A COMPREHENSIVE ANALYSIS OF FINANCIAL PERFORMANCE: INSIGHTS OF LEADING BANKS

1.INTRODUCTION

1.1 OVER VIEW

Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes a full diagnosis of the profitability and financial soundness of the business. The financial analyst program provides vital methodologies of financial analysis.

Financial analysts often assess the firm's production and productivity performance (total business performance), profitability performance, liquidity performance, working capital performance, fixed assets performance, fund flow performance and social performance.

1.2 PURPOSE

A cash flow statement records the overall cash movement in and out of business throughout an accounting period. It ascertains the closing balance of cash and cash equivalents at the end of the year It accounts for three major business activities in which cash is exchanged, i.e., operating, investing, and financing.

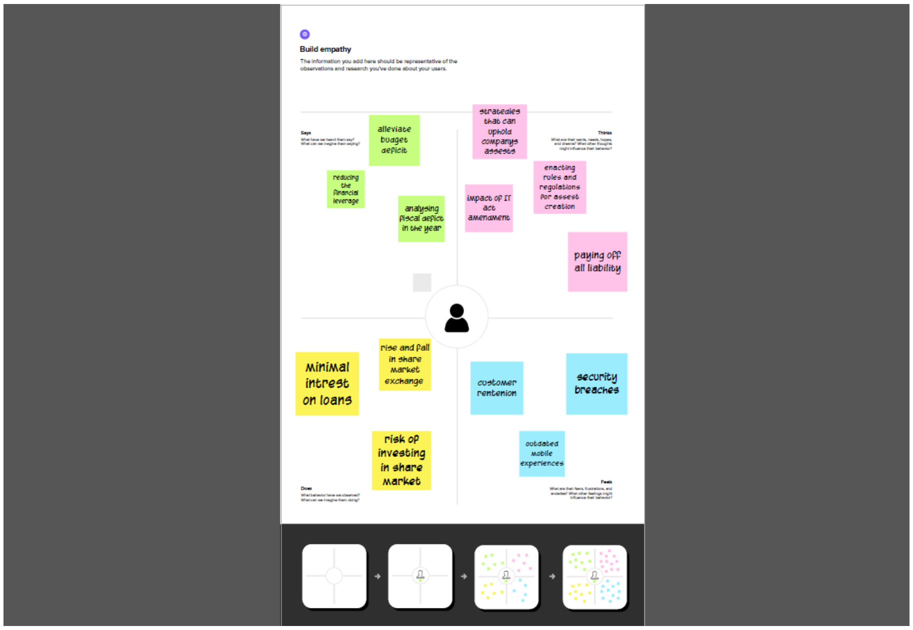
The operating activities include everyday business cash transactions. The investing activities comprise the long-term asset purchase or sale. In contrast, the financing activities involve all transactions that affect the equity and liabilities of a company there are two ways of calculating cash flows: direct and indirect.

Financial analysis is used to evaluate economic trends, set financial policy, build long-term plans for business activity, and identify projects or companies for investment. One of the most common ways to analyze financial data is to calculate ratios from the data in the financial statements It provides financial information such as the company's asset structure, asset liquidity, source of funds, debt level, and liability structures It evaluates a company's performance or value through a company's balance sheet, income statement, or statement of cash flows.

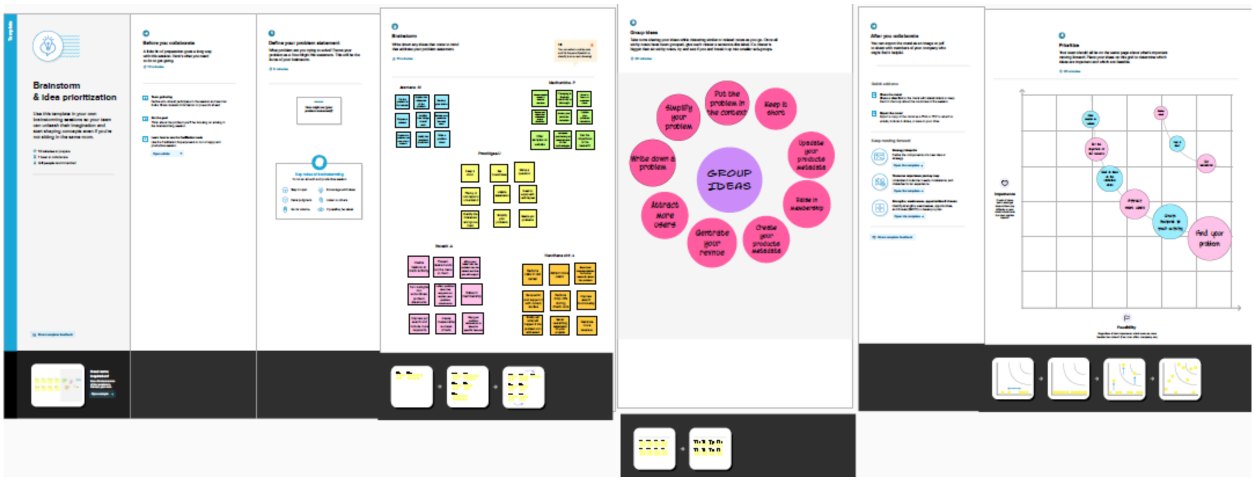
The reading “Financial Statement Analysis is described a framework for conducting financial statement analysis. Consistent with that framework, prior to undertaking any analysis, an analyst should explore the purpose and context of the analysis. It guide further decisions about the approach, the tools, the data sources, and the format in which to report results of the analysis, and also suggest which aspects of the analysis are most important. Having identified the purpose and context, the analyst should then be able to formulate the key questions that the analysis must address.

2.PROBLEM DEFINITION AND DESIGN THINKING

2.1 EMPATHY MAP

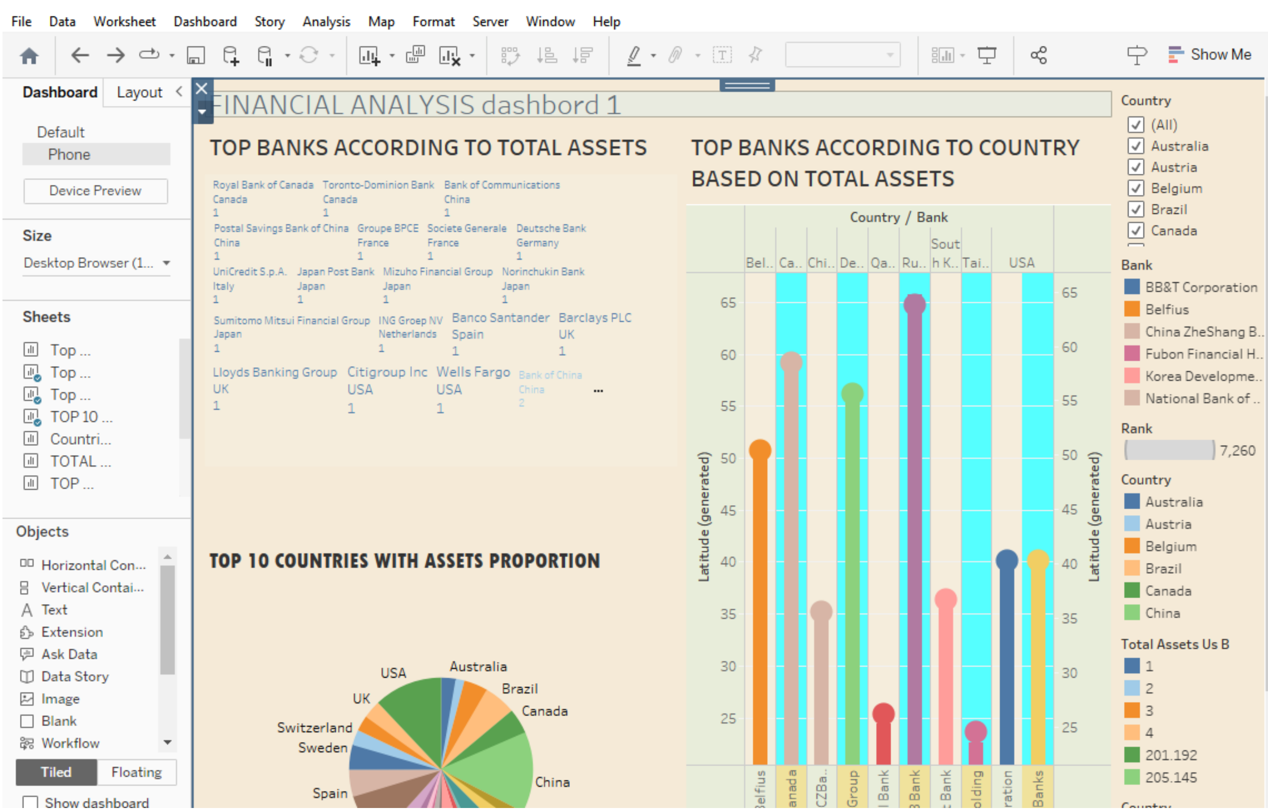


2.2 IDEATION & DESIGN THINKING

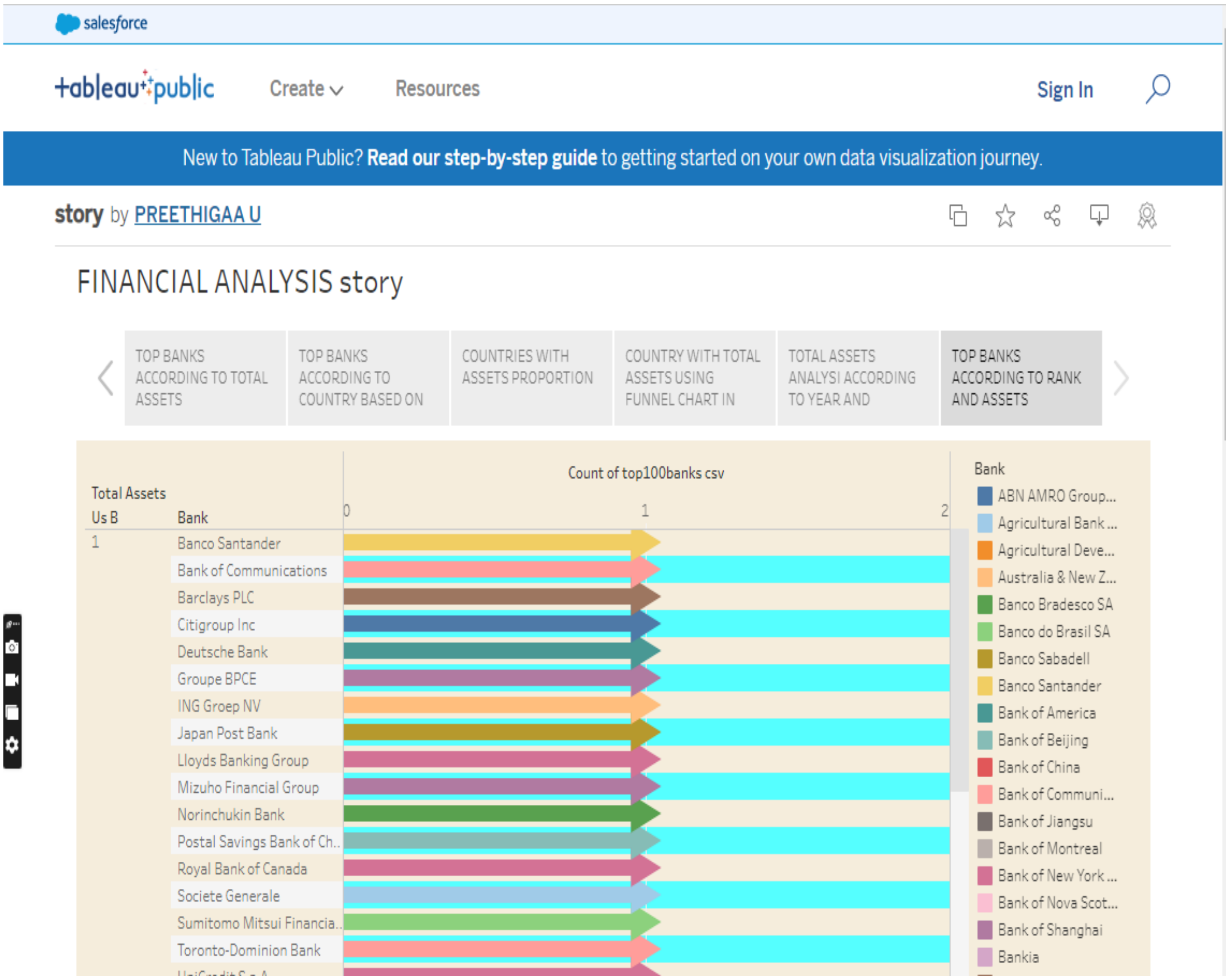


3.RESULT

STORY



DASHBOARD



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TOP BANKS ACCORDING TO TOTAL ASSETS
TOP BANKS ACCORDING TO COUNTRY BASED ON
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Groupe BPCE
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Lloyds Banking Group
Mizuho Financial Group
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4.ADVANTAGES & DISADVANTAGES

ADVANTAGES:

1. 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

2. Chance to Budget Outline:

Another advantage of using financial statements for future planning and decision making is that they show the company's budgets.

3. Make statistical data from the expenditure and profits and could be able to make a strategy for next fiscal year

4.To predict the future profitability of the company by analyzing its financial statement.

5.It provides internal and external stakeholders with the opportunity to make informed decisions regarding investing

6.It helps in determining how efficiently a firm or an organization is operating

7.To evaluate the profitability (earning capacity) of the business. To make comparisons within the firm (intra-firm) and with other firms (inter-firm) To find out the business' capability of paying interest, dividend, etc. To judge the performance of the management

8. It can provide financial position performance and changes for a corporation. Investors or financial workers can uncover financial risk factors from qualitative textual risk disclosures reported in financial statements, especially bank risks.

DISADVANGAGES:

1. A One-Time Analysis – Financial statements show how company performance at a single point in time

2. we cannot compare whether it is doing well or not as compared to earlier years.

3. we can analyze the financial position over a period of time but not exactly during a short period of time.

4. Market Demand Fluctuations – Company product demand may frequently vary according to market conditions.

5. By this irregular market fluctuations, sales will have a direct impact.

6. During inflations, sales will have an adverse effect.

7.Although financial statements are audited, they are not always foolproof. Sometimes, they don’t present the real picture of the company’s financial standing

8.Financial statements are the documentation of a company's past performance (Profit and Loss statement) and the amounts at which its assets and liabilities stand on the date of its preparation (Balance Sheet).

5.APPLICATION

1.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.

2.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.

3.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

4.Credit analysis uses financial statement analysis to evaluate credit-relevant factors, including tolerance for leverage, operational stability, and margin stability

5.Analyst adjustments to a company's reported financial statements are sometimes necessary

6.Evaluate a company’s past financial performance and explain how a company’s strategy is reflected in past financial performance

7.Forecast a company’s future net income and cash flow

8.Describe the role of financial statement analysis in assessing the credit quality of a potential debt investment

9.Describe the use of financial statement analysis in screening for potential equity investments

10.Explain appropriate analyst adjustments to a company’s financial statements to facilitate comparison with another company.

6.CONCLUSION

The financial performance of a company is based on numbers. But in the end, it imparts an impression about the company and its soundness. A financial analysis of a company's financial statements, summarized in annual reports However, it's also important to realize that financial performance reflects the past, and is never an exact indicator of the future.

Everything is based on prediction so it's necessary to analyze the financial performance in order to achieve the desirable target.

7.FUTURE SCOPE

1.Today, the role of a financial analyst is considered one of the premier careers even in India. Reports says, there are over 7,000 financial analysts' jobs available only in India.

2.An analyst plays a critical role in any business that he or she is representing on behalf of their firm.

3.Financial analysts work for KPOs, banks, investment firms, investment banks, insurance companies and even individual companies.

4.A career as a financial analyst not only offers financial security but also gives an exciting opportunity to be a part of the country's finance industry.

5.The job of a financial analyst is coveted among both analysts and professionals in the sector of finance.

6.financial analysts can measure the operational costs of the projects and incorporate performance benchmarks to optimize costs.

7.It can include things like evaluating financial data, examining current events and market developments, examining an organization's financial statements, and creating financial models to predict future performance.

8.Translate financial data into detailed presentations and easy-to-understand financial reports. Communicate with C-suite executives from client companies to understand company needs.

9.Other opportunities in this career path are Financial Service Representatives, Bank tellers, Bill and Account Collectors, Loan Officers, Financial Managers, Bookkeeping, and Audit Clerks.

10. The bright career prospects and the handsome salaries offered by top MNCs and financial institutions are one aspect of it.