CROWN BANK OF CANADA

Fundamental analysis



**Team #6:**

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## INTRODUCTION

Based in Toronto, the Crown Bank of Canada (CBC) is a significant Canadian bank established in 1864. With over 84,000 workers, it is the largest bank in the nation, providing services to over 17 million consumers globally. CBC is the industry leader in Canada, specializing in business, wealth management, and personal banking. CBC is a significant participant in Canada's financial scene, serving individuals and companies. It has 1,300 locations nationwide and a robust internet presence.

A thorough examination of CBC's financial records, industry trends, rivalry, and technological infrastructure are all included in this report. To help CBC's strategic decision-making in the dynamic economic landscape, the project aims to provide detailed insights through various objectives, including risk management, operational efficiency, and financial health assessment. The team will employ multiple competitive analysis techniques to determine CBC's standing compared to its competitors.

## FINANCIAL STATUS

A screenshot of a computer

Description automatically generatedIn this financial study, we will closely examine CBC's earnings report for the last five years (2019–2023). The objective of this fundamental study is to present a thorough knowledge of CBC's financial performance throughout this time by shedding light on the rise of revenue, profitability, and operating expenses.

Earnings Report for past 5 years

Even with its huge 7.9-billion-dollar market capitalization, CBC has grown at a rate of over 100% over the last five years. This accomplishment is further enhanced by the remarkable stability of operating costs, which have been almost unchanged over this time. This consistency is a remarkable accomplishment for the business, indicating a favorable prognosis for the overall earnings trajectory.

|  |  |
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| Financial Indicators | Cumulative Growth Overview in Percentage (2019 -2023) |
| Revenue | 109.25 % |
| Cost of Revenue | 103.00 % |
| Gross Profit | 118.62 % |
| Total Operating Expense | 0.22 % ~ |

## MARKET SHARE

The Canadian financial landscape is dominated by Crown Bank of Canada (CBC), which holds a dominant market position in a number of categories, including corporate banking, wealth management, and personal banking.

### Personal Banking

CBC is the dominant player in the Canadian personal banking market, controlling almost 33% of the market. This means that the bank is entrusting the finances of millions of individual clients.

### Wealth Management

CBC leads the way in Canadian wealth management for affluent people and families looking for professional advice, with a roughly 25% market share.

### Corporate Banking

CBC has a phenomenal 20% market share in Canadian corporate banking, catering to enterprises of all sizes. This shows that different entities have faith in them to take care of their financial demands.

## CURRENT MAJOR STRATEGIC INITIATIVES UNDERWAY

### Merger of HSBC Canada

HSBC was established in 1865 and has provided client service for almost 150 years. The bank serves about 39 million global personal, wealth, and business clients and is present in 62 countries and territories. HSBC is merging with RBC, the anticipated completion date of the HSBC and RBC merger is March 28, 2024.

### Impact of acquisition of HSBC Canada

**Operating Efficiency:** In terms of operational efficiency, HSBC outperformed CBC in 2022 with a cost-to-income ratio of 72.7% as opposed to CBC's 66.9%. This implies that there may be some synergy possibilities as well as opportunity for post-acquisition improvement.

**Profitability:** Despite recent fluctuations in its net profits, HSBC Canada is still profitable. HSBC Canada's net income in 2022 was CAD 843 million, whereas CBC's was CAD 5.7 billion.

## ORGANIZATIONAL STRUCTURE AND HEAD OFFICE STRUCTURE

Toronto, Canada, is home to CBC's (Crown Bank of Canada) headquarters. The bank's leadership team comprises the President and Chief Executive Officer, Chief Legal Officer, Chief Risk Officer, Group Head of Personal and commercial Banking, Chief Human Resources Officer, and other vital roles. Place Ville-Marie is home to CBC's head office, while Crown Bank Plaza is the company's corporate headquarters. Toronto serves as the hub for the majority of its management functions. The bank's broad activities include stock and share management through CBC Capital Markets, investment and wealth management services, and regular banking. With operations in over 36 nations, CBC is a publicly listed corporation on the NYSE, TSE, and Swiss Exchange.

## EXECUTIVE TEAM

|  |  |
| --- | --- |
| President and CEO | David McKay |
| Group Head, Personal & Commercial Banking | Neil McLaughlin |
| Group Head, Capital Markets | Derek Neldner |
| Chief Legal Officer | Maria Douvas |
| Chief Financial Officer | Nadine Ahn |
| Chief Risk Officer | Graeme Hepworth |
| Chief Human Resources Officer | Kelly Pereira |
| Chief Administrative and Strategy Officer | Christoph Knoess |
| Group Head, Technology and Operations | Bruce Ross |

## OVERALL CORPORATE AND THE IT AND OPERATIONS MISSION AND VISION STATEMENT

The mission statement of Crown Bank of Canada is that it aims to serve as the primary financial partner for governments, corporations, institutions, and consumers for the majority of their financial needs. The vision statement of Crown Bank of Canada is to rank among the most reputable and prosperous financial institutions globally.

## REFERENCES

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**Project Management Plan Version 1.0  
Date:** 15th January 2024

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| **Project Name:** | | **Crown Bank of Canada** |
| **Introduction/Overview of Project:** | | The Capstone Project by Team #6 aims to conduct an in-depth analysis of the Crown Bank of Canada's financial status, market positioning, and strategic initiatives. The project encompasses a comprehensive review of Crown Bank's financial statements, market share, competitive landscape, and technological infrastructure. |
| **Project Organization** | | |
| The Crown Bank of Canada Digital Transformation Initiative team constitutes individuals with a wide range of expertise, including banking specialists, project managers, developers, and business analysts. The project manager assumes a coordinating role, with the active participation of stakeholders and the counsel of a senior executive advisory committee. Regular meetings and tools facilitate communication, and those in positions of authority make decisions utilizing pertinent knowledge, which may include the input of business analysts. A matrix delineates specific duties and obligations, and continuous training is furnished as required. The adherence to this methodical framework guarantees fruitful cooperation and the ideal execution of the Crown Bank of Canada's digital revolution.  The analysis team consists of the following members: | | |
| **Team Members** | **Contact info** | |
| **Shubham Thanki** | Shubham.thanki2221@conestogac.on.ca | |
| **Ramya Krishnasamy** | Rkrishnasamy5844@conestogac.on.ca | |
| **Kunj Shah** | [kshah5574@conestogac.on.ca](mailto:kshah5574@conestogac.on.ca) | |
| **Shourya Sahni** | [Ssahni7877@conestogac.on.ca](mailto:Ssahni7877@conestogac.on.ca) | |
| **Shravani Soujanya Kodam** | Skodam7173@conestogac.on.ca | |
| **Neha Lingampally** | [Nlingampally6205@conestogac.on.ca](mailto:Nlingampally6205@conestogac.on.ca) | |
| **Management & Technical Processes:** | | |
| **Management Processes:** | | |
| The project will be managed using the following processes: | | |
| **Kickoff Meeting:** | Scheduled to establish project goals, deliverables, and timelines. | |
| **Regular Team Meetings:** | To be held weekly for progress updates, issue resolution, and collaborative planning. | |
| **Communication Channels:** | Primary communication through Email, Phone, Messages, and Zoom Meetings. | |
| **Progress Updates:** | Team members commit to providing weekly updates on their tasks and overall project status. | |
| **Technical Processes:** | | |
| **Financial Analysis** (Shubham Thanki)**:** | Conduct a detailed examination of the Crown Bank of Canada's financial statements to evaluate profitability, liquidity, and financial health. | |
| **Market and Competitive Analysis** (Ramya Krishnasamy)**:** | Perform a comparative study of CBC against three other companies, including a SWOT and PESTEL analysis. | |
| **Operational Efficiency and Risk Management** (Kunj Shah)**:** | Evaluate CBC's operational processes and risk management strategies. | |
| **Technology Infrastructure Analysis** (Shravani Soujanya Kodam)**:** | Conduct an in-depth review of CBC's IT and Operations infrastructure. | |
| **Work to Be Performed:** | | |
| **Shourya Sahni:**  1. Conduct market research to identify trends and opportunities in the banking industry.  2. Perform a competitive analysis comparing CBC against industry peers.  3. Collect and analyze customer segmentation data for CBC.  **Neha Lingampally:**  1. Evaluate CBC's technology infrastructure, focusing on digital capabilities and innovation.  2. Analyze operational processes to identify areas for efficiency improvements.  3. Contribute to the overall risk management assessment for CBC. | | |
| **Schedule Information:** | | |
| A detailed project schedule will be developed during the kickoff meeting on 20th January 2024, outlining key milestones and deadlines. It will include:  **Data Collection:** Complete gathering of financial statements and operational data.  **Analysis Initiation:** Begin detailed financial analysis and initiate market research.  **Final Presentation:** Regular updates will be provided during team meetings, and any adjustments to the schedule will be communicated promptly. | | |
| **Budget Information:** | | |
| Budget considerations will be discussed during the kickoff meeting, and a comprehensive budget will be established. It will cover expenses such as:  Research Tools: Subscription to financial analysis software, industry reports, and other necessary tools.  Travel Costs (if applicable)  Other Relevant Expenditures | | |
| **References to Other Project Planning Documents:** | | |
| References to risk management plans, communication plans, and quality assurance plans will be included in subsequent versions of the project management plan. | | |

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| CROWN Bank of canada | This business analysis study aims to investigate and evaluate the **Crown Bank of Canada**'s (CBC) financial performance, operational efficiency, and strategic factors. The organization reflects its changing market positioning and corporate goals. |

**Team Contract**

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| **Project** | Capstone Project |
| **Team** | Team # 6 |

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| **Team Goal/Objective** |
| * Conduct an in-depth analysis of CBC's financial statements to evaluate profitability, liquidity, and overall financial health. * Evaluate CBC's market share, competitive landscape, and customer segmentation to understand its positioning in the banking industry. * Operational Efficiency and Risk Management. * Technology Infrastructure Analysis |
| **Team Procedures** |
| * Preferred methods of communication are E-mail, Phone, Messages, and Zoom Meetings. * Kickoff Meeting * Regular Team Meetings * Communication Channels * Progress Updates |
| **Team Expectations** |
| * Expect team members to be transparent in their communication, provide updates regularly, and respond quickly to any issues or difficulties. * It is expected of each team member to assume responsibility for the responsibilities allocated to them, adhere to deadlines, and actively participate in the project's success. * Collaboration * Flexibility |

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| **Team Participation** |
| * Active Engagement * Timeliness * Preparation * Technology Etiquette * Continuous Learning |
| **Personal Accountability** |
| * Ownership of Actions * Meeting Commitments * Responsibility for Results * Problem-Solving Attitude |
| **Consequences for Failing to follow procedures** |
| * Verbal Warning * Training or Coaching * Reassignment of Tasks * Loss of Privileges |

**Terms & Conditions**

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| --- | --- | --- | --- |
| **Name** | **Email ID** | **Signature** | **Date** |
| Shubham Thanki | Shubham.thanki2221@conestogac.on.ca | ST | 15th Jan 2024 |
| Ramya Krishnasamy | Rkrishnasamy5844@conestogac.on.ca | RK | 15th Jan 2024 |
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| Shourya Sahni | Ssahni7877@conestogac.on.ca | SS | 15th Jan 2024 |
| Shravani Kodam | Skodam7173@conestogac.on.ca | SK | 15th Jan 2024 |
| Neha Lingampally | Nlingampally6205@conestogac.on.ca | NL | 15th Jan 2024 |

**Roles and Responsibilities**

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| **Team** | **Roles** | **Responsibilities** |
| Ramya Krishnasamy | Project Manager | Develop and manage the project plan, considering deadlines, goals, and resource allocation, Give stakeholders frequent reporting and status updates. |
| Shubham Thanki | Data Analyst | Gather, examine, and evaluate data to help guide business choices.  Work together with stakeholders and business analysts to comprehend data needs. |
| Kunj Shah | Business Analyst | Collect and record business needs using meetings, surveys, interviews.  Examine, record, and suggest changes to the existing business procedures. |
| Shourya Sahni | Quality Analyst | Create and carry out test cases and strategies to guarantee work.  During the testing procedure, find, identify, and monitor errors and problems. |
| Shravani Kodam | Documentation expert | Produce and manage project documentation, such as user guides, technical specifications, and business requirements papers.  Make sure all pertinent stakeholders can easily access and understand the documents. |
| Neha Lingampally | Financial Representative | help with the project's financial planning and budgeting.  Keep tabs on project costs, examine deviations, and update stakeholders on financial situation. |

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|  | **P** | POLITICAL |
|  | Geopolitical relations - Political clashes with India could affect the operations of CBC. |
|  | Govt Regulations - Anti-money laundering and other regulations. |
|  | USMCA Regulations: Both the USMCA's implementation and prospective new accords present opportunities and difficulties. |
|  | **E** | ECONOMIC |
|  | Interest Rates- The bank might benefit from high interest rates considering the current housing market. |
|  | Economic Growth- The current recession has negative affect on the bank. |
|  | Employment Rates- There’s a lack of high paying skilled jobs which has lead to lack of spending capabilities of people. |
|  | **S** | SOCIAL |
|  | Shift in Demographics- New financial services and products, such as wealth management and retirement planning options, will be needed due to shifting demographics. |
|  | Income Distribution- Economic disparity among the people living in Canada. |
|  | Lifestyle Trends and Culture- Festival and daily life spending of both Immigrants and indigenous people. |
|  | **T** | TECHNOLOGICAL |
|  | Technology developments in the banking sector- Developments in the safety and user interference by RBC as well as its competitors. |
|  | Recent Technological Developments- Innovation by big tech giants like Apple, Google, etc. |
|  | Patents, Licenses- Analyzing patents and licensing activity offers essential insights into trends in innovation, rivalry, partnerships, and possible sources of income for patent holders. |
|  | **E** | ENVIRONMENTAL |
|  | Recycling- Recycling reduces environmental harm from extracting and processing scarce resources, such as water, minerals, and fossil fuels. |
|  | Climate Change- Laws protecting the mother earth. |
|  | Shift towards renewable energy- Affect on the automobile industry indirectly affects RBC’s operations. |
|  | **L** | LEGAL |
|  | Data Protection- Laws regarding the safeguarding of personal data of individuals and businesses. |
|  | Consumer Protection- Rights given to consumers to fight against big organizations. |
|  | Intellectual Property Law- Copyrights and patents registered by individuals and businesses. |

**PESTEL ANALYSIS**