

Bank Analysis

Description

ABOUT THE CLIENT

The Dubai-based private sector bank is the oldest privately owned bank in the United Arab Emirates. It was the first UAE bank to install ATM cash dispensers, the first to issue debit and credit cards and the first to introduce consumer loans.

Today, the client provides conventional and Islamic personal banking services including deposits, loans and credit cards; conventional and Islamic investment banking services including corporate finance and investment advisory on mergers and acquisitions, initial in public offering and underwriting; conventional and Islamic asset management services including wealth management. The client has 12 overseas offices in nine countries, including Europe, the United States, Asia and Africa.

WHAT BUSINESS CHALLENGE WAS THE CLIENT EXPERIENCING?

The client has a cohort of Relationship Managers working in the Financial Institutions team. Their role entails analysing the banks and financial institutes based in the Asian sub-continent (India, Nepal and Bangladesh) before granting them loans. They are expecting to work with the client's Credit Management Team to ensure the risk involved in lending money to these off-shore banks is justified.

However, the relationship managers were highly driven by targets and did not pay enough emphasis on understanding the nature and amount of risk involved before engaging into any dealings with their customer institutions.

The client wanted a learning solution that would:

- Ensure their relationship managers are aware of the current industry best practices for conducting financial analysis and ascertaining risks involved for banks
- Provide them with skills and tools they need to conduct an informative analysis of all the key financial statements submitted by potential clients
- Develop a learning solution which could gauge the impact of training on the participants' skills and technical know-how of conducting risk analysis
- Ensure relationship managers understand the concerns raised by the credit team and work towards a common goal

WHAT SOLUTION DID KAPLAN PROVIDE?

A collaboratively customised Bank Analysis Programme.

HOW DID KAPLAN WORK WITH THE CLIENT TO DEVELOP THE SOLUTION?

- To develop the learning solution, Kaplan used the ‘collaborative customization’ approach
- The course outline, the content and the learning outcomes were developed by conducting multiple rounds of consultative interviews with key stakeholders of the organization such as the Head of Human Resources, Head of Credit Risk Management and Head of Relationship Management
- It resulted in creation of a highly bespoke programme content encompassing pre-assessments, comparative case studies and post-assessments

HOW WAS THE TRAINING DELIVERED?

- The training was delivered face-to-face (F2F) over two days for two batches (2 x 2 = 4 Days). It was interactive and included real-time business scenarios and financial statements
- We also deployed hypothetical case where the participants had to comparatively analyse financial statements of the client against other banks
- We also conducted pre-assessments and post-assessments before and after the programme to measure the impact of training among the participants

WHAT ASPECTS WERE HIGHLY APPRECIATED BY THE CLIENT?

- Collaborative customisation of program and content through consultative approach
- Industry experienced trainer, ex-financial modeler conducting the interactive delivery
- Comparative case study approach based on regional competitor to simulate real-time business scenario
- Comprehensive pre and post assessments along with support material for effective embedding of learning
- The results of the assessments

WHAT DID THE CANDIDATES THINK OF THE PROGRAMME?

- *“Lot of examples provided! Great comparative analysis of bank financials.”*
- *“Content was easy to comprehend. Self-explanatory.”*
- *“The training content was very well structured!”*
- *“The trainer was very knowledgeable, friendly and approachable. Answered all our queries. Overall, a very helpful training.”*

SNIPPETS OF COMPARATIVE FINANCIAL ANALYSIS CASES

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	A	B	C	D	E	F	G	H	I	J
1	Mashreq Financial Analysis				31-Dec-16	31-Dec-17	31-Dec-18			
2										
3	Ratio Analysis									
4						10.3%	9.9%			
5						1.7%	1.7%			
6						1.7%	1.6%			
7					39.0%	39.2%	44.1%			
8						(2.5%)	(1.3%)	=F38/E38-1		
9						(1.9%)	10.9%	=F39/E39-1		
10						(0.6%)	(12.2%)	=F8-F9		
11										
12					79.2%	82.5%	83.2%			
13					16.0%	16.0%	15.3%			
14					16.9%	17.2%	16.5%			
15					96.8%	97.7%	90.4%			
16										
17										
18	Income Breakup									
19										
20					50.6%	55.5%	56.1%	Increasing		
21					3.9%	4.2%	5.3%	Increasing		
22					27.3%	25.9%	23.8%	Decline		
23					4.3%	1.8%	0.4%			
24					13.9%	12.8%	14.4%	Stable		
25										
26	Income Statement									
27					4,466,079.0	4,764,612.0	5,427,063.0			
28					(1,345,530.0)	(1,440,450.0)	(2,096,786.0)			
29					3,120,549.0	3,324,162.0	3,330,277.0			
30					347,555.0	406,676.0	370,568.0			
31					(105,737.0)	(151,901.0)	(257,783.0)			
32					241,818.0	254,775.0	312,785.0			

Circular References: H9

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A1 ENBD Financial Analysis

		D	E	F	G	H	I	J
1	ENBD Financial Analysis		31-Dec-16	31-Dec-17	31-Dec-18			
8	% Increase In Income			4.8%	12.6%			
9	% Increase In Costs			(0.9%)	16.0%			
10	Jaws			5.7%	(3.4%)			
12	Loan to Deposit Ratio		93.4%	93.1%	94.3%			
13	Tier 1 Total Equity / Risk Weighted Assets		18.7%	18.9%	19.8%			
14	Capital Adequacy Ratio		21.2%	21.2%	20.9%			
15	Risk Weighted Assets/ Total Assets		57.2%	58.0%	56.1%			
16	Leverage Ratio							
18	Income Breakup							
20	NII (% of Total OI)		57.7%	58.0%	62.8%	Increasing		
21	Net Income from Islamic Financing (% of Total OI)		10.8%	11.8%	11.2%	Stable		
22	Fee and Commission (% of Total OI)		19.4%	19.1%	16.4%	Decline		
23	Trading (% of Total OI)		1.1%	0.9%	0.3%	Decline		
24	Other (% of Total OI)		10.9%	10.2%	9.2%	Stable		
26	Income Statement							
27	Interest Income		12,397,749.0	13,573,947.0	16,930,894.0			
28	Interest Expense		(3,882,240.0)	(4,615,211.0)	(5,997,538.0)			
29	Net Interest Income		8,515,509.0	8,958,736.0	10,933,356.0			
30	Income from Islamic financing		2,547,068.0	2,632,045.0	2,870,213.0			
31	Islamic profit distribution		(951,482.0)	(804,821.0)	(916,022.0)			
32	Net income from Islamic financing		1,595,586.0	1,827,224.0	1,954,191.0			
33	Fee and commission income		3,747,262.0	3,938,309.0	4,022,106.0			
34	Fee and commission expense		(885,881.0)	(981,346.0)	(1,165,624.0)			
35	Net fee and commission income		2,861,381.0	2,956,963.0	2,856,482.0			
36	Net Trading Income		165,277.0	142,917.0	53,526.0			
37	Other Operating Income		1,610,215.0	1,569,320.0	1,604,743.0			
38	Total Operating Income		14,747,968.0	15,455,160.0	17,402,296.0			

Mashreq ENBD

Circular References

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Author
abigail-burke