

Bank Management

Course Objective

- This course focuses on the analysis of financial institutions with an emphasis on US-domiciled commercial banks, though there will be some discussion of international banks as well as related business lines (e.g. broker-dealer, asset management, etc.). This course will cover how banks make money, risks associated with banking activity, and the regulatory landscape. After successfully completing this class, students should feel comfortable independently analyzing banks from the perspectives of multiple stakeholders (e.g. investment analysts, regulators, etc.).

Pre-Requisites

- A basic understanding of accounting and corporate finance is required.

Agenda

- **Class 1:** Class Logistics and Overview of the Banking and Financial Services Industry in the US
- **Class 2:** Analyzing Bank Performance: Bank Financial Statements, Return Metrics
- **Class 3:** Analyzing Bank Performance: Return Metrics, Warning Signs
- **Class 4:** Net Interest Income
- **Class 5:** Non Interest Income
- **Class 6:** Non Interest Expenses
- **Class 7:** Provision for Credit Losses
- **Class 8:** Midterm
- **Class 9:** Understanding the Capital Stack
- **Class 10:** Managing Liquidity Risks
- **Class 11:** Banking Regulation in the US
- **Class 12:** Valuing Banks: The Public Investor's Mindset
- **Class 13:** ESG Factors in Banking
- **Class 14:** Final Exam
- **Class 15:** Final Presentation

Reading

- The textbook for this class is “Bank Management” (8th edition) by Timothy Koch and Scott MacDonald (ISBN: 978-1-133-49468-3).
- In addition to this, PDFs of industry research reports will be provided and students are expected to complete all supplementary readings.

Attendance

- Attendance and participation are required for student success. Students will be allowed a maximum of 2 absences during the semester. Each subsequent absence, barring exceptional circumstances, will result in a reduction to the final attendance/participation grade.

Grading

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| • Attendance and Participation | 20% |
| • Midterm | 25% |
| • Final | 25% |
| • Final Presentation | 30% |

Assignments

- **Homework:** Homework will be regularly provided to help reinforce topics covered during the class, but do not count towards the final grade.
- **Midterm / Final:** There will be a midterm and final which will cover topics covered in the class. The final will be cumulative (i.e. will include topics covered before and after the midterm).
- **Final Presentation:** Students are required to pick a publicly traded domestic bank by the end of the second week of class. They will perform fundamental analysis of the bank, build a financial model, write a mock report for the board of directors, and present their findings.
 - The bank picked must be headquartered in the United States and have total assets greater than or equal to \$50 billion.

- The report will be limited to 10 pages, with approximately 5 pages of text and 5 pages of charts