FINANCE 347 -101 FINANCIAL INSTITUTIONS  
FALL SEMESTER 2014, TUE & THUR:  2:30 to 3:45 PM  
CORBOY LAW CENTER Room 207

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Office Hours:  Tues & Thurs:  4:00 TO 6 pm  
and by Appointment

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Catalog Description
Prerequisites: Junior standing; Minimum grade of "C-" in FINC 332
The course is a study of the crucial role played by financial institutions. The course will be a blend of theory and analysis of the present financial institutional structure.

Course Perspective
The course provides an overview of the financial institutions that provide credit in a world of imperfect information and risk. Within the last few years, the industry has weathered the most severe financial crisis since the Great Depression. In addition, there have been major regulatory changes both before and after the crisis. The course analyzes these important changes from the the perspective is that of risk management.

Course Objectives and Learning Outcome
Upon completion of this course, students should understand the following:
The important role played by financial intermediaries in a world of imperfect information;
The dramatic changes occurring throughout the financial sector;
The major regulatory issues confronting financial institutions;
and the financial management techniques employed to manage the many different risks faced by financial institutions.

Required Materials
Other readings may also be distributed in class.
Power Point Slides, Homework Problems and Equations are posted on Sakai
Course Requirements and Grading Criteria

- Midterm Examination 1 = 30% of course grade
- Midterm Examination 2 = 30%
- Final Examination = 40%

Normally, the grade point average for a class ranges from 2.8 to 3.0. The course grade will be determined **entirely** by examinations and written assignments. **There are NO assignments for extra credit.**

The examinations will consist of short essays, problems and multiple choice questions. When necessary, exam results deemed may be curved to raise the class’s GPA. Plus and minus grades are given for the final grades but not for the midterm exams.

Quinlan School of Business Policies:

**Attendance**

Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students. Faculty may set participation policies unique to their courses and use class participation as a component of the final grade. The student is responsible for any assignments or requirements missed during an absence. **Examination attendance is mandatory.**

**Make-Up Examinations**

Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up, examinations, whether earlier or later than the scheduled date, are discouraged.** Exceptions may be granted only by the faculty member or department chair, and only for **unavoidable circumstances** (illness verified by a signed physician’s note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean. **Make-up Examinations are more challenging than the original Exams.**
Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood...Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved. The above penalties also apply to students assisting other students to cheat on an examination.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-

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Class by Class/Week by Week/ Course Outline

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<th>Topic</th>
<th>Chapters and Homework Assignments</th>
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<td>1</td>
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<td>Introduction, Financial Crisis</td>
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<td>Interest Rates, Banking</td>
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<td>9/9</td>
<td>Thrifts, Credit Unions, &amp; Finance Companies</td>
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<td>4</td>
<td>9/16</td>
<td>Insurance, Securities Firms, &amp; Investment Banks.</td>
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<td>9/23</td>
<td>Tues (9.23) Midterm Exam 1</td>
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<td>6</td>
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<td></td>
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<td>Managing Interest Rate Risk &amp; Duration</td>
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<td>Week</td>
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<tr>
<td>8</td>
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<td>Managing Credit (Loan) Risk: Individual</td>
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<td>9</td>
<td>10/21</td>
<td>Managing Credit (Loan) Risk: Portfolio Th (10.23) Midterm Exam 2</td>
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<td>10</td>
<td>10/28</td>
<td>Credit Risk: Continued Fr (10.30) Last Drop Date for W</td>
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<td>11</td>
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<td>Hedging Risk with Derivatives: Futures, Options, Swaps</td>
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<td>Loan Sales &amp; Securitization</td>
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<td>FDIC &amp; Capital Requirements</td>
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<td>Product &amp; Geographic Diversification Happy Thanksgiving (10.27)</td>
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<td>15</td>
<td>12/2</td>
<td>Sovereign Risk, Liquidity Risk</td>
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<td>12/11</td>
<td>FINAL EXAM THURSDAY (9-11 AM) 40 % OF GRADE</td>
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HOMEWORK PROBLEMS & SOLUTIONS (H): (available on Sakai)
- H-1 Duration and Interest Rate Risk
- H-2 Loan (Credit) Risk
- H-3 Risk-Based Capital
- H-4 Herfindahl-Hirschman Index

Please note: This class may occasionally deviate from the course outline above. I reserve the right to make changes to the course syllabus that I deem necessary.