

Syllabus: Finance 639, International Banking, Spring 2020

Class Hours: Wednesday, 6:00 to 8:45pm
Class Location: BusAd D103
Instructor: Ben Bystrom
Office Hours: Monday 3:00 to 4:30pm, Wed 1:30 to 3:00pm, Fri 9:45 to 11:00am
Office hours are first-come-first-serve, no appointments necessary.
Catching me before or after class is fine too
Office: BusAd E602j
E-mail: bbystrom@hawaii.edu
Phone: Office: 956-7493 Cell: 226-6049 (For important issues, Cell# is best)

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 exam 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. These assignments reinforce the financial concepts covered in exams. To complete assignments, it is a requirement to bring a financial calculator to class everyday.

Examinations: There will be two exams: a midterm and a final exam. Each exam will consist of a combination of objective (multiple choice) questions, analytical problems, and short written answers. Examinations are closed-book and closed-note; necessary formulas will be provided.

Bank Analysis Group Presentation: In 2 student teams you will make a 15 minute pitch analyzing/rating a bank's financial position and performance (Bank of America, JP Morgan, HSBC, Barclays, CPB, etc.) to a group of investors. Deliverables: 1) Executive summary (300 word limit), PowerPoint presentation (18 content slides maximum) and excel with any additional appendix analysis not included in PowerPoint. More detailed instructions will be provided in class.

Commercial Real Estate Loan Excel Project: Submit a loan proposal on a Hawaii commercial real estate project to the bank's credit committee. The assignment will involve spreadsheet applications, 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 (400 word limit) 3) Loan term sheet and 4) e-mail your excel file to me at 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.

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	14%
Midterm Exam	26%
Final Exam	26%
Real Estate Loan Excel Project	12%
Bank Analysis Presentation	14%
Participation	8%

Attendance Policy:

Attendance is not taken; however, there are no make-ups for missed in-class assignments. You must have a written medical excuse if absent from an exam. Make-up exams are typically essay format.

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 15	Wed	Intro to Banking, Market Trends and Current Events Bank Financial Statement Analysis	Lecture Notes Chps 1-4
2	Jan 22	Wed	Bank Financial Statement Analysis Bank of Hawaii Case Study	Lecture Notes, Chps 5 and 6 Bank of Hawaii Financial Statements
3	Jan 29	Wed	Bank Financial Statement Analysis Bank of Hawaii Case Study	
4	Feb 5	Wed	Interest Rates, Debt Pricing, Trading and ALM	Lecture Notes Chps 7 and 10
5	Feb 12	Wed	Interest Rates, Debt Pricing, Trading and ALM	
6	Feb 19	Wed	Hedging Risk (FX, interest rate) with Swaps, Forwards and Futures	Lecture Notes and Swap Documentation Chp 9
7	Feb 26	Wed	Student Presentations Bank Analysis	Due Date: Presentation ppt, executive summary and excel
8	Mar 4	Wed	Securitization and Portfolio Management, Midterm Review	Lecture Notes, Securitization Research Report and Practice Exam
9	Mar 11	Wed	Midterm	
	Mar 18	Wed	Spring Break	
10	Mar 25	Wed	Commercial Real Estate Lending	Lecture Notes
11	Apr 1	Wed	Commercial Real Estate Lending Case Study	
12	Apr 8	Wed	Corporate Credit and Lending	Lecture Notes Chps 16 and 17
13	Apr 15	Wed	Corporate Credit and Lending Case Study	
14	Apr 22	Wed	Consumer Credit and Lending Case Study	Lecture Notes Chp 18
15	Apr 29	Wed	Bank Regulation, Fintech, International/Investment Banking Guest Lecture TBD	Due Date: Commercial Real Estate Loan Proposal, Term Sheet and Excel
16	May 6	Wed	Country Risk Analysis and Ratings Final Review	Lecture Notes and Practice Exam
17	May 13	Wed	Final Exam	

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