 2 students (P + Vice P)
2. See course's website for examples of CAs
3. Choose a company (max. 3 teams per company), collect business and financial data
4. Provide both non-financial and financial analysis for last 3 years
5. Do a business plan for next 5 years
6. Prepare a new project (new investment, acquisition of competitor/customer etc.)
7. Decide on project financing (external and internal sources)
-> **credit financing is needed!**
8. Implement the project into the business plan
9. Prepare a credit application

Basic info

Contacts



FSVbanking@gmail.com

Only questions that were not answered during the lecture, seminar or in written presentations will be answered!

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Communication rules

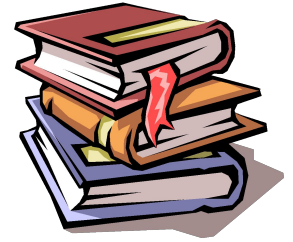


- Please always put a subject to your email
 - Banking – credit application
 - Banking – credit appraisal
 - Banking – test
 - Banking – course withdrawal

Many thanks!

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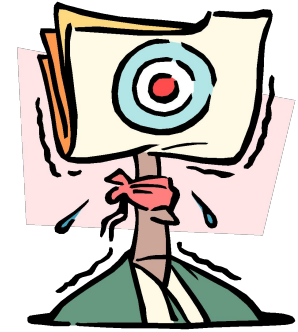
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Tutorials - warning

- Not for beginners
- Hard work
- Active participation required
- Strict policies on late submissions
- Many students -> high competition -> many “bad” grades expected



What a challenge!
Do you still wanna enrol this course?



Basic info

If you are coming next time, here is your homework:

- Find your teammate for Credit application
- Think about a company for Credit application
- Download handouts for both lecture and tutorial next week (from Moodle)



Thank you for your attention.