

FIN428  
Commercial Bank Management  
T-Th 5:30-6:45  
Room: Bloch 12  
Fall 2011

Lecturer: Forest Myers, Ph.D.  
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### **Description**

In this class, you will learn basic matters pertaining primarily to bank management. Broad topics covered during the semester include bank financial analysis, corporate governance, and risk (credit, liquidity, market, and operational risks) management. Prerequisites (besides those of the University – BA 325/425) include a commitment to: attend class lectures, read assigned texts, participate in class discussions, complete homework assignments, study diligently, and learn.

### **Texts**

- Rose, Peter S. and Hudgins, Sylvia C., *Bank Management and Financial Services* (McGraw-Hill, 8th ed. 2008) [required]
- ProBanker's Player's Manual. This is available on-line at [www.probanker.com](http://www.probanker.com). The cost is \$25 per student for participation in the simulation. This includes the ability to download and print the manual. If a student drops the course, a refund may be obtained from the simulation developer, Prof. Mark Flannery at the University of Florida.
- Instructor provided articles and other materials that may be assigned.

### **Assistance**

I am a part-time instructor and am not usually on campus except on those days that I have class presentations. If you need to meet, I will generally be available for an on-campus meeting the hour before our normally scheduled class time on Tuesday or Thursday. I share an office (Room 405) in the Bloch Building and you're welcome to drop by to discuss class matters. In cases where this will not work for you, e-mail me to arrange a mutually convenient time and on-campus place to meet.

### **Grading**

During the semester there will be three examinations. Each exam will include 50 questions; they may be true-false, multiple choice, discussion, short answer and problems. If you find you can't take a scheduled test, you need to tell me one week in advance of the test. Make-up tests will be given at my discretion and will be taken during regularly scheduled class time on a mutually agreed upon date. Your test scores will constitute approximately **90 percent of your grade**. The remainder of your grade will come from class projects.

The projects are intended to let you apply what you have learned in class (and others classes that that you've taken while at the University) and to refine your skills working as

part of a team (the best performing teams understand organization, time management, share the workload, respect alternative views, and place group above individual goals).

As team participant, you will complete a financial analysis of a real bank and construct financial ratios for a case bank used in the course. These analyses will constitute the approximately **5 percent of your grade**.

Also as a team member, you will run a simulated bank and report to the bank's shareholders (your fellow classmates) on its operating performance and condition. This simulation project will constitute approximately **5 percent of your grade**. Within this project, your team will assess the condition of its bank, develop a business plan, and make business decisions for the team's bank

The grading scale for the course is:

94-100	A
90-93.99	A-
87-89.99	B+
84-86.99	B
80-83.99	B-
77-79.99	C+
74-76.99	C
70-73.99	C-
67-69.99	D+
64-66.99	D
60-63.99	D-
below 60	F

### **Course Procedures**

Class attendance is not mandatory. However, I believe class attendance – the lecturers, questions, answers, and discussions will help you learn the material and apply it. I will pass around a sign-in sheet and I will keep track of attendance. At the end of the semester, your attendance will be a factor in any consideration given to you in a borderline grade situation.

Because I believe that class time is an important learning opportunity for you, texting and using cell phones in class is prohibited. Cell phones are to be turned off and put away, out of sight. If you do not adhere to this rule, you will be asked to leave class that day. The same is for lap tops unless you use them to take notes or view the Power Point slides.

I have developed Power Point presentations to guide our class discussions. These presentations and other classroom materials will generally be posted on Blackboard the weekend prior to week they are covered in class.

There is one last but very important note. You are expected to adhere to the rules and regulations of the University of Missouri-Kansas City, the Graduate School and the Bloch School of Business and Public Administration as contained in the UMKC General

Catalog and other sources. These regulations cover such topics as academic dishonesty, course withdrawal, transfer credit, etc. Be particularly sensitive to the University's policy regarding academic dishonesty. Also, make sure you know the cutoff dates for course withdrawal.

### **Tentative Lecture Schedule**

The lecture schedule below is tentative and subject to change at my discretion. In addition to the assigned chapters in the class text, there may be supplemental readings. Specific material covered for each of the exams will be announced in the class prior before each exam.

- Week 1: Introduction, Rose and Hudgins (hereafter referred to as RH) Chapters 1 & 3
- Week 2: RH Chapter 2 - Bank Supervision. "The Fed Today," "Your Bank Has Failed" videos.
- Week 3 Corporate Governance (Instructor Developed Power Point). RH Chapter 5 Financial Statements.
- Week 4: RH Chapter 5 (cont) RH Chapters 6, 15 - Evaluating Bank Performance. Bank Performance. Bank Capital. Bank analysis **Project Team Assignments and Bank Assignment (Tues)**. Diagnostic Dozen for First National Bank of Davis; Davis, Oklahoma.
- Week 5: RH Chapters 6, 15 (cont). Operational Risk (Instructor Developed Power Point), Preview Test#1
- Week 6: **Test#1 (Tues)**. Test#1 review, RH Chapters 16, 17, 18, and 9 Credit Risk
- Week 7: Credit Risk (cont). Financial Analysis Presentations (hard copy of all team presentations are due beginning of class on Thursday.), Bank Simulation Team assignments, Pro-Banker Manual, Pro-Banker Decision Form, Pro-Banker Practice (Autobank Mode). Business plan development begins.
- Week 8: RH Chapters 10, 11, 12, & 13 Liquidity Risk. Business plan due (Thur).
- Week 9: Liquidity Risk (cont). Pro-Banker Trial Decision (Competitive mode) – The game begins. Pro-Banker Decision #1
- Week 10: Liquidity Risk (cont). Preview Test#2, Pro-Banker Decision#2, **Test#2 (Thur)**
- Week 11: Test#2 review, RH Chapter 7 & Market Risk (Instructor developed Power Point) Pro-Banker Decision #3

Week 12: Market Risk (cont) Pro-banker Decision #4

Week 13: RH Chapter 8 Market Risk Management Tools. Pro-banker Decision #5

Thanks Giving Holiday 11/21/11 -11/27/11

Week 15: RH Chapter 4 & 19 Bank Chartering and Acquisitions, Pro-banker Decision #6. Shareholder Presentations, Test#3 preview. ((hard copy of all team presentations are due beginning of class on Tue.) **Test#3 (Thur).**

Week 16: Test#3 review, Best Bank Award, Student awards

Finals week December 13, 2011 – 5:45-7:45 Bloch RM 12