

## Fall 2017 Course Syllabus

**Course Number: BA-345**

**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, 7<sup>th</sup> 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. (3 units) *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:

<b>Learning outcomes</b>	<b>Assessment activities</b>
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 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**

<b>Date</b>	<b>Topics</b>
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.

**Appendix. Program and Institutional Learning Outcomes.**

<b>Institutional Learning Outcomes (ILOs)</b>	
<i>MBA Graduates of Lincoln University should be able to:</i>	
<b>1b</b>	Recognize and be able to work with the components of reasoning and problem solving; understand concepts, assumptions, purpose, conclusions, implications, consequences, objections from alternative viewpoints, and frame of reference.
<b>2b</b>	Gather and assess relevant information, using abstract ideas to interpret it effectively; to develop well-reasoned conclusions and solutions, and test them against relevant criteria and standards
<b>3b</b>	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
<b>4b</b>	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.
<b>5b</b>	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.
<b>6b</b>	Continually look for, develop, and offer new or improved services, and be able to use original approaches when dealing with problems in the workplace.
<b>7b</b>	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.

<b>Program Level Outcomes (PLOs)</b>	
<i>Students graduating our MBA program will be able to:</i>	
<b>1</b>	Develop and exhibit applied and theoretical knowledge in the field of management and business administration
<b>2</b>	Use theoretical knowledge and advanced problem-solving skills to formulate solutions and identify risks in the following fields: international business, finance management, general business, human resources management, management information systems, marketing management
<b>3</b>	Communicate within a highly specialist environment that allows the presentation of critiques of complex strategic matters
<b>4</b>	Demonstrate autonomy, creativity, and responsibility for managing professional practices
<b>5</b>	Demonstrate leadership and set strategic objectives for team performance
<b>6</b>	Identify ethical issues/problems in business organizations and reach decisions within ethical framework