



UNDERSTANDING BANK FINANCIALS

BACKGROUND

The financials of a bank and the drivers of profitability and health of a bank are quite different from that of an industrial organisation.

This program will help participants understand the:

- ✓ **Drivers** of a Bank's Profitability
- ✓ **Numbers** to look for
- ✓ **Ratios**
- ✓ **Comparison** of Numbers & Ratios of Bank of America over a period of 3 years (*Years-ending 2023, 2022, 2021*)
- ✓ **Breakdown** of the critical Numbers & Ratios into Lines of Business at the Bank of America
- ✓ **Management Presentations** to Stakeholders: how the numbers are presented and explained
- ✓ **Forward-looking** statements by Management in this regard

DURATION : ONE DAY, (6 sessions x 2 hours.)

PROGRAM DETAILING

1. Drivers

- ✓ Key drivers of a Bank's Income
- ✓ Key drivers of a Bank's Expenses
- ✓ Developing an equation for analysis
- ✓ Limitations of analysis with public data

2. Numbers:

- ✓ Revenue and its components
- ✓ Cost and its components
- ✓ Fee Income
- ✓ A review of these numbers across Lines of Business
- ✓ Delinquent accounts / Non Performing Assets
- ✓ BofA Numbers & Peer Comparison

3. Ratios

- ✓ Average Yield on assets
- ✓ Average cost of deposits
- ✓ Fee income as percentage of total income
- ✓ Average revenue per headcount
- ✓ Cost to income ratio of the bank
- ✓ Write-off as a percentage of Assets
- ✓ Net Interest Margins; related ratios
- ✓ A review of these numbers across Lines of Business
- ✓ BofA Numbers & Peer Comparison

4. Specific Dimensions *(and where to find them)*

- ✓ Capital Adequacy Ratios
- ✓ Tier 1 & 2 Capital
- ✓ Pre-emptive reserves: CRR/ SLR and impact on funding: do they exist in the US?
- ✓ Funding Gaps and how the bank plays those gaps
- ✓ Securitisation Effects
- ✓ Return on Capital Employed
- ✓ A review of these numbers across Lines of Business
- ✓ BofA Numbers & Peer Comparisons

5. In the Bank's Own Words

- ✓ The year in review
- ✓ Forward-looking statements
- ✓ Priorities for the Bank
- ✓ How different stakeholders view their own interests
- ✓ Strategic Stance of BofA Peers