Section 1: Tuesdays and Thursdays, 8~9:15AM, Lawson 131
Professor: Dr. Saiying Deng
Office: Rehn 126A
Office Hours: Tuesdays and Thursdays, 11AM~12PM or by appointment
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Email: sdeng@business.siu.edu

Course Description
The course objective is to develop an understanding of the management of financial institutions from a risk perspective. We will introduce specific models and techniques to measure and manage various risks, including credit risk, market risk, interest rate risk, off-balance-sheet risk, and liquidity risk, etc., exposed to financial institutions—particularly commercial banks.

Course Prerequisite
FIN 341 Financial Markets with a grade of C or better.

Required Text

Desire to Learn
The class web site is on Desire to Learn (D2L) at https://online.siu.edu/. This is the central location where all course related materials, including lecture notes, homework assignments and solutions, practice exams and solutions, etc., are posted. Please check the class web site often as the materials will be frequently updated.

Financial Calculator
Financial calculator is required for this course, which will make your life much easier. I recommend using TI-BA II Plus, and will demonstrate how to use this model in class. If you use a different financial calculator, you need to learn how to use it by yourself. Calculator tutorials for various models such as HP 10B, TI-BA II Plus, Sharp EL-733A, etc. are available at the following website: http://www.tvmcalcs.com/calculator_index.

Grading Policy
Weights are as follows: Grades will be assigned as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
<th>Grade</th>
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<tbody>
<tr>
<td>Exam I</td>
<td>105</td>
<td>A: 450-530 points</td>
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<tr>
<td>Exam II</td>
<td>110</td>
<td>B: 400~449 points</td>
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<td>Exam III</td>
<td>105</td>
<td>C: 350-399 points</td>
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<tr>
<td>Quizzes</td>
<td>100 + 10 bonus</td>
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<tr>
<td>Homework</td>
<td>50 + 10 bonus</td>
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<tr>
<td>Attendance &amp; Participation</td>
<td>30 + 10 bonus</td>
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<tr>
<td>Total</td>
<td>500 + 30 bonus</td>
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Exams
Three exams will be given for this course, and all exams are closed books, closed notes, and in class exams. The exams usually contain multiple choice questions and/or problems. Each exam covers approximately one third of the course. There will be no makeup exam, unless you have a compelling reason (i.e., illness, etc.) for missing an exam, in which case valid documentation (i.e., doctor’s notes in the case of illness) needs to be presented, and approved by the professor at least 48 hours before the exam date. An unexcused absence from an exam will result in a grade of zero. Laptops, cell phones, smart phones, iPads, and other electronic devices with wireless connections are NOT allowed on the exams.

Quizzes
There will be 6 quizzes throughout the semester. No make-up quiz will be given. One quiz with the lowest score will be dropped, and the other five quizzes with better scores will be counted toward your final grade.

Homework
There are 5 sets of homework over the course of semester. Each homework is due at the beginning of the class it is due. Late homework will not be accepted. You will receive full credit as long as you complete the homework, i.e., the grading of homework is not based on right or wrong, instead it is based on the completeness.

Attendance & Participation
You are required to attend all classes. Please be advised that class attendance may greatly help you understand the logic behind the course material, and thus improve your grade. Excessive absences will adversely affect your course grades. I expect students to help creating a positive learning environment by being prepared and participating in class discussion.

Extra Credit
You will receive up to 30 bonus points if you do not miss any of the quizzes, homework assignments, and attendances.

University Policies
You can find important university policies, including withdrawal, incomplete, repeat, disability policies, student conduct code, emergency procedures, etc., in the link below: http://pvcaaa.siu.edu/_common/documents/Syllabus_Attachment.pdf

Tentative Course Outline*

Part 1: August 20, 22, 27, 29
Chapter 1. Why Are Financial Institutions Special
Chapter 2: Depository Institutions

Part 2: September 3, 5, 10, 12, 17, 19
Chapter 8: Interest Rate Risk I
Chapter 9: Interest Rate Risk II

September 24: Exam 1
Part 3: September 26, October 1, 3
Chapter 10: Market Risk

Part 4: October 8, 10, 22
Chapter 22: Futures and Forwards

October 15 No Class (Fall Break)
October 17 No Class (FMA)

Part 5: October 24, 29, 31, November 5
Chapter 11: Credit Risk: Individual Loan Risk
Chapter 12: Credit Risk: Loan Portfolio and Concentration Risk

November 7: Exam 2

Part 6: November 12, 14
Chapter 13: Off-Balance-Sheet Risk

Part 7: November 19, 21
Chapter 17: Liquidity Risk

Part 8: November 26, December 3, 5
Chapter 20: Capital Adequacy

November 28 No Class (Thanksgiving)

December 10 (7:50~9:50AM): Exam 3

*The professor reserves the right of any change when deemed necessary.