University of Wisconsin Oshkosh
College of Business
Finance & Business Law Department

Bus-435: Management of Financial Institutions
Course Syllabus, Fall 2013

Professor: Dr. Robert A. Kunkel

<table>
<thead>
<tr>
<th>Office Location: 1479 Sage Hall</th>
<th>Program Assistant: Ms. Pat Stremer</th>
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<tbody>
<tr>
<td>E-mail: <a href="mailto:kunkel@uwosh.edu">kunkel@uwosh.edu</a></td>
<td>Office Location: 1472 Sage Hall</td>
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<td>Office Phone: 920-424-7191</td>
<td>Office Phone: 920-424-1215</td>
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<tr>
<td></td>
<td>Fax: 920-424-7413</td>
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Office Hours: 12:40-1:40 MW and by appointment.

Class-Section | Time     | Days | Location
---------------|----------|------|-------------
435-001C       | 11:30 – 12:30 | MWF  | 4221 Sage Hall

Online: D2L will be utilized for this course and can be accessed at www.uwosh.edu/d2l

Required Material: Lecture Notes for Fin 435: Management of Financial Institutions, Robert A. Kunkel, 13th edition, Fall 2013. Notes are available at University Books & More which is located in Reeve Union.

Financial calculator and stapler


Course Prerequisites: Bus-205 and Bus-331 with a C or better in each course; Bus-333

Course Description: The application of the decision-making process of depository institutions such as commercial banks, thrifts, and credit unions in global financial markets. Key topics include analyzing bank performance, asset and liability management, managing interest rate risk, financial innovations, and the role of financial institutions in capital formation.

Students will be provided an opportunity to make decisions similar to those made by managers of commercial banks through the use of a computerized bank management simulation game, The Stanford Bank Game.
Course Objectives:

1. Give the student a sense of the dynamic nature of financial markets and institutions as well as a sense of the real-world challenges faced by managers. Upon completion, the student should have a good understanding of the significant issues facing today’s managers.

2. Provide the student with a framework for analyzing the performance of financial institutions and alternative models to analyze publicly traded institutions.

3. Improve the student’s understanding of management concepts through application of theory and use of financial tools.

4. Help the student to identify and analyze problems, consider alternatives, and make decisions and recommendations to correct or improve the existing situation.

5. Provide the student with a framework for asset/liability management in financial institutions that transcends changes occurring in the financial markets.

6. Help the student learn to think independently, but at the same time to work cooperatively in team situations.

7. Help the student practice and improve communication skills, both oral and written.

8. Expose the student to international issues that affect financial institutions.

Assignments and Grades:

<table>
<thead>
<tr>
<th>Assignments</th>
<th>Points</th>
<th>Grade Range</th>
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</thead>
<tbody>
<tr>
<td>Exams 1 and 2</td>
<td>200</td>
<td>90.0 – 100% A</td>
</tr>
<tr>
<td>SBG Project</td>
<td>100</td>
<td>88.0 – 89.9% A-</td>
</tr>
<tr>
<td>Extra Credit</td>
<td>≥ 15</td>
<td>86.0 – 87.9% B+</td>
</tr>
<tr>
<td>Assignments</td>
<td>50-120</td>
<td>80.0 – 85.9% B</td>
</tr>
<tr>
<td>Participation</td>
<td>50</td>
<td>78.0 – 79.9% B-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>76.0 – 77.9% C+</td>
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Depending on overall student performance, the professor may adjust the final grade scale by lowering the total points required for any letter grade.

Exams: The two exams will consist of short answers, problems, multiple choice problems, and/or multiple choice questions. The exams will be based on lectures, assigned readings, and assignments.

SBG Project: Students will participate in the Stanford Bank Game (SBG) which is commonly used at banking schools. The SBG is designed as a team decision-making process where students manage a bank. Students will be assigned to teams and each team will make an oral presentation during the last week of classes. Each student must participate in the oral presentation. Each team will also prepare a written report. See the lecture notes for a full description of the requirements of the bank project.

Extra Credit: Students will be given extra credit point opportunities worth between 1 and 10 points each. This will include SBG RU Ready opportunities will not be announced in advance.
Assignments: Assignments are 0 to 10 points each and include homework, quizzes, and mini question & answer (Q&A) sessions which are given to help the student prepare for exams, master the course objectives, and understand the Stanford Bank Game. Homework and quizzes will be collected, but may or may not be graded. In some cases only parts of the assignment will be graded. Mini Q&A sessions will consist of teams answering questions about their bank’s financial statements and ratios.

In the business world, how you present your work is very important. Thus, assignments are graded not only on accuracy and support for answers, but also on appearance and formatting, attention to detail, and for being submitted on time. Appearance means there should not be any scratch out, and if so, then points will be deducted (use erasers and white-out).

Assignments must be stapled in the upper left hand corner or there will be a five-point deduction. Do not paper clip papers together.

Late assignments may receive a five-point deduction or may not be graded.

In an attempt to foster TEAMWORK skills, students may form a two-person team and submit a joint (single) assignment with both names clearly identified. Students are also free to form a new team for each assignment … so students are not stuck on the same team the entire semester. When you form a team, I will assume you are a team for the rest of the semester, unless you email me otherwise.

To form a two-person team, one team member must send a brief email message to the instructor (AND THE OTHER TEAM MEMBER) in the week prior to the due date (or earlier). For example, if the homework is due in week 5, then the email must be sent prior to week 5. This means, teams CANNOT be formed the same week the assignment is due. Students who form a team the same week of the due date will be eligible for a maximum of 50% of the points per student (100% of points ÷ 2 students = 50% of points). A week is defined as Sunday through Saturday.

Expectations: Students are expected, on average, to study 6 hours a week … this translates to 2 hours of out of-class work for every hour in class. However, some students may need to spend more than 6 hours a week. Students are expected to attend all classes and are responsible for knowing what occurs in class which may include assignments, announcement of exam dates, and syllabus revisions. Since the exams will contain material from class lectures and discussions, it is beneficial to attend class regularly.
Participation: Students are also expected to active participants. However, participation points are determined solely by online participation and/or attendance. Online participation is defined as online postings under Discussions on D2L and can be earned in a variety of ways:

- ask and answer questions in a value-added manner,
- report on value-added current issues,
- share value-added resources (i.e., useful web sites and books),
- make value-added suggestions for improving the course.

Guidelines for participation points:

47 points: **Regular** attendance with **weekly online participation** that adds **significant** value each week to the class.
Online participation is required weekly in weeks 1 through 12.

43 points: **Regular** attendance with **weekly online participation** that adds at least **marginal** value each week to the class.
Online participation is required weekly in weeks 1 through 12.

40 points: **Regular** attendance with **online participation** in at least six different weeks during weeks 1 through 12.
The online participation must add at least **marginal** value to the class.

37 points: **Regular** attendance with **online participation** in at least three different weeks during weeks 1 through 12.
The online participation must add at least **marginal** value to the class.

34 points: **Regular** attendance with **minimal** participation.
Online contributions made in less than three different weeks.

0 - 31 points: **Irregular** attendance.

Irregular attendance is defined as three or more **unexcused** absences.
A week is defined as Sunday through Saturday, not Monday through Sunday.

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Class Policies:

**Students with Disabilities.** Appropriate academic support is available for students with a documented disability. Notify the professor and/or contact the Office of Disability Services for further information.

**Excused Absences.** For students who miss class due to an excused absence, the professor will make some type of arrangement for missed assignments. Excused absences include:

- **Absence due to an official University activity** is an excused absence if the student notifies the professor and provides written documentation from an appropriate University representative prior to the absence.
- **Absence due to illness** is an excused absence if the student notifies the professor of the absence and provides documentation of the illness.

- **Absence due to emergency.** Evaluation of whether an absence due to an emergency is an excused absence will be made by the professor on a case by case basis. At a minimum, the student should notify the professor of the absence as soon as possible and should provide documentation of the emergency.

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**Exam Make-up Policy.** A student that must miss an exam should talk to the professor in advance. If the student has an excused absence, he can make-up the exam and receive full credit. If the student does not have an excused absence, then he may or may not be allowed to make-up the exam. If the student is allowed to make-up the exam without an excused absence, then his make-up exam score will be reduced one letter grade. Additionally, all make-up exams must be taken before the last week of the semester.

**Academic Integrity:** Students are expected to comply with University rules and regulations on academic integrity and honesty. Violation of these rules and regulations will result in no credit for the assignment or exam in question and possibly additional disciplinary sanctions.

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**Things to Note:**

1. I have an open door policy. This means that you may stop by my office at anytime to ask questions. If I am in my office and it is possible, I will meet with you immediately. If I am unable to meet with you immediately, we can set up an office appointment at the earliest possible time.

2. If you have some trouble with the class, please stop by my office immediately. If we address troubling issues immediately, we can work to make the material clearer. Whatever you do, please do not wait until the end of the semester to see me. There is little that we can do at such a late date.

3. Current and former students are encouraged to stop by my office to discuss the following: curriculum, internships, Finance Club, careers, and graduate school.

4. Hand held calculators may be used during exams, but they cannot be shared. Students are reminded that the principles of academic integrity apply to information stored in calculators. Thus, programmable calculators are allowed if all programs have been deleted.

5. All exams remain my property (i.e., you do not get to keep them). I will also keep a copy of each bank report for my files.

6. Punctual attendance at all meetings is expected. If you miss class, you should get the notes from another student.

7. If class is canceled for any reason, then the course assignments will be moved back one class period and the new course assignment schedule determined.


Tentative Course Topics*

Chapter 1: The Changing Banking Environment
Chapter 2: Analyzing Bank Performance
Chapter 3: Managing Noninterest Income and Noninterest Expense
Chapter 8: Funding the Bank and Managing Liquidity
Chapter 13: Managing the Investment Portfolio
Chapter 5: Managing Interest Rate Risk: GAP and Earnings Sensitivity
Chapter 6: Managing Interest Rate Risk: Duration GAP and Market Value of Equity
Chapter 7: Using Derivatives to Manage Interest Rate Risk
Chapter 9: The Effective Use of Capital
Chapter 10: Overview of Credit Policy and Loan Characteristics
Chapter 11: Evaluating Commercial Loan Requests
Chapter 12: Evaluating Consumer Loans

* Course topics are tentative and may be changed by the professor. All changes will be announced in class. Exam dates will be announced in class with at least one week’s notice given.
<table>
<thead>
<tr>
<th>Week 1</th>
<th>Tentative Course Assignments</th>
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<tbody>
<tr>
<td>Lec 1</td>
<td>Introduction and chapter 1</td>
</tr>
</tbody>
</table>
| Lec 2  | Chapter 2  
Do’s and Don’t of Groups  
Team Meeting Schedule Forms due in Dropbox  
(each student must submit) |
| Week 2 | -----------------------------------------------|
| Lec 3  | Chapter 2  
Review SBG decision form  
Homework 1 due at the beginning of class  
Have SBG teams formed |
| Lec 4  | SBG Teams meetings  
Team Meeting Schedule Forms due in Dropbox  
(each team just submit, not each student)  
Work on homework 2  
Quiz 1 on ratios … open book  
Homework 2 due at the beginning of class |
| Lec 5  | Chapter 2  
Use SBG financial statements  
Homework 2 due before class (via Dropbox) |
| Week 3 | --------------------------------------------------------------------------------------------------------------------|
| Lec 6  | Chapter 2  
SBG : assign officer positions |
| Lec 7  | Chapter 2  
Quiz 2 on ratios … open book |
| Lec 8  | Chapter 2  
Homework 3 due before class (via Dropbox)  
Quiz 3 on ratios … open book |
| Week 4 | --------------------------------------------------------------------------------------------------------------------|
| Lec 9  | Chapter 2  
SBG: Decision 2.2 (trial run) due at 10:20 a.m. |
| Lec 10 | Chapter 2  
Homework 4 due before class (via Dropbox)  
Quiz 3 on ratios … open book |
| Lec 11 | Chapter 3 |
| Week 5 | --------------------------------------------------------------------------------------------------------------------|
| Lec 12 | Chapter 3  
SBG: Decision 2.2 at 10:20 a.m. |
| Lec 13 | Discussion of SBG 2.2 results  
Homework 5 due before class (via Dropbox)  
Quiz 4 on ratios … open book |
| Lec 14 | Chapter 8  
Review charts with class  
2 charts due in Dropbox from each officer |
| Week 6 | --------------------------------------------------------------------------------------------------------------------|
| Lec 15 | Chapter 8  
SBG: Decision 2.3 due at 10:20 am |
| Lec 16 | Chapter 8  
Discussion of SBG 2.3 results  
Quiz 5 on ratios … open book |
| Lec 17 | SBG Team meetings  
Homework 6 due at beginning of class |
| Week 7 | --------------------------------------------------------------------------------------------------------------------|
| Lec 18 | Chapters 8 and 13  
SBG: Decision 2.4 due at 10:20 am  
SBG: Mid-term team evaluations due |
| Lec 19 | Chapter 13 |
| Lec 20 | No Class  
Exam 1 in Testing Center on  
Thursday or Friday, 1 hour exam |
Week 8

Lec 21    Discussion of SBG 2.4 results
Lec 22    Chapter 5    SBG: Decision 3.1 due at 10:20 a.m.
Lec 23    Chapter 5

Week 9

Lec 24    Discussion of SBG 3.1 results
Lec 25    Chapter 5    SBG: Decision 3.2 due at 10:20 a.m.
Lec 26    Chapter 6

Week 10

Lec 27    Discussion of SBG 3.2 results
Lec 28    Chapter 6    SBG: Decision 3.3 due at 10:20 a.m.
Homework 7 due at beginning of class
Lec 29    Chapter 6

Week 11

Lec 30    Discussion of SBG 3.3 results
Lec 31    Chapter 7    SBG: Decision 3.4 due at 10:20 a.m.
Lec 32    Chapter 9

Week 12

Lec 33    Discussion of SBG results
            Year 3 versus Year 2
Lec 34    Chapter 9
Lec 35    Chapter 10    Homework 8 due at beginning of class
            SBG: Decision 3.4
            (Redo with goal is to drop stock price... not in report)
Lec 36    Chapter 10    Thanksgiving week is considered to be
            part of week 1 for participation purposes.
----    Thanksgiving Break
----    Thanksgiving Break

Week 13

Lec 37    Chapter 11    SBG: written reports due at beginning of class
Lec 38    Chapter 11
Lec 39    Chapter 12    Homework 9 due at beginning of class

Week 14

Lec 40    No Class    Exam 2 in Testing Center on
            Monday or Tuesday, 1 hour exam
Lec 41    Presentations
Lec 42    Presentations