

SEMINAR OVERVIEW

FINANCIAL INSTITUTIONS [FI] ANALYTICS

BARRY M FROHLINGER, INC.

FINANCIAL INSTITUTIONS [FI] ANALYTICS

The Financial Institutions [FI] Analytics Training seminar was developed due to the lack of FI-specific content in traditional training programs. In addition, there is no applications-based training for FI's in financial analysis textbooks.

We developed this training program to teach:

- The relevant accounting issues that impact the FI Industries
- The tools and techniques for measuring performance and risks of FI's
- The forces at work that are transforming financial intermediaries

The Financial Institutions which are covered include:

- Commercial Banks
- Finance Companies
- Broker-Dealers
- Insurance Companies
- Mutual and Pension Funds
- Fund Advisors

The Financial Institutions [FI] Analytics Training seminar is case based. Participants use real financial statements to reinforce the learning from lecture and readings from the course materials. This seminar is the most extensive training seminar developed specifically designed for analysis of FIs.

1 Industry Overview

Forces at Work that shape the industry

- Ageing populations
- Consolidation
- Technology
- Regulation
- Management

Financial differences between FI's and Commercial & Industrial [C&I's]

Balance Sheet Structure

Assets, Liabilities and various definitions of capital

Income Statement Structure

Cash Flows

Other Comprehensive Income

Regulatory Issues

Financial Measures which are common to most FI's

- Operating Efficiency
- Capital Efficiency
- Financial Leverage
- Return on Equity
- Risk Based Capital

2 Accounting principles relevant to FI's

- Understand accounting issues as applied to various types of financial institutions and the significance for analysis
- Using footnote disclosure to extract relevant data for analysis
- Understanding Revenue Recognition and Cost Matching
- Understanding FIN 46
- Learn the accounting treatment of financial instruments

SESSION 2

1 Analysis of Commercial Banks and Finance Companies

Key Success Factors for Banks and Finance Companies

Understanding the unique financial accounting disclosures of commercial banks

Qualitative and Quantitative Analysis

Analysis of Balance Sheet

Analysis of Income Statement

Critical Earnings Subtotals

Understanding and measuring “true” earnings power

Using Other Comprehensive Income

Financial Performance measures

Regulatory Issues

Capital Adequacy

Parent Company Analysis

Liquidity and Double Leverage

Measuring Deposits

Stress Testing the allowance account and loan losses

Understanding, Measuring and Interpreting Profit, Productivity, Liquidity and Credit Measures

Contrasting Commercial Banks and Finance Companies

Financial and Operating Characteristic Similarities and Differences

SESSION 3

1 Analysis of Broker Dealers

Key Success Factors for Broker Dealers

Understanding the four major segments of broker-dealer

Retail, Asset Management, Prop Trading and Corporate Finance

Understanding the unique financial accounting disclosures of broker dealers

Qualitative and Quantitative Analysis

Understanding and calculating Haircuts

Liquidity Issues

Understanding Repo Accounting

Measuring Capital Appropriateness

Analysis of Income Statement

Critical Earnings Subtotals and Measures

Regulatory Issues

Capital Requirements

SESSION 4

1 Analysis of the Insurance Industry

- Key Success Factors for the Industry
- Characteristics of Life vs. Property Casualty vs. Reinsurance
- Understanding the unique financial accounting disclosures of the insurance industry
- Qualitative and Quantitative Analysis
 - Liquidity Issues
- Analysis of Income Statement
 - Critical Earnings Subtotals and Measures
- Regulatory Issues
 - Capital Requirements

SESSION 5

1 Analysis of Mutual Funds, Pension Funds, and Fund Advisors

- Key Success Factors for Funds and Advisors
- Understanding the unique financial accounting disclosures of funds and advisors
- Performance Measures for Funds and Measures for Advisors
 - Capital Structure with Debt Analysis