



## 1. General Information

Course Subject	FINA
Course Number	2343
Course Title	Lending and Credit in Private Banking and Corporate Banking (1)
Academic Years	2023-2024
Grading Method	Letter

## 2. Instructors

Professor Wong, Wai Kwan Anna  
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Subclasses: 1A, 1B

Ms Chun, Amy Ka Chi  
Subclasses: 1A, 1B

## 4. Course Description

Course Description	<p>This course covers the key elements of lending and provision of credit facility in banking, including corporate clients and high networth individual (“HNWI”) clients. Lending and leveraging is a key component of a banking relationship and an important source of revenues for banks. Lending and leverage involves risks to the banks and to the clients. The business of lending and the provision of other credit facilities is intrinsically linked to the management of risk for the bank. The use of borrowings and entering into leveraged products/transactions is equally a process of risk awareness and risk management for the client.</p> <p>The course will discuss basic credit analysis and risk evaluation tools, including financial statement analysis and cashflow analysis, application of financial ratios, business risk identification/evaluation as well as collateral analysis.</p>
Prerequisites	ACCT1101: Introduction to Financial Accounting; and FINA1310: Corporate Finance
Co-requisites	FINA1310: Corporate Finance
Free Elective	Yes

## 5. Course Objectives

1. To provide a conceptual and practical approach to understand the credit process in a bank, covering both corporate banking and private banking. To identify the purpose and payback of lending/credit.
2. Corporate Banking – to understand the concept of asset conversion cycle and business risks associated with the company’s operations
3. Corporate Banking – to understand and to analyse a company’s financial statements to conclude on the repayment ability of the corporate, this includes application of financial statement analysis, ratio analysis,

5. Course Objectives
cashflow analysis, risk identification and mitigating factors and other relevant credit risk considerations
4. Private Banking – to understand the risks and benefits associated with lending and leverage products; to understand the different types of loans and leverage products; to understand the concept of suitability in borrowing and leveraging
5. Private Banking – to understand the concept of collateralized lending, loanable value, marked-to-market risk monitoring, portfolio concentration, margin erosion and top-up/close out procedure
6. Private Banking – to understand the risk and margin requirement of leveraged products

6. Faculty Learning Goals
Goal 1: Acquisition and internalization of knowledge of the programme discipline
Goal 2: Application and integration of knowledge
Goal 3: Inculcating professionalism
Goal 4: Developing global outlook
Goal 5: Mastering communication skills
Goal 6: Cultivating leadership

7. Course Learning Outcomes						
Course Teaching and Learning Activities	Aligned Faculty Learning Goals					
	1	2	3	4	5	6
CLO1. To identify the purpose of the lending/credit and the appropriateness of providing the facility	✓	✓	✓	✓		✓
CLO2. To identify the payback and the risk of lending to a high networth individual and to a corporate	✓	✓	✓	✓		✓
CLO3. To understand financial statements, to apply ratio analysis, financial analysis and cashflow analysis to a corporate lending decision	✓	✓	✓	✓		✓
CLO4. To apply the concept of security and margined lending, and calculation of margin requirement	✓	✓	✓	✓		✓

8. Course Teaching and Learning Activities		
Course Teaching and Learning Activities #	Expected Study Hours	Study Load (% of study)
<p>T&amp;L1. Lectures</p> <p>Interactive lectures using real company case.</p> <p>Students are expected to attend and participate actively in lectures and tutorials. The course is a practical approach of how banks make credit decisions involving analyzing financial statements and understanding of the company’s business risk and financial risks. Textbook is light. The lectures will be based on a real company annual report, concepts and financial tools will be progressively taught in the lectures based on the dynamics of the real company. A student may find it difficult to follow the lecture if they miss the prior lecture. Excel spreadsheet [financial spreading] will be constructed together during class, the spreadsheet will</p>	33	24.8

## 8. Course Teaching and Learning Activities

be continuously used and adjustments made in the subsequent classes. Students are expected to bring their laptop to the class.		
Students are encouraged to raise questions, participate in discussion and share ideas with their peers.		
T&L2. Tutorials	10	7.5
T&L3. Preparations for class/tutorial/assignments	30	22.6
T&L4. Preparations for in-class examination	60	45.1
	Total: 133	Total: 100

## 9. Assessment Methods

Assessment Methods	Description	Weight %	Aligned Course Learning Outcomes
A1. Assignments		15%	1,2,3,4
A2. tutorials & class participation		15%	1,2,3,4
A3. Mid term examination		30%	1,2,3,4
A4. Final Exam		40%	1,2,3,4

## Assessment Rubrics

A1. Assignments	
A+,A,A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis
B+,B,B-	Strong evidence of ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis
C+,C,C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply, but not at high levels of learning such as evaluate and synthesis
D+,D	Evidence of basic familiarity with the subject
F	Little evidence of basic familiarity with the subject
A2. tutorials & class participation	Tutorials – students will be assessed on their participation in tutorials and able to demonstrate a preparation for the tutorial by reading and applying course materials to the case.
A+,A,A-	
B+,B,B-	
C+,C,C-	
D+,D	
F	
A3. Mid term	

Assessment Rubrics	
examination	
A+,A,A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis
B+,B,B-	Strong evidence of ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis
C+,C,C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply, but not at high levels of learning such as evaluate and synthesis
D+,D	Evidence of basic familiarity with the subject
F	Little evidence of basic familiarity with the subject
A4. Final Exam	
A+,A,A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis
B+,B,B-	Strong evidence of ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis
C+,C,C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply, but not at high levels of learning such as evaluate and synthesis
D+,D	Evidence of basic familiarity with the subject
F	Little evidence of basic familiarity with the subject

10. Course Grade Descriptors	
A+,A,A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis
B+,B,B-	Strong evidence of ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis
C+,C,C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply, but not at high levels of learning such as evaluate and synthesis
D+,D	Evidence of basic familiarity with the subject
F	Little evidence of basic familiarity with the subject

11. Course Content and Tentative Teaching Schedule						
Topic/ Session	Date	Time	Content	Readings	Assignments	Other information
			Overview of a bank's credit process. Function of Credit Department and its interaction with front line relationship			

## 11. Course Content and Tentative Teaching Schedule

			managers. Role of relationship managers in the bank's credit process. General lending principles.			
			Corporate Lending – Review of financial statements. Spreading and understa nding of a financial statement.			
			Corporate Lending – Adjustments to financial spreading and understandin g of notes to a financial statement.			
			Corporate Lending – Financial ratio analysis			
			Corporate Lending – Asset conversion cycle, business risks and financial risks, application of financial ratio analysis to a credit decision			
			Corporate Lending – Lending principles			
			Corporate Lending – Cashflow statement and its application			
			Mid-term examination			

## 11. Course Content and Tentative Teaching Schedule

			HNWI Lending – risks and benefits of lending/borrowing and leverage products; suitability analysis			
			HNWI Lending – collateralized lending, loanable value, marked -to-market risk monitoring, portfolio concentration, margin erosion and top up/close out procedure			
			HNWI Lending – leveraged products, the risk of options and accumulators from credit risk perspective			

## 12. Required/Recommended Readings & Online Materials

Reading	<p>Bank Lending – The Hong Kong Institute of Bankers Certified Private Wealth Professional (“CPWP”) Study Manual – Module 1, Paper 9 – Lending and Leveraging HKEx website for annual reports/financial statements of selected listed companies</p> <p>Other teaching materials will be distributed via Moodle</p>
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## 13. Means / Processes for Student feedback on Course

✓	Conducting mid-term survey in addition to SETL around the end of the semester
	Online response via Moodle site
	Others

## 14. Course Policy

### Academic Honesty

Plagiarism (<http://aao.hku.hk/sy3/plan-of-study/exa-and-ass/plagiarism/>)

“Plagiarism is defined as the unacknowledged use, as one’s own, of work of another person, whether or not such work has been published. It is a very serious academic offence and the University does not allow or tolerate plagiarism. Any student who commits plagiarism is liable to disciplinary action which can result in serious consequences – including expulsion from the University.

You are strongly advised to read the booklets “What is Plagiarism” and “Plagiarism and How to Avoid It” and to consult your teachers if you have any questions about how to avoid plagiarism.”

### Cheating

Cheating is another very serious academic offence. Any student who commits cheating on homework assignments or midterm or final examination will receive a grade “F” for the whole course. In addition, the case will be reported to the relevant Board of Examiners and/or the Senate of the University for further actions.

### Class Attendance and Work Load

To maximize learning experience, students are strongly recommended to attend all the lectures, submit the homework assignments on time and participate actively in class and tutorials. The work load of this course is quite heavy and students are expected to spend at least 133 contact/study hours as described above.

### Class Conduct

The guiding principle governing class conduct is mutual respect. All mobile phones must be switched off or on silent mode. No eating or drinking is allowed. Students should not disturb others in class.

## 15. Additional Course Information

### Penalty for Late Submission of Assignments and Term Project

Any late submission of homework assignments will be subject to a 50% penalty deduction of the respective total marks per calendar day after 11:59 pm of the due date, unless prior written permission is obtained from the Instructor under special circumstances, e.g. medical leave.