Problem Statement: Financial Report Analysis

Financial professionals, investors, and decision-makers often struggle to quickly extract relevant insights from lengthy and complex financial documents such as annual reports, balance sheets, and earnings reports. These documents are filled with jargon, dense numerical data, and intricate details, making it challenging to identify key takeaways efficiently.

Traditional methods of analyzing financial documents, such as manual review or static summaries, are time-consuming and prone to oversight. While some AI tools exist, they often lack the ability to provide context-aware, actionable insights specific to the user's goals, making them less effective for quick and informed decision-making.

Objective

Develop an AI-powered Financial Image Scans

- Scan the document and then identify,capture the relevant images you want to use for the prompts.
- Extracts and highlights critical information from financial document image, such as key financial metrics, trends, and risks.
- Summarize complex financial content into concise, easy-to-understand insights tailored to the user's requirements (e.g., investors, analysts, or auditors).
- Enables users to focus on actionable insights, reducing time spent on document review and improving decision-making efficiency.
- Is able to analyze the graphs and charts present inside the documents and give outputs based on it.

Instructions for the Course Project:

1. **Providing the image of the financial statement**

   You can get the images through urls as well as your local system and then use the PIL library to store them in a list. You can then use them to prompt.

2. **Output Guidelines**

   When summarizing financial documents like annual reports, balance sheets, and earnings reports, it's important to highlight key performance metrics such as revenue, net income, earnings per share (EPS), and growth trends compared to previous periods. Key financial statements like the balance sheet, income statement, and cash flow statement should be summarized to reflect the company's assets, liabilities, equity, revenue, expenses, and cash flows.

Additionally, provide insights into operational performance, market conditions, and management's commentary on future outlooks, risks, and strategic priorities. Including financial ratios (like profitability, liquidity, and leverage ratios) and any notable events, such as acquisitions or major partnerships, can further enhance the summary.

This overview should also touch on any risks, challenges, and external factors that might impact the business, along with the company's approach to managing those risks. If applicable, include shareholder-related information such as dividends or stock performance. This concise summary gives stakeholders a clear, high-level view of the company's financial health and strategic direction.

Sample Input and Output Example

INPUT :

The Input will be the prompt given by you along with the images.

OUTPUT:

Summary of ABN AMRO Bank Quarterly Report (Q3 2024)

Key Financial Metrics

- Net Profit: EUR 690 million, down from EUR 759 million in Q3 2023.
- Earnings Per Share (EPS): EUR 0.78, slightly below EUR 0.85 in Q3 2023.
- Return on Equity: 11.6%, within the target of 9–10%.
- Cost/Income Ratio: Improved to 59.2%, nearing the long-term target of 60%.
- Common Equity Tier 1 (CET1) Ratio (Basel III): 14.1%, reflecting a strong capital position.

Income and Expenses

- Net Interest Income (NII): Increased 7% YoY to EUR 1,638 million, driven by improved Treasury results.
- Net Fee and Commission Income: Grew 8% YoY to EUR 478 million, supported by higher asset management fees and payment services.

- Operating Expenses: Rose 9% YoY to EUR 1,334 million, due to the collective labor agreement and increased investments in IT and regulatory initiatives.

Balance Sheet Highlights

- Total Assets: EUR 403.8 billion, an increase of EUR 10.4 billion from Q2 2024.
- Loans and Advances to Customers: EUR 259.6 billion, up EUR 8.1 billion, driven by growth in residential mortgages and corporate lending.
- Client Deposits: Stable at EUR 224.5 billion, while professional deposits grew by EUR 1.6 billion.

Credit Quality

- Cost of Risk: Remained low at -2 basis points, reflecting net impairment releases.
- Forbearance Ratio: Declined to 2.0% from 2.2% in Q2 2024, indicating better credit quality.
- Stage 3 Ratio (Non-Performing Loans): Stable at 1.9%.

Strategic and Operational Updates

- Continued expansion in sustainable finance, including EUR 1 billion investments in early-stage climate-focused projects.
- Enhanced digital banking capabilities, such as fraud prevention tools in the ABN AMRO app.
- Recognition for customer service and product innovation, including being awarded "Best Benelux Broker" for the third consecutive year.

Market Conditions and Outlook

- The Dutch housing market experienced sustained growth, with a 4% increase in average prices from Q2 2024 and 11% YoY.
- Favorable macroeconomic conditions, including low unemployment and declining inflation, supported performance.
- Management remains cautious about potential regulatory impacts (Basel IV implementation) and has postponed capital assessment to Q2 2025.

This summary captures ABN AMRO Bank's robust performance in Q3 2024, underpinned by solid financial results, strategic advancements in sustainability and digital innovation, and a strong balance sheet despite regulatory challenges ahead.

Images to be attached:

Balance sheet

Condensed consolidated statement of financial position

(in millions)	30 September 2024	30 June 2024	31 December 2023
Cash and balances at central banks	31,652	38,085	53,656
Financial assets held for trading	3,095	2,109	1,371
Derivatives	4,303	4,576	4,403
Financial investments	53,094	50,326	41,501
Securities financing	39,049	34,993	21,503
Loans and advances banks	2,683	3,279	2,324
Loans and advances customers	259,603	251,513	245,935
Other	10,292	8,522	7,218
Total assets	**403,771**	**393,404**	**377,909**
Financial liabilities held for trading	2,080	1,410	917
Derivatives	2,680	2,628	2,856
Securities financing	20,264	18,523	11,710
Due to banks	5,408	5,286	5,352
Due to customers	262,712	260,826	254,466
Issued debt	71,332	67,241	66,227
Subordinated liabilities	6,383	5,608	5,572
Other	7,100	6,887	6,641
Total liabilities	**377,961**	**368,408**	**353,741**
Equity attributable to the owners of the parent company	25,807	24,993	24,165
Equity attributable to non-controlling interests	3	3	3
Total equity	**25,810**	**24,995**	**24,168**
Total liabilities and equity	**403,771**	**393,404**	**377,909**
Committed credit facilities	49,233	50,927	53,968
Guarantees and other commitments	6,786	6,801	6,289

Figures at a glance

Net profit/(loss)
(in EUR million)

Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
759	545	674	642	690

Return on equity
(in %) Target is 9-10%

Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
13.6	9.5	11.6	10.8	11.6

Earnings per share
(in EUR)

Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
0.85	0.60	0.76	0.73	0.78

Cost/income ratio
(in %) Target is circa 60%

Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
55.5	71.6	57.2	58.2	59.2

Cost of risk
(in bps)

Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
0	-13	-1	-4	-2

Net interest margin
(in bps)

Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
154	152	162	162	165
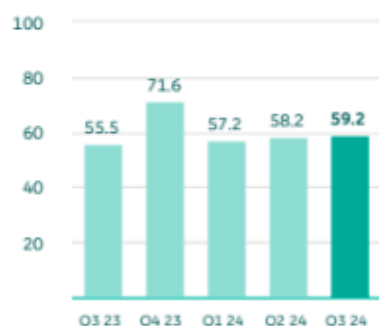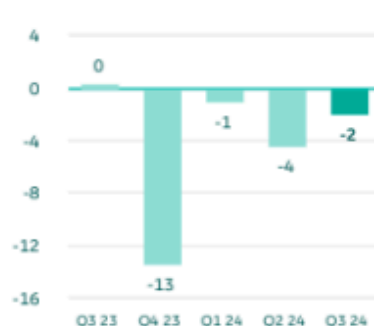
CET1 ratio (Basel III)[1]
(end-of-period, in %)

Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
15.0	14.3	13.8	13.8	14.1

CET1 ratio (Basel IV)[1]
(end-of-period, in %) Target is 13.5%

Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
16	15	14	14	14

Leverage ratio (CRR2)[1]
(end-of-period, in %)

Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
5.2	5.3	5.2	5.3	5.5

1. Capital ratios for Q3 2024 are pro-forma, including 50% of the net profit in line with the existing dividend policy and the practice that was applied until Q2 2024. For more information about the ratios, please refer to the Capital management section.

All targets refer to our strategic targets for 2026.
For more information about net profit, return on equity, earnings per share, cost/income ratio, cost of risk and net interest margin, please refer to the Financial review section.