

Fall 2017 Course Syllabus

Course Number: BA-445

Course Title: Commercial Banking and Lending

Credit: 3 Units (45 hours of lecture)

Days and Time: Wed 9:00am to 11:45am

Office hours: Mon and Wed 11:45am to 12:30pm or By appointment

Instructor: Prof. Albert Loh

Course Materials

Textbook: Commercial Lending, A Decision Tree Approach, Published by American Bankers Association, 2013, 7th Edition, ISBN: 978-0-899-82683-0.

Supplemental materials (such as periodical, article, or case study) will be provided in class.

Course Description

An in-depth study of the commercial lending business. Borrowing requirements and financial structure for debt financing needs of business. Topics include: loan interviewing and credit investigation, financial analysis, loan structuring and negotiation, loan documentation and closing, problem loans and follow-up. A one-unit written research project and its oral presentation are required for the course. (4 units covering 45 hours of lecture) *Prerequisite: BA 140 or BA 303.*

Learning Objectives

This course introduces students to the different types of financing available to meet a range of customer needs. Principles of lending, analysis of quantitative and qualitative factors, and application of credit assessment and control are the foundations leading to lending decisions. This course also covers effective stewardship through regular monitoring of management information, covenants, and the best value of security.

Learning Outcomes and Assessment:

Learning outcomes	Assessment activities
Analysis of financial and non-financial information in commercial lending.	Classroom exercise and mid-term and final examinations.
Understand the requirements of corporate banking customers and package solutions to meet their financial and banking needs.	Classroom exercise and mid-term and final examinations.
Understand the issues involved in lending to different types of businesses and assess the associated risk	Classroom exercise and mid-term and final examinations.
Understand the requirements of corporate banking customers and package solutions to meet their financial and banking needs.	Classroom exercise and mid-term and final examinations.
Understand the legal and practical issues relevant to collateral security to support commercial loans.	Classroom exercise and mid-term and final examinations.
Able to apply methods of monitoring, controlling, and recovering non-performing loans.	Classroom exercise and mid-term and final examinations.

Instructional Methodology

The course will be conducted in the form of lectures and discussions on each topic shown in the class schedule below.

Course Requirements and Evaluation

While in class, students are expected to conduct themselves in a professional manner. Professionalism includes regular attendance, participation in class discussions, civil conduct, and ethical behavior, etc. If a student is observed coming to class late often, being disrespectful to peers, texting or using mobile devices, or carrying on personal conversations during lecture, the professionalism portion of the grade will be

reduced based on a demerit system. The course begins with each student having the full 50 points. Tardiness without valid reasons greater than 1 time will result in 5 points deduction. Behavioral offenses such as texting, using of mobile devices, or engaging in disorderly conduct in spite of reminder or warning will result in 10 points deduction.

Higher education is about learning how to learn. So in acquiring new knowledge, always pay attention to the learning objectives of each chapter or topic. In addition, you will enhance your understanding by solving the chapter problems to be assigned in class. Of course, you are welcome to bring questions to class for discussion by reading ahead of each classroom lecture. Achievement is assured when done repetitively.

Your performance in this course will be evaluated under the following model:

Mid-Exam 150 points	A = 361 – 400
Final Exam 200 points	B = 301 - 360
Professionalism: 50 points	C = 241 - 300
Total 400 points	D = 201 - 240
	F = < 200

The mid-term and final exams include multiple choice questions and problems that are similar to the term assignments. They are designed to test both theory and problem solving. There will be no "extra credit" work during or after the semester.

The term project will involve researching, studying and presenting a commercial lending topic not taught in class. A PowerPoint presentation is expected.

The key to success in this course is communication and interaction. Thus, we will have to work as a team. First, we will create a positive learning environment where everyone can participate without fear. Second, relevant reading and problem assignments will be presented and discussed in class. When in doubt, ask.

Scholastic Dishonesty

Scholastic dishonesty will not be tolerated. Students who violate rules of academic dishonesty are subject to disciplinary penalties, including failure in the course and/or other actions from the University.

Tentative Class Schedule

Date	Topics
Aug 23	Course Introduction and Financial Statement Analysis
Aug 30	Revision topic: Ratio Analysis and Tax Returns
Sept 6	Chapter 1: Lending Process and Business Development Call
Sept 13	Chapter 2: Credit Investigation and Risk Assessment of Market, Industry and Management
Sep 20	Chapter 3: Loan Policies and Procedures
Sep 27	Chapter 4: Loan Packages and Credit Write-ups
Oct 4	Examination review
Oct 11	2-Hour Mid-term Exam (Closed Book)
Oct 18	Chapter 5: Loan Structuring
Oct 25	Chapter 6: Sources of Alternative Repayment
Nov 1	Chapter 7: Loan Documentation
Nov 8	Chapter 8: Loan Pricing and Negotiation
Nov 15	Chapter 9: Non-performing Loans
Nov 29	Examination Review
Dec 6	2-Hour Final Exam (Closed Book)

Addendum: Supplemental Course Materials

The PowerPoint slides are designed to give students a head start in learning course materials in a concise and coherent fashion. They are not intended to substitute, but complement, the textbook and classroom

lectures. Don't just read; you need to absorb and understand the body of knowledge through a synthesis of critical thinking and problem solving skills. Thus attending classroom lectures and completing exercises and assignments are critical to your success.

Syllabus reviewed: Aug 1, 2017

Appendix. Program and Institutional Learning Outcomes

Institutional Learning Outcomes (ILOs)	
<i>A Graduates of Lincoln University MS Program should be able to</i>	
1	Recognize and be able to work with the components of reasoning and problem solving; understanding concepts, assumptions, purpose, conclusions, implications, consequences, objections from alternative viewpoints, and frame of reference.
2	Gather and assess relevant information, using abstract ideas to interpret it effectively; being able to develop well-reasoned conclusions and solutions, and testing them against relevant criteria and standards
3	Be exemplary business professionals and try to ensure that the products of their efforts will be used in socially responsible ways, will meet social needs, and will avoid harmful effects to health and welfare
4	Lead by example in order to create highly collaborative organizational environment, and be able to develop and use strategies to encourage employees at all organizational levels to do the same.
5	Set goals and have a vision of the future. The vision should be owned throughout the organization. As effective leaders, they should habitually pick priorities stemming from their basic values.
6	Continually look for, develop, and offer new or improved services, and be able to use original approaches when dealing with problems in the workplace.
7	Demonstrate fluency in the use of tools, technologies and methods in the field. They should know how to evaluate, clarify and frame complex questions or challenges using perspectives and scholarship from the business discipline.

Program Level Outcomes (PLOs)	
<i>Students graduating our MS in Finance Management program will be able to:</i>	
1	Demonstrate expert-level understanding of the aspects of finance management including mathematical, statistical, financial, and economic.
2	Develop knowledge of finance management including international finance, international securities, commercial banking and lending, investment science, real estate, and stock market.
3	Recognize financial problems and provide creative solutions. Integrate theory and practice for strategic analysis in the field of finance management.
4	Apply quantitative methods of analysis to analyze financial data.
5	Communicate to relevant audiences including written and oral communication.
6	Work effectively with a team of colleagues on diverse projects.
7	Identify and analyze the ethical obligations and responsibilities in the field of finance management.

Institutional Learning Outcomes (ILOs)

DBA Graduates of Lincoln University should be able to:

1c	Incorporate various modes of thinking, among them: scientific thinking, mathematical thinking, historical thinking, anthropological thinking, economic thinking, and moral thinking.
2c	Operate within alternative systems of thought, recognizing and assessing the needs, with related assumptions, implications, and practical consequences; and being able to communicate results effectively with others in figuring out solutions to complex problems
3c	as exemplary business professionals, minimize the possibility of indirectly harming others by following accepted standards at local, national or international levels; to be able to assess the likelihood and physical and social consequences of any developed product's harm to others.
4c	Integrate collaboration into organizational workflows, create a supportive environment for collaboration and teamwork, and lead by example.
5c	Have perseverance to accomplish a goal despite potential obstacles, use sound judgments to make decisions at a right time, and make timely appropriate changes in thinking, plans, and methods in achieving organizational goals.
6c	Set up realistic goals for the organization, encourage innovative strategies, and convey a clear sense of future direction to employees.
7c	Formulate and arrange ideas, designs, or techniques, and apply them to specific issues and problems. They should be able to apply current research, scholarship and or/techniques in the field.

Program Level Outcomes (PLOs)

Students graduating our DBA program will be able to:

1	Demonstrate advanced knowledge and competence in the latest academic theories, concepts, and techniques in the field of business administration.
2	Demonstrate effective research skills including formulation of research problem; integration of previous literature into an appropriate literature review; design of a research study; data analysis; and summary and presentation of results.
3	Create and present advanced forms of oral and written communications, including teaching and advising.
4	Generate, evaluate and assess the ethical obligations and responsibilities of business for the purpose of responsible management.
5	Apply the knowledge from the area of specialization and provide consulting to other business industries or other fields.