

METHODS OF VALUE-BASED MANAGEMENT  
AT THE COMMERCIAL BANK*Alexander Karminsky,**Professor, dr. (economics, technics), Faculty of Economics,  
Chief research fellow, International laboratory of quantitative finance,  
National research university Higher school of economics**Elvina Frolova,**Post-graduate student, Department of "Economics and banking business"  
Moscow State Institute of International Relations (University)***Abstract**

This paper reviews the theory of value-based management, classification of value-based management models and the main value-based management methods at the commercial bank. It is shown that value-based management models can be classified depending on: 1) used information; 2) measures of performance; 3) valuation horizon. First, we present key value drivers-based approach. In order to effectively manage shareholders' value management should be based on key value drivers which are the main components of shareholder value and key performance indicators. In addition, we review an alternative approach based on intelligent management systems oriented to risk management. The paper reviews the main international acts, regulating risk-management (FERMA Risk management standard, COSO Enterprise risk management-integrated framework, Basel II and Basel III). Fundamentally, value-based management methods are based on integration of traditional DuPont models and discounted cash flow-oriented approaches (DCF). We then analyze approaches to analysis of changes in welfare of company owners (Total Shareholder Return, TSR; Total Business Return, TBR). If TSR or TBR exceeds cost of equity, than during the reporting period there was an increase in bank value. In addition, we consider models of economic value added (EVA) and cash flow return on investment (CFROI). Proposed methods can be developed in interests of bank management tasks in the midterm.

**Key words:** commercial bank, value, key value drivers, key performance indicators, value-based management.

**JEL:** G21, G32

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