Professor	Prof. Dr. Bernhard Nietert
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ECTS	3
Examination	Final exam together with Selected Problems (120 minutes)
Course description and learning objectives	The lecture clarifies the institutional background of banks and focuses on the pricing of loans and bank deposits.
Course outline	1 Introduction to Banking 1.1 Legal definition of the term bank 1.2 German banking system 1.2.1 Institutional aspects 1.2.2 Empirical facts 1.3 Financial statements of banks 2 Pricing of bank products 2.1 Overview of the pricing of bank products 2.2 Theory of the pricing of bank products in the Wertbereich 2.2.1 Definition, model, and decision variables in the context of default risk of loans 2.2.2 Theory of loan pricing 2.2.3 Theory of deposit pricing 2.2.4 Advanced topics in the pricing of loans and deposits 2.3 Pricing of bank products in the banking world 2.3.1 Marktzinsmethode 2.3.2 Expected loss approach 2.3.3 Using the information on the pricing of bank products on differently aggregated levels 3 Banking supervision 3.1 Overview 3.1.1 Definitions, motives, and objectives 3.1.2 Operating banking supervision in Germany 3.1.3 Legal basis 3.2 Dealing with risks in banks according to banking supervision 3.2.2 Liquidity risk 3.2.3 Non-liquidity risk exposure 3.2.4 Large exposures 3.2.5 Disclosure 3.2.4 Deposit guarantees 3.3 Outlook: Basel IV 4 Bank policy

Selected References	– Lecture notes – Capital Requirements Directive of the European Union CRD IV, Capital Requirements Regulation CRR. – Freixas, X. and Rochet, J. (1997): “Microeconomics of Banking”, Cambridge 1997. – Mishkin, F. S. and Eakins, S. G. (2006): “Financial Markets Institutions”, 5th edition, Boston et al. 2006. – Stulz, R. M. (2003): “Risk Management and Derivatives”, Mason 2003.