Banks' Finance & Risks

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Description

This course provides a view on banks from the standpoint of risk and financial management, as banks are essentially risk-trading institutions. Also, banking sector is heavily regulated due to its importance for financial stability, so we will take a close look at how it works and affects banks' operations.

The course is mostly based on practical experience of the lecturer working with banks as a consultant and a regulator, so there is no single textbook. However, students might get a good introduction to topics covered there from a free high-level MOOC on banking from the same author: https://www.coursera.org/learn/bankovskoye-delo-finansy.

There are no formal prerequisites, although students will benefit from having basic knowledge of accounting and corporate finance. Also, the course includes lots of quantitative examples in Excel.

The course is oriented on developing practical skills in analysis of banks' risks and financials, so at its core there is a project involving credit and investment analysis of a random Russian bank including building a financial model in Excel and running sensitivity analysis. Each lecture will include workshop-like section aimed at explaining certain parts of the course project. Also, TA will offer dedicated office hours each week to answer students' questions on the course project.

Grading

Course grade will constitute of the following elements:

Quizzes (4 best out of 6 at the beginning of each lecture)	20%
Final exam (closed book with calculators)	40%
Course project (in groups of 2 students)	40%

To successfully pass the course student will need to score at least 30% on the final exam and 30% on the course project.

Contents

1	Intro to analysis of banks' business model
2	Bank's regulation and capital requirements
3	Credit risk 1: credit products and provisioning
4	Credit risk 2: credit portfolio analysis
5	Assets and liability management 1: banks' liquidity
6	Assets and liability management 2: structural interest rate and FX risks

7	Capital market operations and risks

All standard NES academic integrity principles (e.g. zero tolerance for cheating) will be applied.