



## Finance Essentials for Banks

Essentials Online Course – 2-3 Hours

Learn about how banks make money, how they create value for their shareholders and the key concerns for bank management and regulators. You will see how the balance sheet and income statement work for a bank and you'll understand key financial jargon and commonly used financial metrics such as ROE, cost:income ratio, leverage and net interest margin. We will also cover bank capital regulation, including risk-weighted assets, CET1 and leverage ratios and the rules for too-big-to-fail banks. And we consider current trends, the implications for profitability and the challenges facing banks.

### OUTCOMES

- Understand how banks make money and the strategies they employ to drive value creation for their shareholders
- Appreciate how capital regulation works and understand the key ratios
- Learn how to evaluate a bank's performance using commonly used key performance indicators

### WHAT YOU WILL LEARN

#### Introduction and objectives

#### The big picture

- Why do we need banks
- Types of bank
- The current environment

#### How banks create value

- Shareholder value concepts
- Returns to shareholders (TSR)
- Driving growth and ROE/ROTE

#### How banks make money

- How the financial statements work
- How banks make profits
- Why banks need high leverage
- Competing pressures on banks

#### Capital regulation

- Capital and why banks need it
- Capital ratios
- Leverage, liquidity and net stable funding
- Basel III, stress tests etc
- Too-big-to-fail banks

#### Analysing banks

- Looking for growth
- Returns and other KPIs
- Adjusted profits

#### Typical bank strategies

- The link with value creation
- Real bank examples
- Putting it all together

