

## **Syllabus: Finance 639, International Banking, Spring 2021**

Class Hours: Wednesday, 6:00 to 8:45pm  
Class Location: All classes online using the Zoom platform  
Instructor: Ben Bystrom  
Office Hours: E-mail or call me anytime to discuss projects, assignments and lecture notes.  
If I don't pick-up my cell, leave a message and I will get back to you ASAP.  
My set times for phone or zoom conversations are: Monday 3:00 to 4:30pm,  
Wed 1:30 to 3:00pm, Fri 9:45 to 11:00am. Catching me before or after class is fine too

Office: BusAd E602j (I am currently working from home so no office meetings)  
E-mail: [bbystrom@hawaii.edu](mailto:bbystrom@hawaii.edu)  
Phone: Cell: 808-226-6049 (I am working from home so call my cell, don't use office#)

**Text Book:** Bank Management & Financial Services, by Peter Rose and Sylvia Hudgins.  
**(Purchasing the textbook is optional. The textbook is a helpful reference but the key concepts and material will be covered in the class notes, assignments and lectures.)**

**Class Notes:** Lecture outlines/notes and course materials will be available on Laulima. Expand on these notes as necessary during class lectures, discussions, and activities.

### **Course Goals and Objectives:**

- Build the financial and analytical skills necessary to work in the international banking and financial services industry including:
  - Corporate lending and credit analysis
  - Commercial real estate valuation and lending
  - Consumer lending and credit analysis
  - Risk management and hedging in financial markets (ALM, Derivatives, Securitization, foreign exchange, etc.) from a banking perspective.
  - Bank funding sources, capital and liquidity management
  - Pricing and marketing of financial products (CDs, loans, mortgages, etc.)
  - International/Investment banking
- Analyze banks and other financial service companies through a review of regulations, financial statements and the competitive market environment.
- Learn to trade in capital markets including debt, foreign exchange and derivatives.
- Understand how to efficiently use banks and financial markets to raise debt capital for business and investment.

### **Course Philosophy:**

- Course is taught via lecture and interactive, in-class exercises. Students must prepare for and actively participate in all of these activities. Assignments are developed to get students involved and learn from the experience.
- Strong “real-world” focus (i.e. case studies, problem solving, trading financial instruments).

Consistent with the mission and academic focus of the Shidler College, in addition to learning about domestic U.S. financial institutions, we will also study international banking and finance with an emphasis on the Asia-Pacific region.

## **Grading:**

The following factors will measure students' progress through the course.

Assignments: In-class exercises, case studies and short homework assignments will be done in both an individual and group format. Most assignments will be completed in class. To complete assignments, it is required to have your financial calculator and laptop with excel always available.

Bank Analysis Group Presentation: Each group (2 students per group) will make a pitch (8-minute maximum) analyzing/rating a bank's financial position and performance (e.g. Bank of America, HSBC, CPB, FHB) to a group of investors. Deliverables: 1) Executive summary (250-word maximum), 2) PowerPoint presentation (14 content slides max) and 3) excel with any of your quantitative analysis. More detailed instructions will be provided in class.

Commercial Real Estate Loan Excel Project: Each group (2 students per group) will submit a loan proposal on a Hawaii commercial real estate project to the bank's credit committee. The assignment will involve excel cash flow projections, property valuation, financing terms, loan sizing and a sensitivity analysis. Deliverables: 1) Printouts of main excel analysis, 2) a written executive summary (300-word max) 3) Loan term sheet and 4) e-mail your excel file to me at [bbystrom@hawaii.edu](mailto:bbystrom@hawaii.edu). More detailed instructions will be provided in class.

Corporate Credit Analysis and Loan Project: Each group (2 students per group) will present (7-minute maximum) a loan proposal for a corporate loan to the bank's credit committee. The assignment will involve financial statement analysis, ratio credit rating estimates and financing terms (loan size, interest rates, covenants, etc.). Deliverables: 1) a written executive summary (300-word max) 2) Loan term sheet and 3) e-mail your excel file to me at [bbystrom@hawaii.edu](mailto:bbystrom@hawaii.edu). More detailed instructions will be provided in class.

Class Participation: Students are strongly encouraged to actively participate in class discussions on assignments, cases and current events. Note: quality (not just quantity) of participation is important. In addition to regular class participation, each student will lead one Market Update Meetings at the beginning of class which should cover current events around topics such as commercial banking, central bank policy, corporate and consumer credit, commercial real estate and interest rates.

Your course grade will be based on a **reasonable curve** over the total points accumulated on all assignments. The following weights pertain to those assignments:

In-class Assignments	30%	
Bank Analysis Presentation	20%	
Real Estate Loan Excel Project		20%
Corporate Credit and Loan Project	18%	
Participation	12%	

## **Attendance Policy:**

Attendance is not taken; however, there are no make-ups for missed in-class assignments. You must have a written official excuse (medical, etc.) for missing major assignments, projects or presentations. Makeups will be considered on a case-by-case basis.

### Schedule of Events:

Below is a schedule of events, which is subject to changes depending on progress made during the course. Reading assignments are from the *Bank Management & Financial Services* text and additional handouts provided in class. You should read the lecture notes prior to class so as to maximize the usefulness of the classroom time. I will be asking questions in class.

Session	Date	Day	Topic	Comments and Pre-Readings
1	Jan 13	Wed	Intro to Banking, Market Trends and Current Events Bank Financial Statement Analysis	Lecture Notes Chps 1-4
2	Jan 20	Wed	Bank Financial Statement Analysis Bank of Hawaii Case Study	Lecture Notes, Chps 5 and 6 Bank of Hawaii Financial Statements
3	Jan 27	Wed	Bank Financial Statement Analysis Bank of Hawaii Case Study	
4	Feb 3	Wed	Interest Rates, Debt Pricing, Trading and ALM	Lecture Notes Chps 7 and 10
5	Feb 10	Wed	Interest Rates, Debt Pricing, Trading and ALM	Lecture Notes Chps 7 and 10
6	Feb 17	Wed	<b>Student Presentations on Bank Analysis</b> , Guest Lecture TBD	<b>Due Date: Bank Analysis Presentation ppt, Executive summary and Excel</b>
7	Feb 24	Wed	Commercial Real Estate Lending	Lecture Notes
8	Mar 3	Wed	Commercial Real Estate Lending Case Study Retail Mall Loan	Lecture Notes
9	Mar 10	Wed	Commercial Real Estate Lending Asian markets	Lecture Notes
	Mar 17	Wed	<b>Spring Break</b>	
10	Mar 24	Wed	Hedging (FX, interest rate, credit) with Swaps, Forwards and Futures Case Study on Interest Rate Swaps	<b>Due Date: Commercial Real Estate Loan Proposal, Term Sheet and Excel</b> Lecture Notes and Swap Documentation
11	Mar 31	Wed	Corporate Credit and Lending	Lecture Notes Chps 16 and 17
12	Apr 7	Wed	Corporate Credit and Lending Case Study S&P Ratings	Lecture Notes Chps 16 and 17
13	Apr 14	Wed	Consumer Credit and Lending Case Study Home Mortgage Loan	Lecture Notes Chps 16 and 17
14	Apr 21	Wed	Securitization, Portfolio Management Country Risk Analysis and Ratings Case study on US credit strength	Lecture Notes
15	Apr 28	Wed	Bank Regulation, Fintech, International/Investment Banking Securities Underwriting, Other Topics	
16	May 6	Wed	<b>Student Presentations on Corporate Credit and Lending</b> Guest Lecture TBD	<b>Due Date: Corporate Credit Analysis and Loan Proposal Executive Summary, Term Sheet and Excel</b>

Note: Scheduling of guest lecturers is still being arranged. Time and specific subjects will be announced in class.