

Syllabus: Finance 430, Bank Financial Management, Fall 2020

Class Hours: Tuesday and Thursday, 9:00 to 10:15am
Class Location: All classes will be online using the **Zoom** platform
Instructor: Ben Bystrom
Office: BusAd E602j (Note: I will be mostly working from my home office)
Office Hours: E-mail or call me 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 office hours (Wed 1:15 to 2:30pm, Friday 4:30 to 6:00pm) are open for student phone calls
Phone: Cell: 808-226-6049
E-mail: bbystrom@hawaii.edu

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 will be covered well 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 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, etc.) from a banking perspective.
 - Bank funding sources, capital and liquidity management
 - Pricing and marketing of financial products (CDs, loans, mortgages, etc.)
 - International banking and Foreign Exchange
- 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). Financial and Capital Market material will be added to enhance the textbook.

Consistent with the mission and academic focus of the UH CBA, 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/Cases/Participation: 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 to be used in your projects. To complete assignments, it is a requirement to have a financial calculator available for class every day.

Examinations: Due to the online format of the course, there will not be any exams this semester. Alternatively, there will be more project and assignment based work.

Excel Project: Computer-based excel assignment to be completed in groups (4 students per group) that will provide an opportunity to apply the concepts and skills discussed in class. The assignment will involve spreadsheet application, analysis and writing an executive summary (1,000 word limit). Instructions will be given in class.

Group Presentation: Groups (4 students per group) will make a 12 to 15 minute banking style pitch. For example, pitching a corporate loan to the bank's credit committee or analyzing/rating a bank's financial position (Bank of America, JP Morgan, HSBC, etc.) to a group of investors. Groups will turn in an executive summary (600 word limit) along with a copy of their PowerPoint (25 content slides maximum) presentation material.

Class Participation: Students are strongly encouraged to actively participate in class discussions. 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:

| | |
|---------------------------------|-----|
| Assignments/Cases/Participation | 40% |
| Excel Project(s) | 25% |
| Group Presentation | 35% |

Course Prerequisites: BUS 314

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 when your group presents.

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 and material prior to class so as to maximize the usefulness of the classroom time. I will be asking questions in class.

| Session | Date | Day | Topic | Pre-reading Notes | Comments |
|----------------|-------------|------------|---|--------------------------|---|
| 1 | Aug 25 | Tues | Course Intro and Current Events | Chp 1 | |
| 2 | Aug 27 | Thur | Corporate Credit and Lending | Chps 16 & 17 | |
| 3 | Sept 1 | Tues | Corporate Credit and Lending | Chps 16 & 17 | |
| 4 | Sept 3 | Thur | Corporate Credit and Lending | Chps 16 & 17 | |
| 5 | Sept 8 | Tues | Corporate Credit and Lending | Chps 16 & 17 | |
| 6 | Sept 10 | Thur | Commercial Real Estate Lending | Handout | |
| 7 | Sept 15 | Tues | Commercial Real Estate Lending | Handout | Form Presentation Groups |
| 8 | Sept 17 | Thur | Commercial Real Estate Lending | Handout | |
| 9 | Sept 22 | Tues | Consumer Credit and Lending | Chp 18 | |
| 10 | Sept 24 | Thur | Consumer Credit and Lending | Chp 18 | |
| 11 | Sept 29 | Tues | Residential Mortgage Lending | Chp 18 | |
| 12 | Oct 1 | Thur | Residential Mortgage Securitization | Case Study | Skim Chapter 9 for reference |
| 13 | Oct 6 | Tues | Residential Mortgage Securitization | Case Study | |
| 14 | Oct 8 | Thur | Reserved for Guest Speakers TBD | | |
| 15 | Oct 13 | Tues | Bank Regulation | Chp 2 | (Legal Reserves discussion is from Chp 11) (BIS discussion is from Chp 15) |
| 16 | Oct 15 | Thur | Bank's Structure (Branches, ATMs) | Chps 3 & 4 | |
| 17 | Oct 20 | Tues | Bank Financial Statements | Chp 5 | |
| 18 | Oct 22 | Thur | Bank Financial Statements | Chp 5 | |
| 19 | Oct 27 | Tues | Analyzing Bank Performance | Chp 6 | Includes some parts of Chp 13 |
| 20 | Oct 29 | Thur | Analyzing Bank Performance | Chp 6 | |
| | Nov 3 | Tues | Holiday: Election Day | | Get out the Vote! |
| 21 | Nov 5 | Thur | Bond Math and Analysis | Chp 7 & 10 | |
| 22 | Nov 10 | Tues | Interest Rates and ALM | Chp 7 & 10 | |
| 23 | Nov 12 | Thur | Interest Rates and ALM | Chp 7 & 10 | |
| 24 | Nov 17 | Tues | Hedging: Swaps, Futures, Options | Handout | Skim Credit Swaps/Options Chp 9 |
| 25 | Nov 19 | Thur | Hedging: Swaps, Futures, Options | Handout | Skim Credit Swaps/Options Chp 9 |
| 26 | Nov 24 | Tues | Foreign Exchange Markets | Handout | |
| | Nov 26 | Thur | Holiday: Thanksgiving | | |
| 27 | Dec 1 | Tues | Reserved for Guest Speakers TBD | | |
| 28 | Dec 3 | Thur | In class Group Presentations | | |
| 29 | Dec 8 | Tues | In class Group Presentations | | |
| 30 | Dec 10 | Thur | In class Group Presentations | | |
| | Dec 17 | Thur | All Final Group Presentation material due by 11:45am | | |

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