A Comprehensive Analysis of Financial Performance: Insights from a Leading Banks

1. INTRODUCTION

1.1 OVERVIEW

Financial analysis is the process of evaluating businesses, projects, budgets, and other finance-related transactions to determine their performance and suitability. Typically, financial analysis is used to analyze whether an entity is stable, solvent, liquid, or profitable enough to warrant a monetary investment.

1.2 PURPOSE

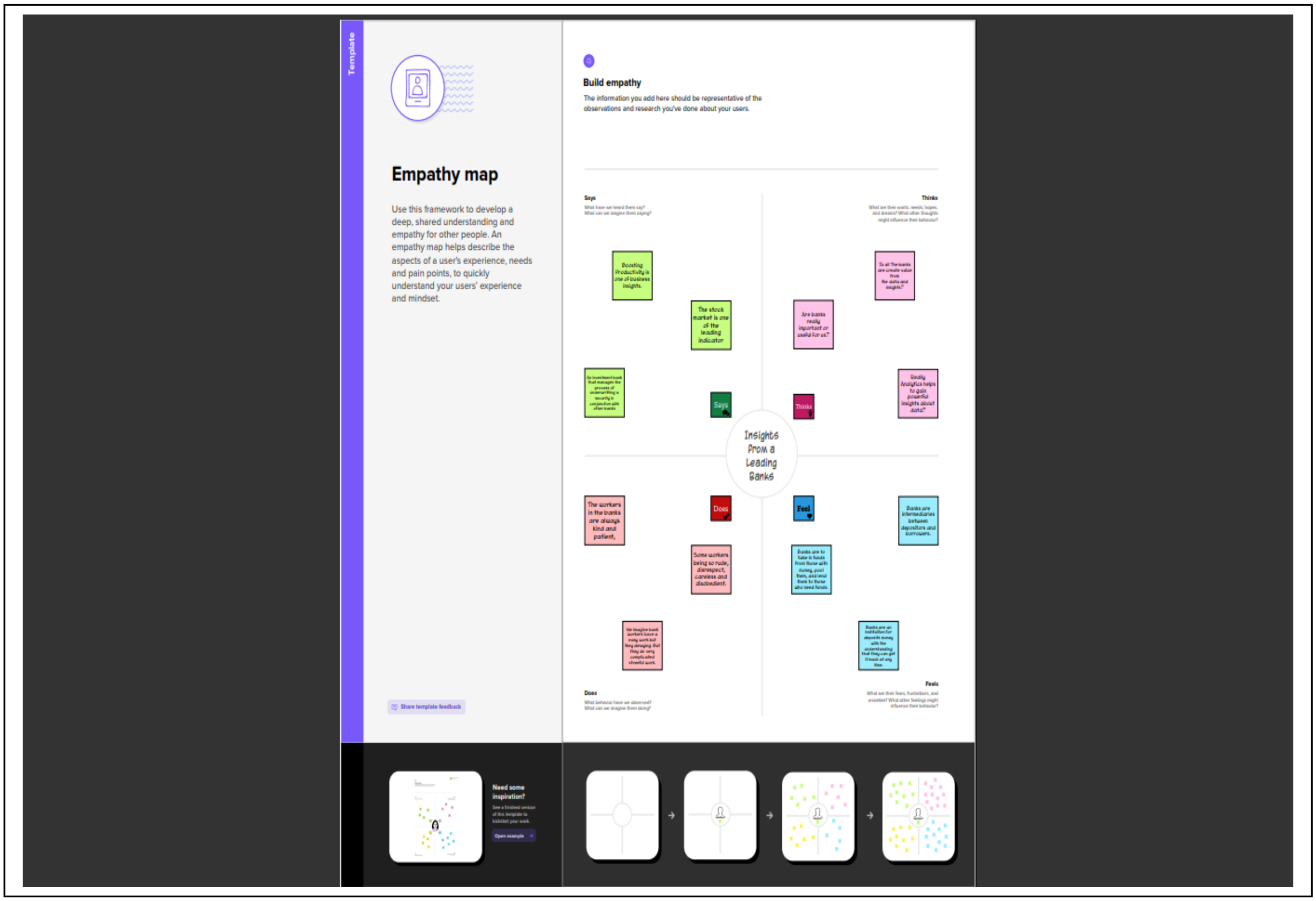
Use of this project

- If conducted internally, financial analysis can help fund managers make future business decisions or review historical trends for past successes.
- If conducted externally, financial analysis can help investors choose the best possible investment opportunities
- Financial analysts assist small businesses in their future planning. This planning involves the evaluation of the company's income statement, balance sheet and cash flow statement. This helps in interpreting the trends and identifying the strengths and weaknesses. By following the trends of the general economy the analyst can estimate how well the company will be able to fare in the coming years. Accordingly, they can plan the equipment to be purchased and take other initiatives.
- Expert financial analysts are able to make investment decisions and recommend ideas based on sound reasoning. Every company should have dedicated financial analysts who would keep a watch over the strengths and weaknesses of the company and advise the management accordingly. In some cases, they can also hire the services of financial consultants on a periodic basis.

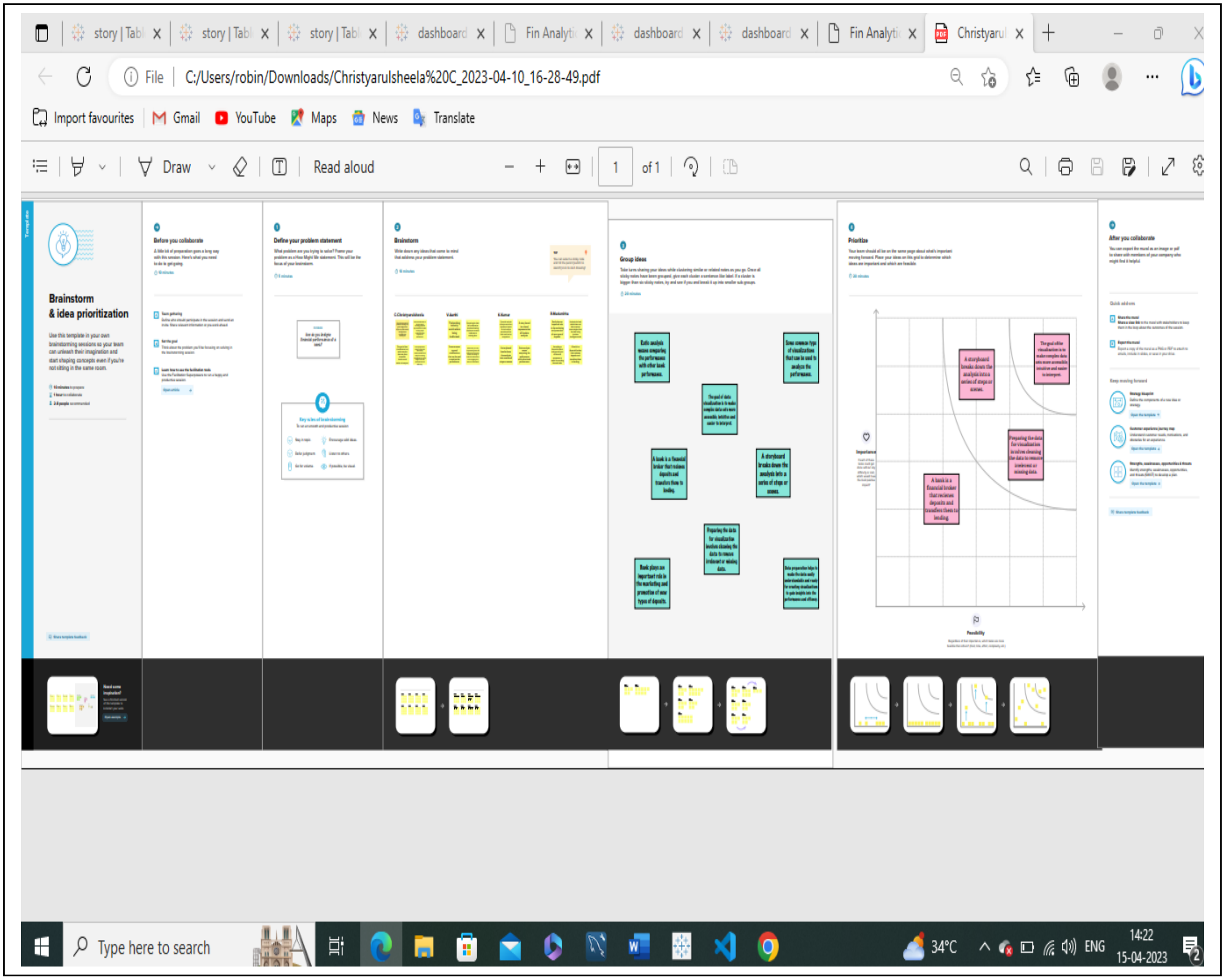
2. Problem Definition and Design Thinking

How do you analyze financial performance of a bank?

2.1 Empathy Map



2.2 Ideation & Brainstorming Map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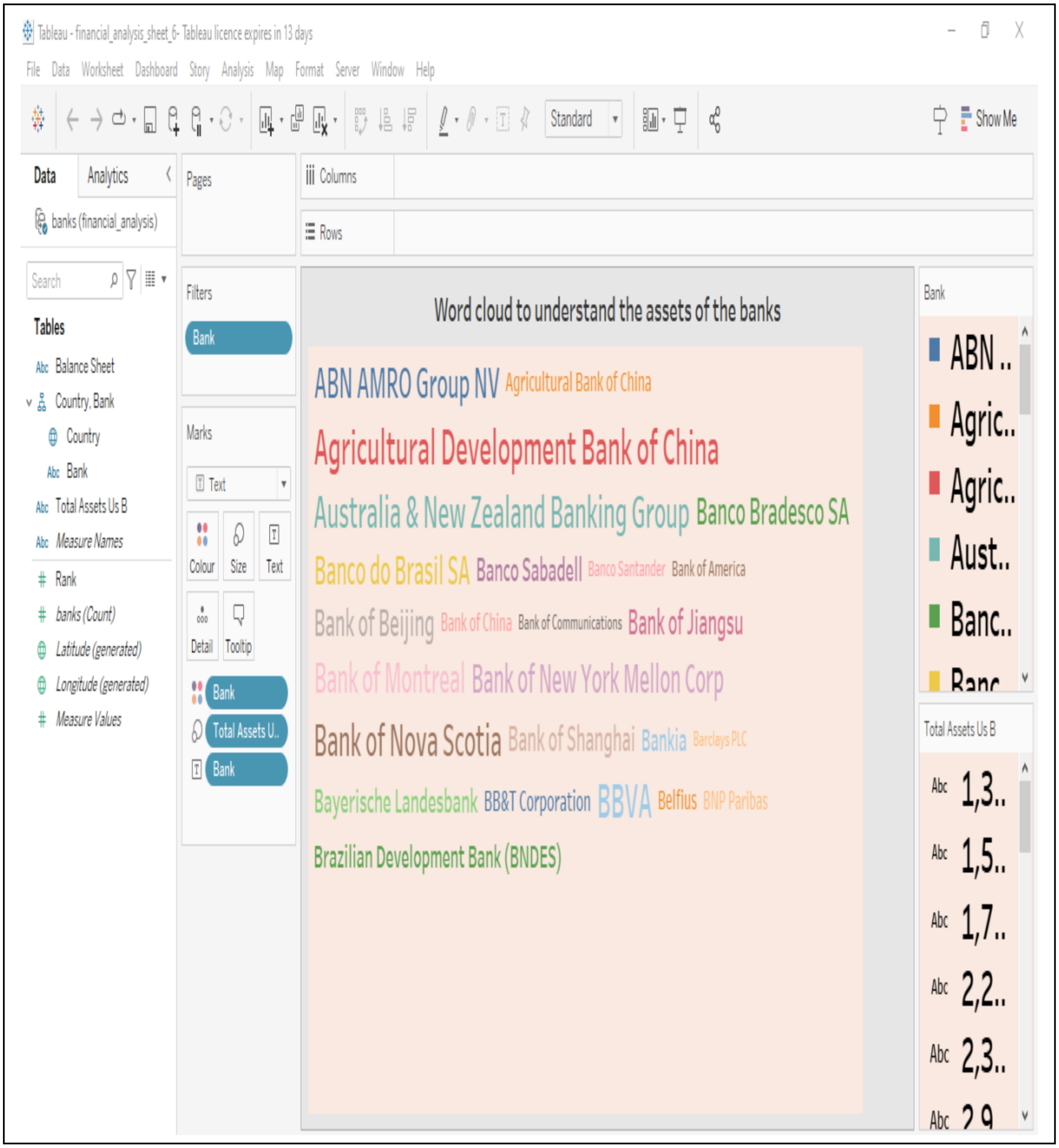
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Agricultural Development Bank of China
Australia & New Zealand Banking Group
Banco Bradesco SA
Banco do Brasil SA
Banco Sabadell
Banco Santander
Bank of America
Bank of Beijing
Bank of China
Bank of Communications
Bank of Jiangsu
Bank of Montreal
Bank of New York Mellon Corp
Bank of Nova Scotia
Bank of Shanghai
Bankia
Barclays PLC
Bayerische Landesbank
BB&T Corporation
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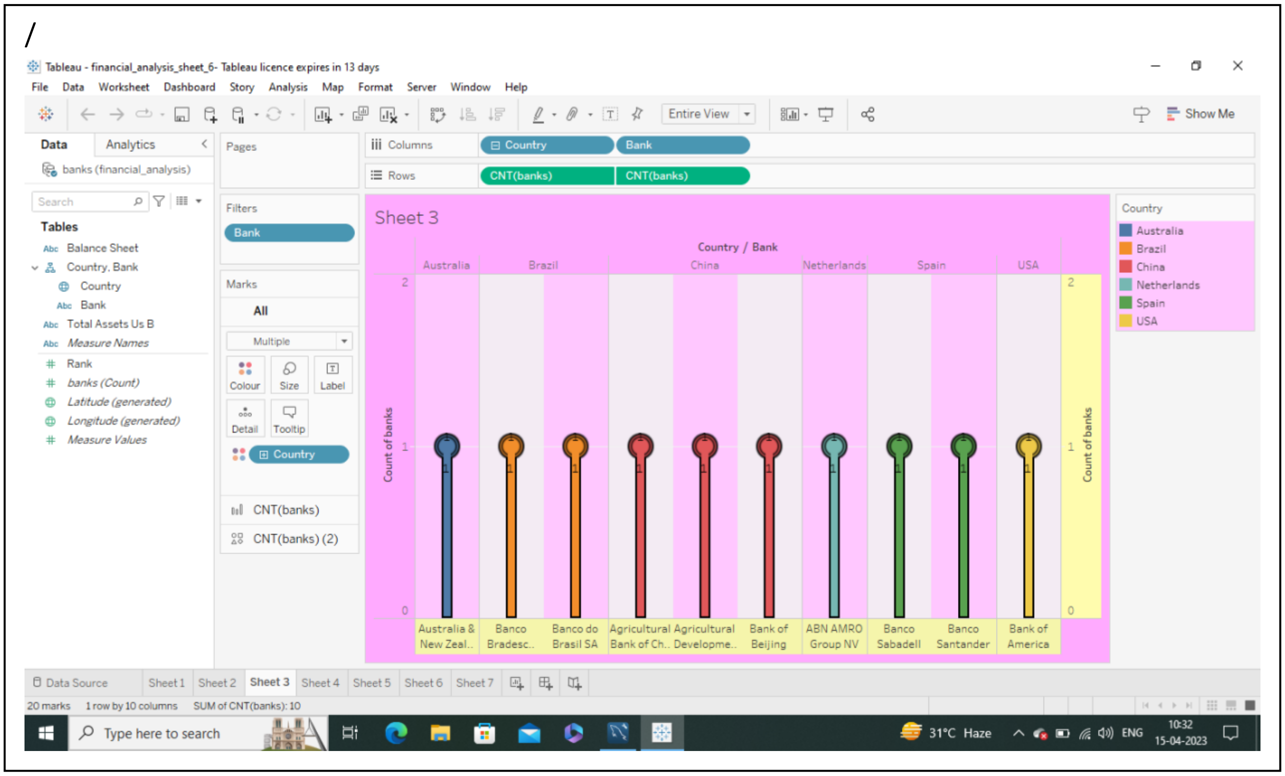
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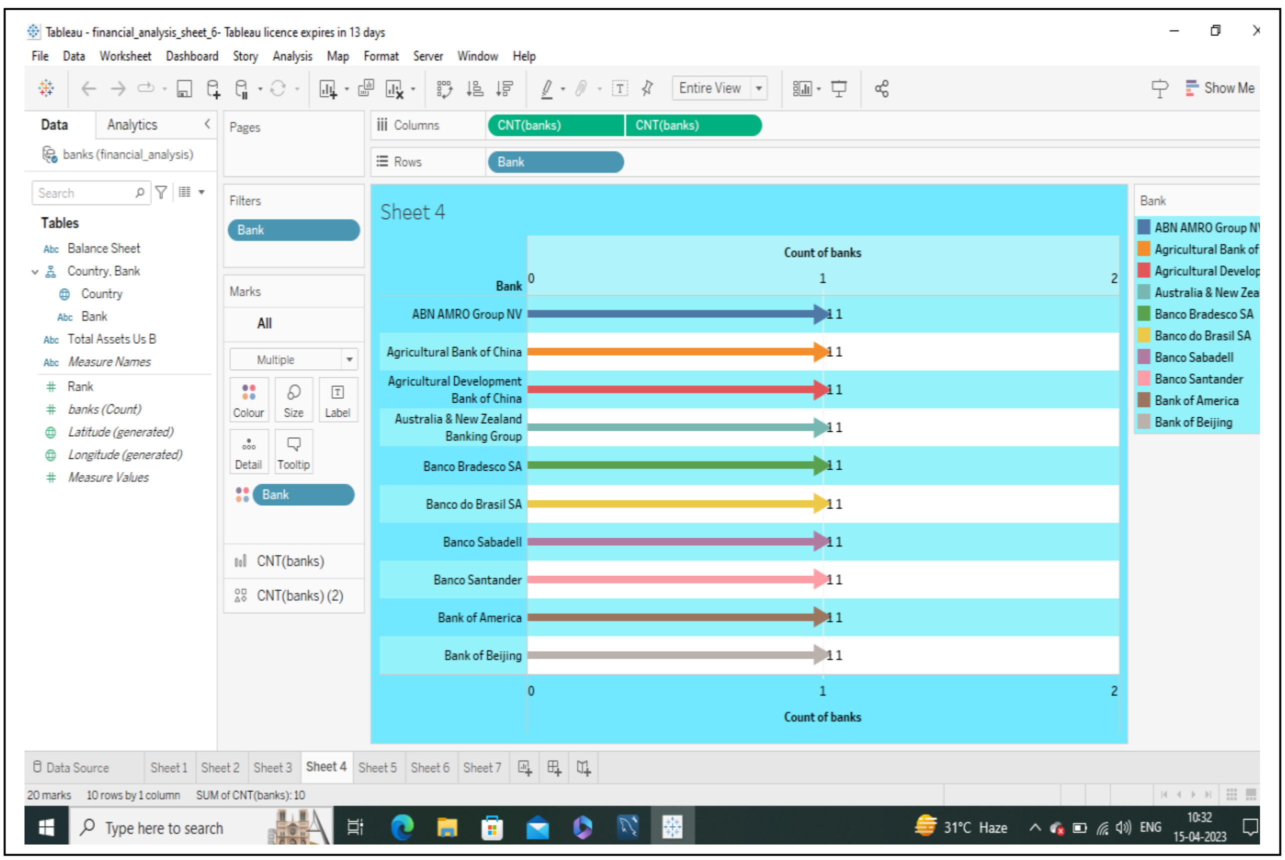
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Sheet 4
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Agricultural Bank of China
Agricultural Development Bank of China
Australia & New Zealand Banking Group
Banco Bradesco SA
Banco do Brasil SA
Banco Sabadell
Banco Santander
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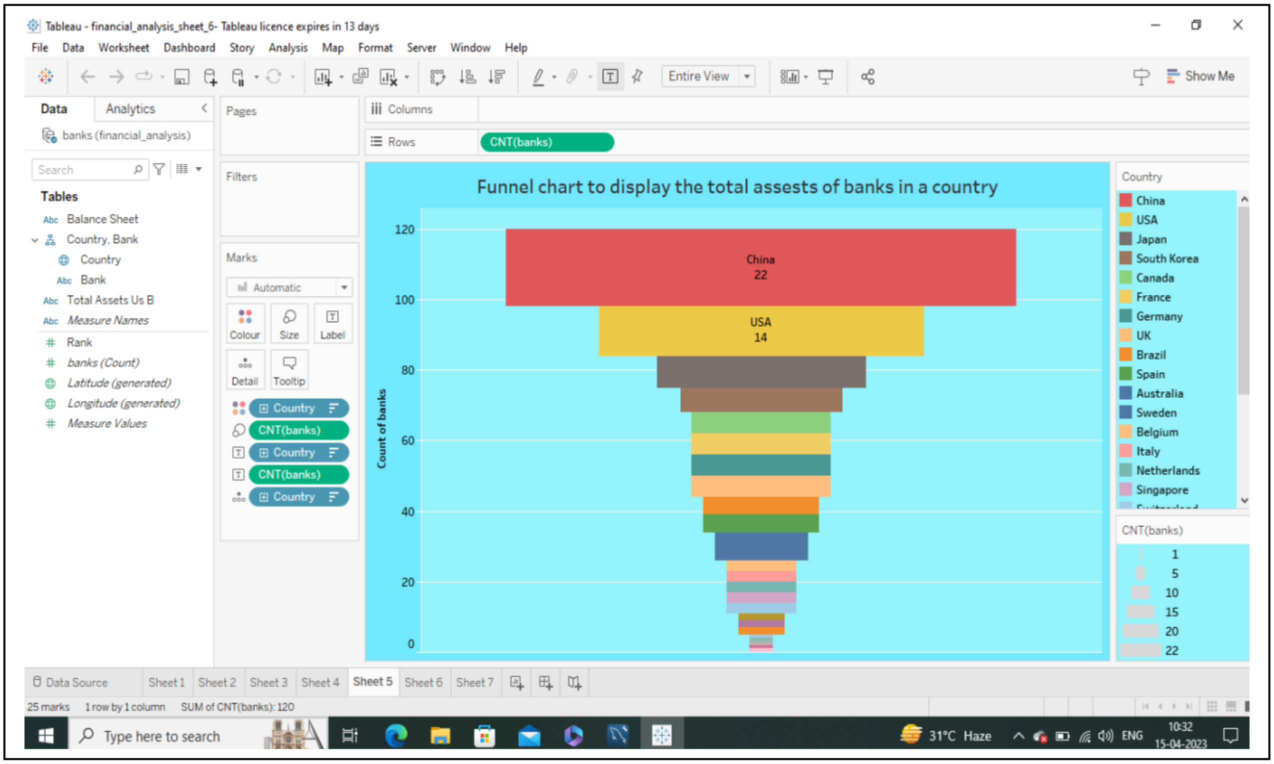
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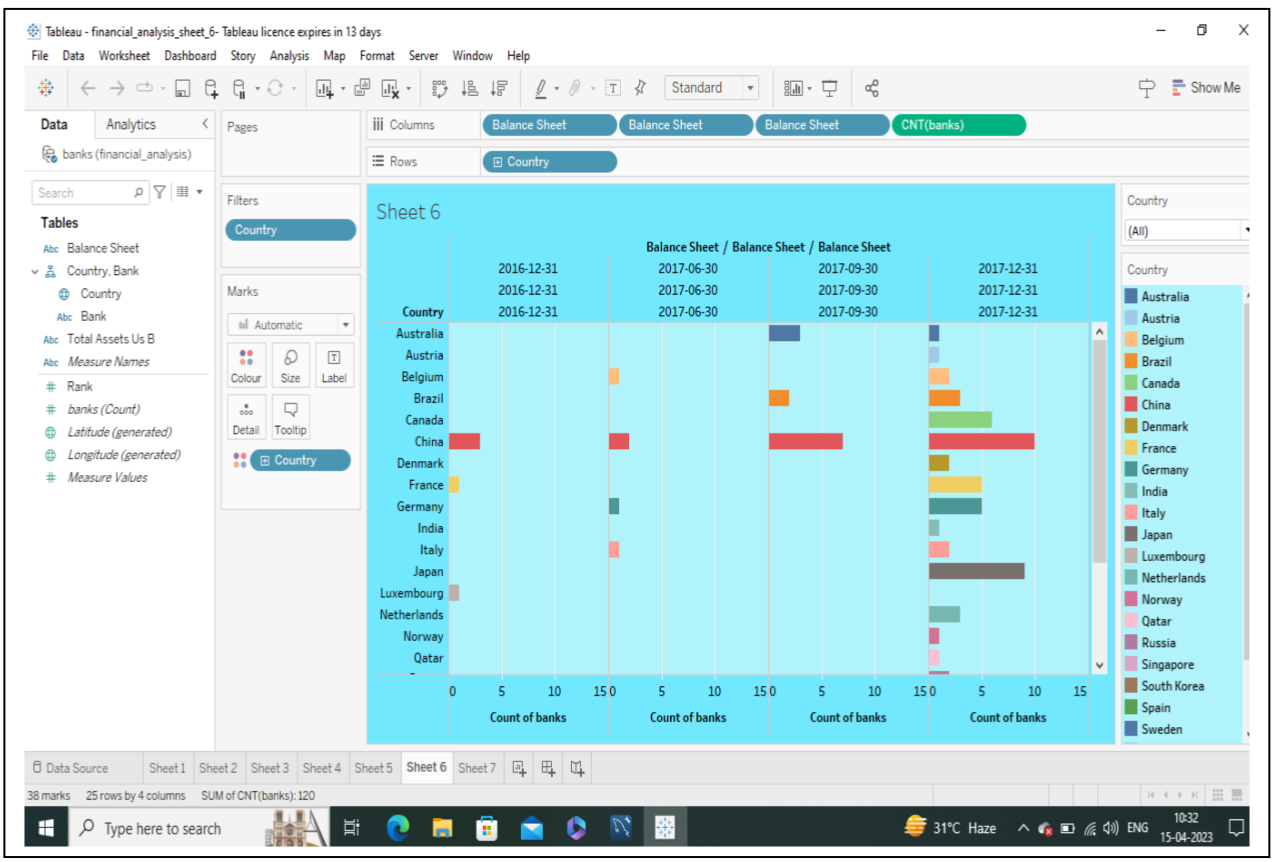
1 row by 1 column
SUM of CNT(banks): 120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Sheet 6
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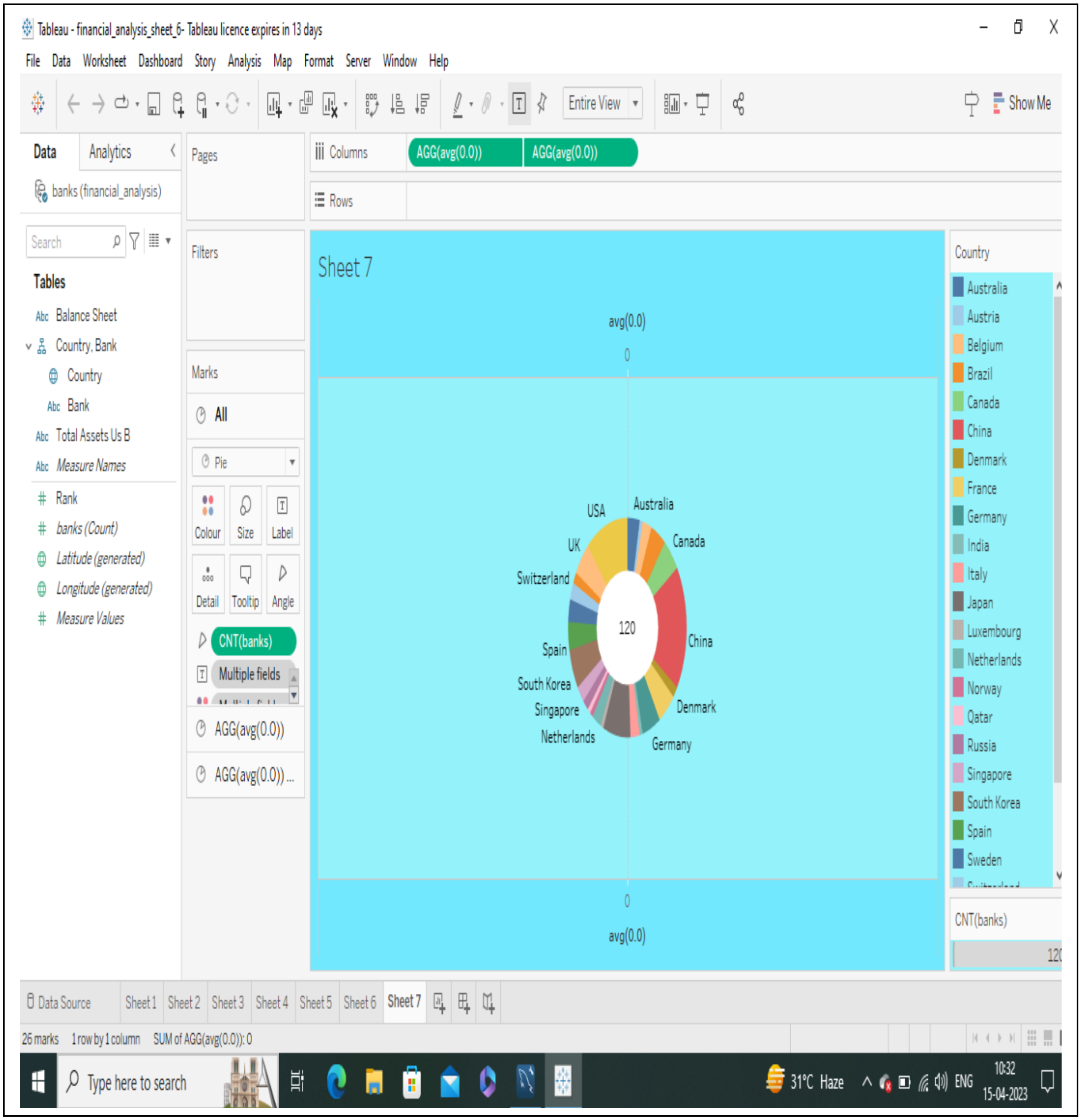
Count of banks
38 marks
25 rows by 4 columns
SUM of CNT(banks): 120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Sheet 7
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Norway
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4. Advantages and Disadvantages

Advantage: The Ability to Detect Patterns

Financial statements reveal how much a company earns per year in sales. The sales may fluctuate, but financial planners should be able to identify a pattern over years of sales figures. For example, the company may have a pattern of increased sales when a new product is released. The sales may drop after a year or so of being on the market. This is beneficial, as it shows potential and sales patterns so executives know to expect a drop in sales.

Advantage: A Chance to Budget Outline

Another advantage of using financial statements for future planning and decision making is that they show the company's budgets. The budgets reveal how much wiggle room the company has to spend on launching products, developing marketing campaigns or expanding the current office size. Knowing how much money is available for planning and decision making ensures that the company does not spend more than expected.

Disadvantage: Based on Market Patterns

One disadvantage of using financial statements for decision making is that the data and figures are based on the market at that given time. Depending on the market, it may change quickly, so executives should not assume that the numbers from a previous financial statement will remain the same or increase. Just because a company has sold 5 million copies of a product during one year does not guarantee it will sell the same amount or more. It may sell much less if a competitor releases a similar product.

Disadvantage: At-One-Time Analysis

Another disadvantage is that a single financial statement only shows how a company is doing at one single time. The financial statement does not show whether the company is doing better or worse than the year before, for example. If executives decide to use financial statements for making decisions about the future, they should use several financial statements from previous months and years to ensure they get an overall picture of how much the company is doing. The financial statement becomes a continuous analysis, which is more useful than using a single statement.

5. Applications

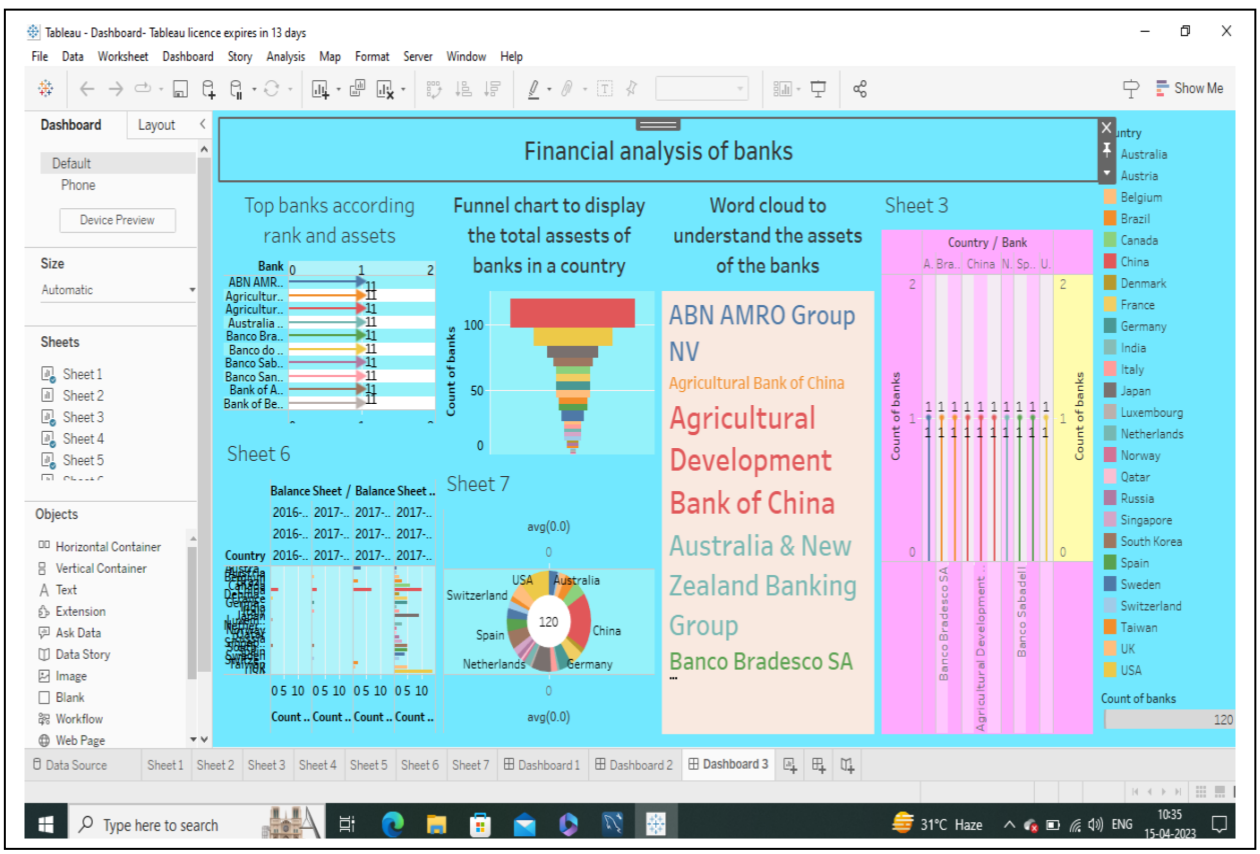
Applications of financial statement analysis, including the evaluation of past financial performance, the projection of future financial performance, the assessment of credit risk, and the screening of potential equity investments. In addition, the reading introduced analyst adjustments to reported financials. In all cases, the analyst needs to have a good understanding of the financial reporting standards under which the financial statements were prepared. Because standards evolve over time, analysts must stay current in order to make good investment decisions.

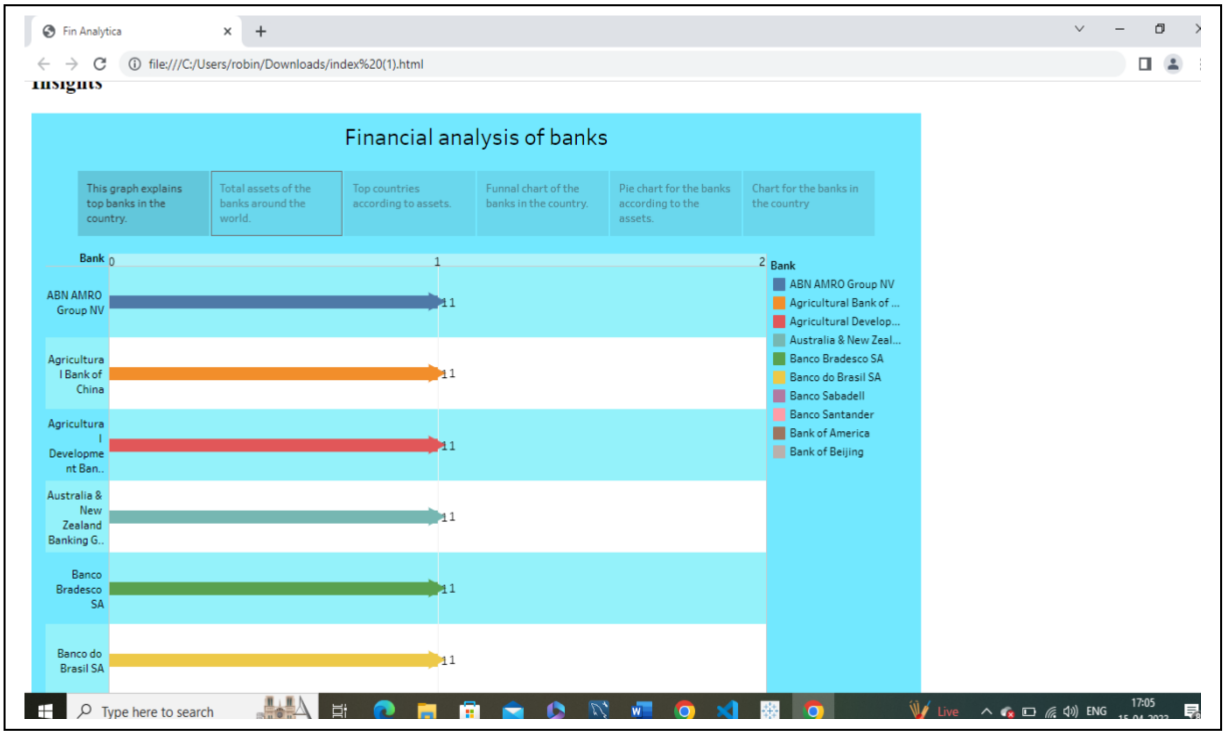
The main points in the reading are as follows:

- Evaluating a company's historical performance addresses not only what happened but also the causes behind the company's performance and how the performance reflects the company's strategy.
- The projection of a company's future net income and cash flow often begins with a top-down sales forecast in which the analyst forecasts industry sales and the company's market share. By projecting profit margins or expenses and the level of investment in working and fixed capital needed to support projected sales, the analyst can forecast net income and cash flow.
- Projections of future performance are needed for discounted cash flow valuation of equity and are often needed in credit analysis to assess a borrower's ability to repay interest and principal of a debt obligation.

6. Conclusion

Analysis of financial statements is extremely important for every business to grow and increase their revenue. It should not be compromised since it increases the efficiency of business operations. Better processes and expert analysts can help in the detailed analysis process.

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Insights
Financial analysis of banks
This graph explains top banks in the country.
Total assets of the banks around the world.
Top countries according to assets.
Funnal chart of the banks in the country.
Pie chart for the banks according to the assets.
Chart for the banks in the country
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Agricultural Bank of China
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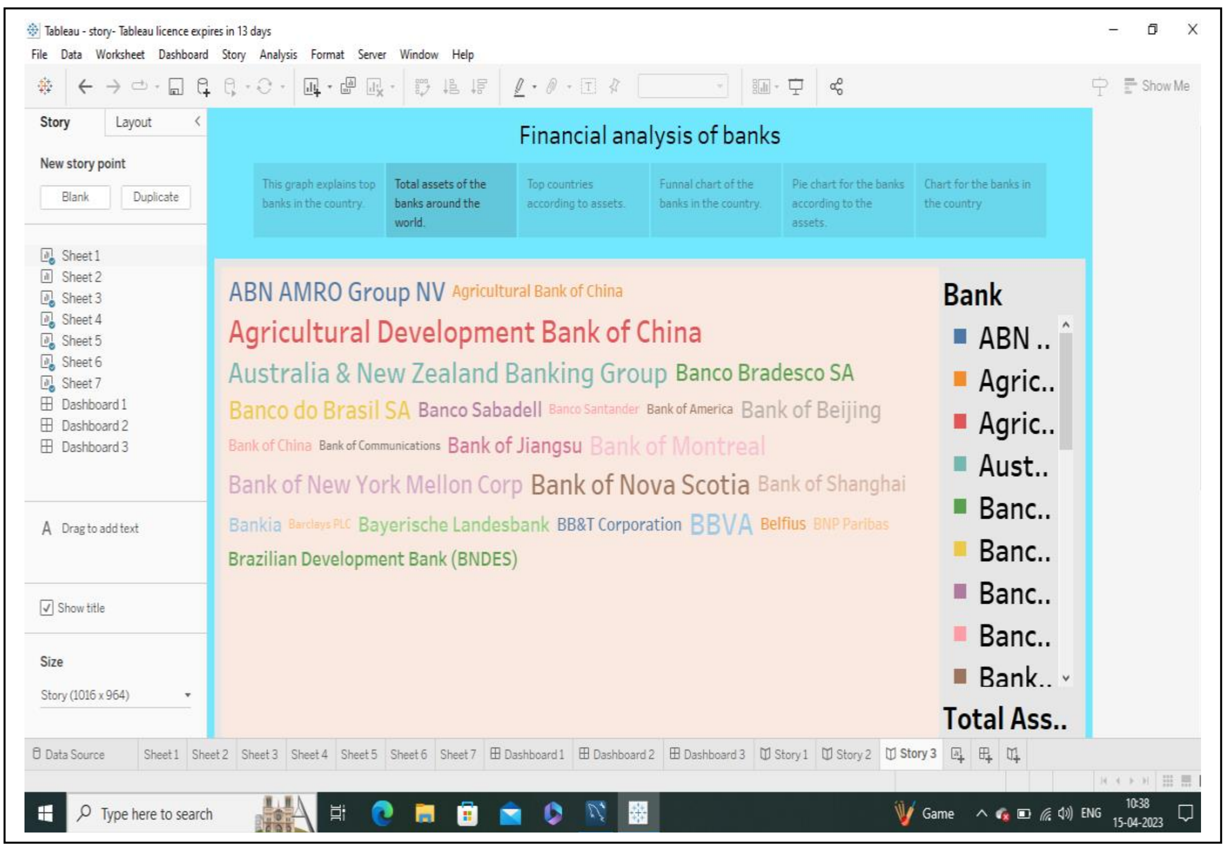
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Agricultural Development Bank of China
Australia & New Zealand Banking Group Banco Bradesco SA
Banco do Brasil SA Banco Sabadell Banco Santander Bank of America Bank of Beijing
Bank of China Bank of Communications Bank of Jiangsu Bank of Montreal
Bank of New York Mellon Corp Bank of Nova Scotia Bank of Shanghai
Bankia Barclays PLC Bayerische Landesbank BB&T Corporation BBVA Belfius BNP Paribas
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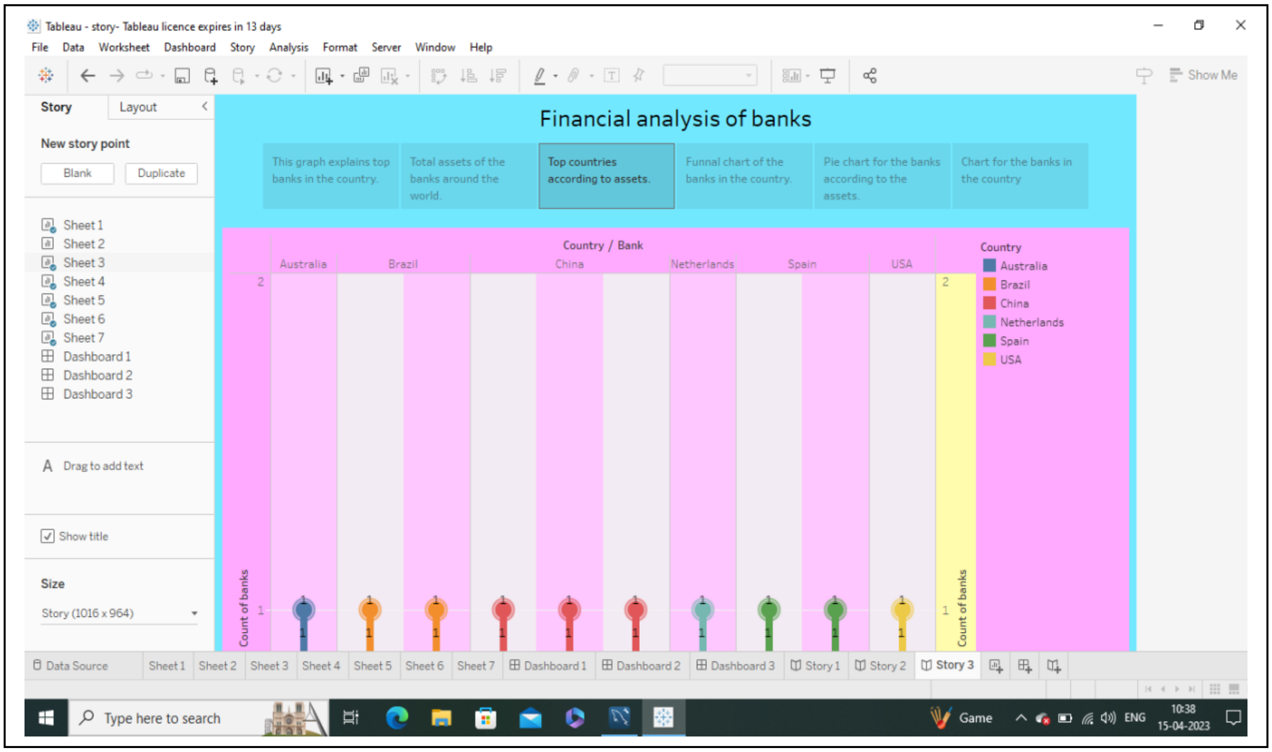
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This graph explains top banks in the country.
Total assets of the banks around the world.
Top countries according to assets.
Funnel chart of the banks in the country.
Pie chart for the banks according to the assets.
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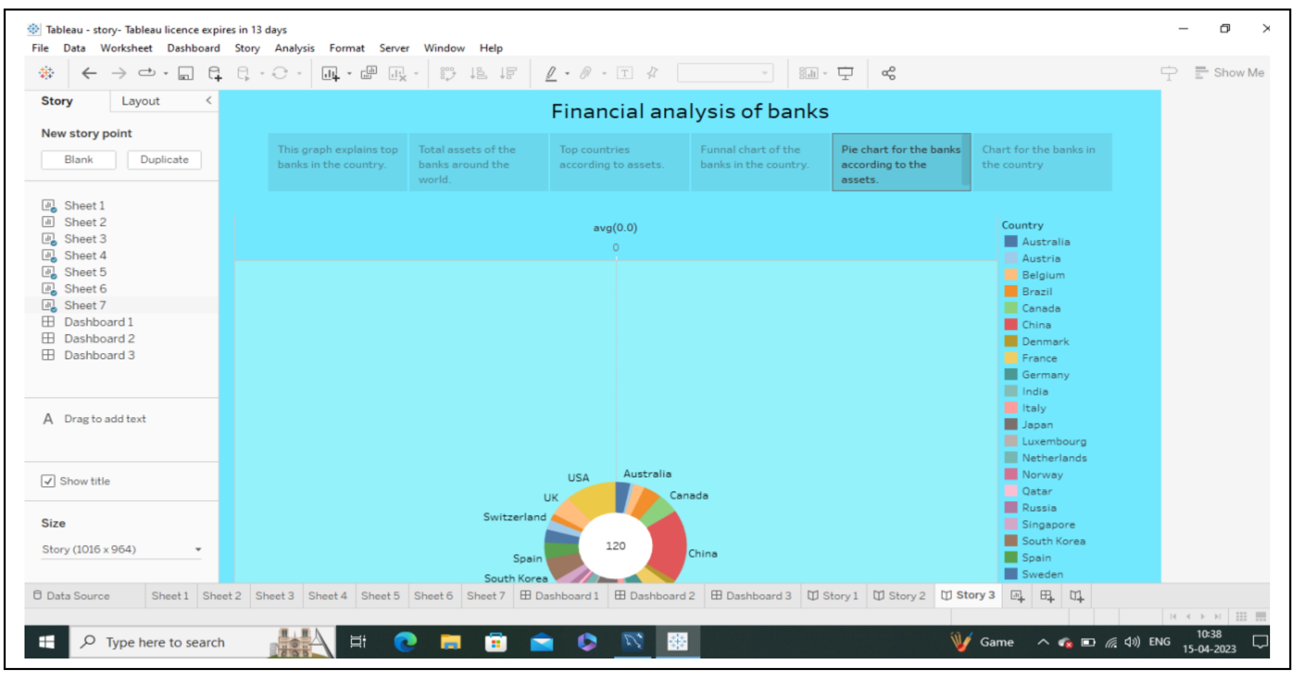
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Top countries according to assets.
Funnel chart of the banks in the country.
Pie chart for the banks according to the assets.
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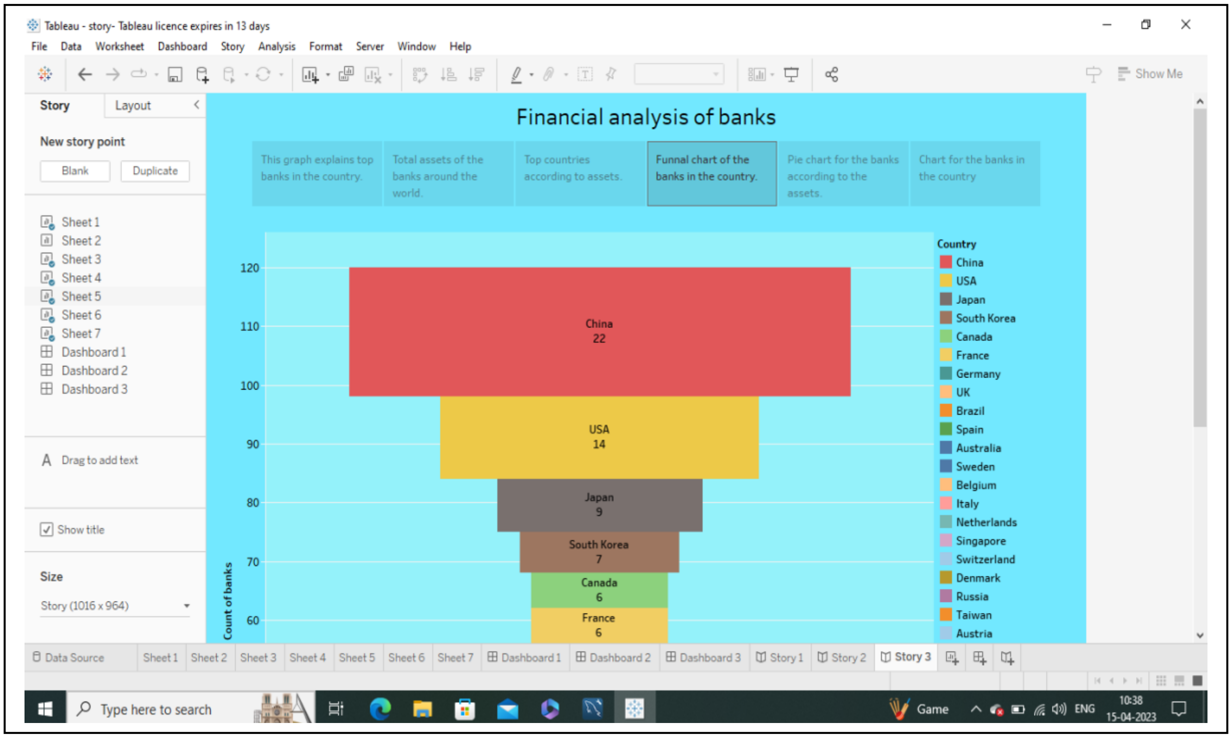

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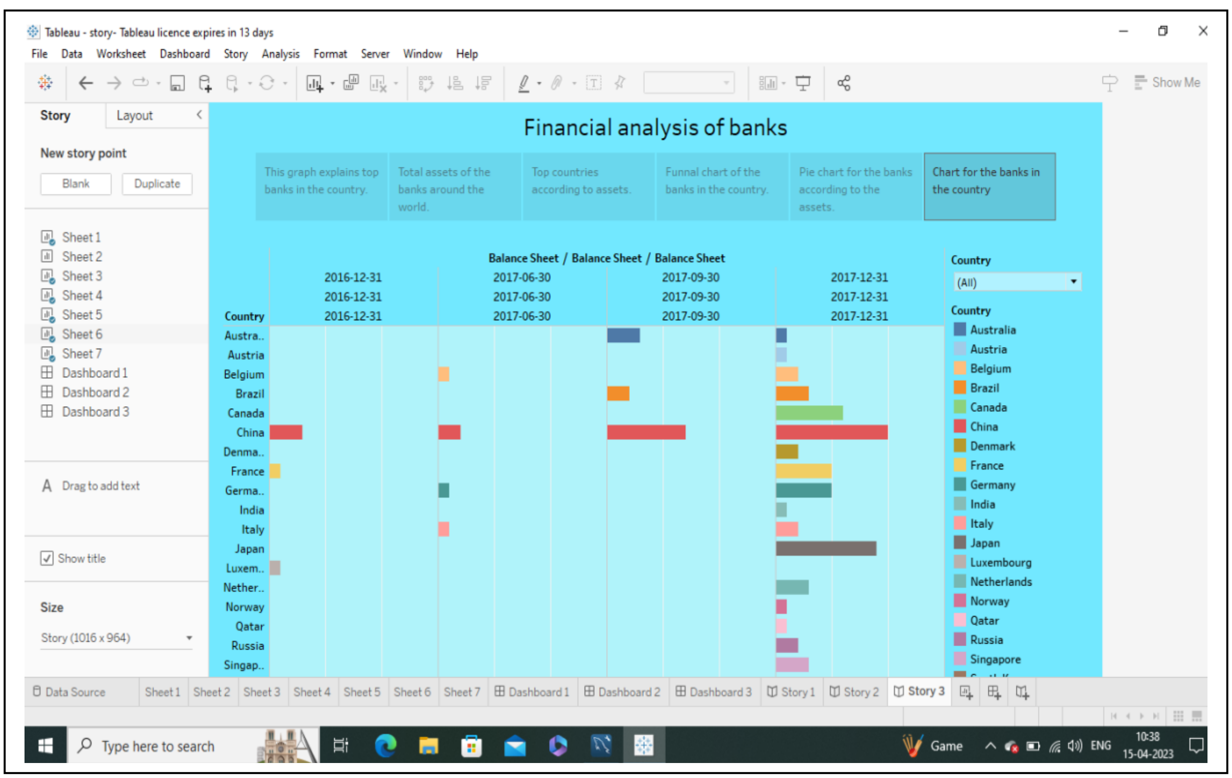

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Chart for the banks in the country
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7. Future scope

7.1 Scope of Financial analysis:

International Financial statement analysis Robinson, Greuning, Henry, Broihahn 2009, According to Framework for the Preparations and presentation of financial statements (international Accounting Standards Committtee, 1989)

The role of financial reporting by companies is to provide information about their performance, financial position, and changes in financial position that is useful to a wide range of users in making economic decisions.

The purpose of financial statement analysis is to evaluate the past, current, and future performance and financial position of the company for the purpose of making investment, credit, and other economic decisions. Financial statements are the end results of an accounting record-keeping process that records the economic activities of a company. They summarize this information for use by investors, creditors, analysts and other interested in a company’s performance and financial position.

The key financial statements that are the focus of analysis are the income statements, balance sheet, statement of cash flows and owner’s equity. The income statement and statement of cash flows portray different aspects of a company’s performance over a period of time.

8. Appendix

Source code:

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name='language' value='en-GB' /><param name='filter' value='publish=yes' /></object></div>
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'https://public.tableau.com/javascripts/api/viz_v1.js';
vizElement.parentNode.insertBefore(scriptElement, vizElement);                </script>
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