

# Financial Economics

## State final exam questions

### ***JEB120 - Financial Economics***

#### **1. Financial Markets and Their Role in the Economy**

Real versus Financial Assets, Markets and Agents of Financial System, Ongoing Trends

#### **2. Financial Institutions and Financial Instruments**

Money Market, Bond Market, Equity Securities, Derivative markets, How Securities Are Traded, Investments companies

#### **3. Fixed Income Securities**

Bond Characteristics, Yields and Future Interest Rates, Spot vs. Forward Rate, Yield Curve,

#### **4. Security Analysis**

Macroeconomic, Industry, and Firm Analysis, Equity Valuation Models,

#### **5. Options & Futures**

Option Markets, Option Valuation, , European vs. American Option, Forward vs. Future, Futures Markets

#### **6. Portfolio Choice**

Risk and Return Trade-off, Risk Aversion & capital allocation to risky assets, Capital Allocation Line, Risk-free Rate in Theory and Practice

#### **7. Efficient Markets vs Behavioral Finance**

Capital Asset Pricing Model, Arbitrage Pricing Theory, The Efficient Market Hypothesis, Behavioral Finance

#### **8. Portfolio Management**

Simple Approaches to Portfolio Evaluation, Risk-Adjusted Performance, Approach Performance Measure, Hedge Funds to Evaluate, Market Timing, Style Analysis, Performance Attribution Procedure, Portfolio Construction and Single Index Model

### ***JEB126 - Introductory Banking***

#### **9. Banks and The Banking Sector**

Definition and functions of a bank, commercial vs. investment banking, ALM, status quo of the Czech banking sector, TOP world banks before, during and after the 2007/2009 crisis

#### **10. Bank Financial Statements**

Balance and off-balance sheet items, differences between balance sheets of commercial bank and central bank, banks' financial and business performance indicators, financial performance of TOP world banks before, during and after the 2007/2009 crisis

#### **11. Risk Management in Banking**

Credit vs. market vs. operational vs. liquidity risks and their loss distributions, risk management failures during the 2007/2009 crisis

## **12. Banking regulation**

Reasons for banks' regulation, Basel II+III, the European banking union, Vicker's report vs Liikanen report

## **13. Money**

Definitions and functions of money, money aggregates, traditional vs. modern money creation, pros and cons of the money multiplier, simple deposit multiplier, digital money

## **14. Central Banking**

History of central banking, key functions of a central bank, corporate governance of CNB, ECB and FED, qualitative vs. quantitative easing, LTRO, TARGET2, the role of central banks during and after the 2007/2009 crisis

## **15. International Financial System**

The Foreign Exchange Market, Intervention in the FX market, Asian vs. Czech crisis in 1997, Balance of Payments, The Bretton Woods System, International Monetary Fund, future of the European Monetary Union

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