

## Module Outline

<b>Module Title:</b>	Corporate Finance Services
<b>QF Level:</b>	Reference is being taken and pitched to HKQF Level 5
<b>QF Credit:</b>	30 credits for Professional Diploma of Certified Banker (15 contact hours and 3 examination hours)
<b>Teaching/Training &amp; Learning Activities:</b>	Training Class
<b>Pre-requisite:</b>	N/A

### Module Objective:

This module contributes to the achievement of the Programme Intended Learning Outcomes by drawing learners' attention to the market segments where the financing needs of corporate borrowers are identified, before applying their knowledge to discuss the different financing alternatives for customers under different situations. Together with the considerations for risk management options in the corporate financing market, the topics covered in this module serve to equip the learners with the necessary techniques for the next stage of studies under the CB programme, such as "Bank Lending", "Credit Risk Management", "Treasury Markets and Operations"

### Module Intended Learning Outcome (MILO) & Unit of Competencies (UoCs)

Upon completion of the module, learners should be able to:

MILO1:	Plan and design an appropriate package of credit solutions and capital-raising strategies to meet the domestic or international financing needs of customers in different markets;	BCSDGL501A BCSDL501A BCCMCO501A BCCMCO502A BCCMCO503A BCCMCO504A
MILO2:	Identify and assess the risks involved in corporate financing transactions to both the borrower and the financier; and	
MILO3:	Consolidate the risk issues in corporate finance and construct strategies to deal with the issues for discussion with peers of all levels.	

### Assessment Activity

Type of Assessment Activity	MILOs	Weighting (%)
Examination	MILO 1-3	100

## Examination Format and Duration

Time allowed: 3 hours

The examination consists of 50-60 multiple choice questions and 2 out of 3 essay questions

Passing mark for this subject is 60%

## Syllabus

<b>Chapter 1: Sources and Types of Finance for Corporations</b>	
<b>1</b>	<b>Corporate Lending</b>
1.1	- Term loans; syndicated loans; and leveraged leasing; standby facilities, revolving credits and note issuance facilities
1.2	- Choice of debt market (e.g. euro-dollar market, domestic market)
1.3	- Lending policy and procedure (e.g. credit analysis, loan review)
<b>2</b>	<b>Debt Financing</b>
2.1	- Alternatives to bank finance including bonds, foreign bonds; euronotes; commercial paper, and Medium Term Note (MTN) facilities
2.2	- Bond issuing (e.g. bond price, bond covenants, call provision)
2.3	- Bond rating
2.4	- Convertible bonds
2.5	- Leasing
2.6	- Mortgage backed securities, CMOs and CDOs
2.7	- Developments in the Hong Kong bond market
<b>3</b>	<b>Equity Financing</b>
3.1	- Features of common stock; preferred stocks; ETFs; convertible securities and warrants, and ADRs
3.2	- IPO and Costs & benefits of new issues
3.3	- Methods of listing; offer for subscription; offer for sale; open offer; and rights issues
3.4	- The private equity market
3.5	- Developments in Hong Kong and characteristics of the Hong Kong equity market: e.g. "H" shares and over subscription problems
<b>4</b>	<b>Financing special transactions or projects</b>
4.1	- Project finance - limited recourse; impact on borrower's and project sponsor's balance sheet
4.2	- Advantages of borrowing on project terms

**Chapter 2: Sources and Types of Risks for Financial Management in Banks**

<b>1</b>	<b>Cross-Border Risks</b>
1.1	- Use and parameters for country risk analysis
1.2	- Cross border lending risks, e.g. exchange control; regulatory and tax considerations, etc.
<b>2</b>	<b>Corporate Treasury Management</b>
2.1	- Currency and interest rate risk and exposure management
2.2	- Understanding of currency swaps; interest rate swaps; asset swaps; financial futures; forward contracts; options; negotiable instruments
<b>3</b>	<b>Credit Risk Management in Bank Lending</b>
3.1	- Credit derivatives and its limitations (documentation, counterparty issues, etc.) for the management of risk

**Essential Readings:**

- Ross, Lim, Tan & Wong. (2015). Corporate Finance (Asia Global ed.). McGraw-Hill

**Supplementary Readings:**

- Pascal Quiry, Yann Le Fur, Antonio Salvi and Maurizio Dallochio. (2011). Frequently Asked Questions in Corporate Finance (1st ed.). Wiley.
- Barbara Weber, Hans Wilhelm Alfen (2010). Infrastructure as an Asset Class: Investment Strategies, Project Finance and PPP. Wiley

**Further Readings:**

- Saunders and Cornett. (2006). Financial Institutions Management: A Risk Management Approach (7th ed.). McGraw-Hill.
- McKinsey & Company Inc., Tim Koller, Richard Dobbs and Bill Huyett. (2010). Value: The Four Cornerstones of Corporate Finance (1st ed.). Wiley.

**For more details, please refer to further reading session at end of each chapter**