



FINANCIALEDGE⁷

The FIG Banker

MICRO-DEGREE COURSE OUTLINE

The FIG Banker Micro-degree

Learn the core skills and knowledge required by any FIG team focused on advising or investing in banks and insurance companies. This course is perfect for any analyst looking to rapidly build their understanding of the accounting, financial analysis, regulatory landscape, modeling and valuation of insurance and bank businesses. Each course breaks down the understanding into manageable topics to work through at your own pace.



21.5

Hours

15

Topics

108

Exercises

4

Exams

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Introduction to Bank Analysis

Build a comprehensive understanding of the accounting, financial analysis and regulatory landscape of banks.

Intro to Banking (14002)

- Comparing corporate and investment banking
- Building a bank's balance sheet
- Building a bank's income statement
- Calculating return on equity for a bank

Banking – Financial Statement Fundamentals (11120)

- Deconstructing a bank's balance sheet
- Financial instruments classification under US GAAP
- Cash & cash equivalents definition

- Repurchase agreements (Repos)
- Securities borrowed and loans
- Determining the fair value of financial instruments
- Other bank balance sheet line items in detail

Banking – Financial Analysis (11130)

- Understanding IFRS 9's expected credit loss model
- Calculating expected credit loss provisions for performing loans, underperforming loans and loans with objective evidence of impairment
- Identifying the accounting transactions required when posting expected credit loss provisions
- Calculating gross and net interest after accounting for expected credit loss provisions

Expected Credit Losses (11131)

- Understanding IFRS 9's expected credit loss model
- Calculating expected credit loss provisions for performing loans, underperforming loans and loans with objective evidence of impairment
- Identifying the accounting transactions required when posting expected credit loss provisions
- Calculating gross and net interest after accounting for expected credit loss provisions

Bank Regulations (11160)

- Key objectives
- Key tools
- Recent initiatives
- Regulatory bodies
- Historical regulation
- Basel, MiFid and Dodd-Frank
- Stress testing

Bank Modeling and Valuation

Understand how to model simple bank models and the relationship between bank performance and valuation.

Modeling a Simple Bank Model (11140)

- Forecasting the balance sheet
- Forecasting net interest income
- Forecasting the income statement
- Calculating risk weighted assets
- Calculating required capital
- Completing the model
- Preparing for hand-off

Investment Decisions and Bank Valuation (11150)

- Explore the relationship between bank performance and valuation
- Calculate a bank's market capitalization
- Explore the relationship between growth, risk and returns

Dividend Discount Valuation (11155)

- Understanding tier 1 capital assumptions
- Calculating maximum dividends
- Calculating terminal value
- Discounting the dividends
- Calculating equity value and cross checking with PE and Price to book value multiples
- Comparing the implied multiple of the terminal value and the overall valuation

Introduction to Insurance Analysis

Build a comprehensive understanding of the accounting, financial analysis and regulatory landscape of life and general insurance businesses.

Insurance Industry Overview (11210)

- The key terminology and products used in insurance
- Calculating insurance revenues, costs and profits
- A review of the global insurance market and sectors
- Understanding and calculating life insurance benefits
- Introducing the concept of reinsurance
- A review of the main risks in insurance

Insurance Financial Statement Fundamentals (11220)

- The key principals and methods used in insurance accounting:
- Calculating insurance premiums and reserves for P&C business
- Understanding the modifications for life insurance accounting and its application for common types of policy
- Understanding how the insurance balance sheet and income statement are linked
- Calculating DAC asset and reinsurance reserves
- Understanding the different classifications and accounting for investments
- A review of the financial statements of a real insurance company

Insurance Regulations (11230)

- An overview of the regulatory landscape
- Detailed explanations of the Solvency II approach
- Calculating capital requirements and ratios

Life Insurance Analysis (11250)

- Understanding profit drivers in life insurance
- Analysing profitability and capital
- A review of new business metrics

P&C Insurance Analysis (11240)

- Income statement, with claims and expenses and the combined ratio, and underwriting profit
- Claims reserves and their payout
- Unearned premium reserve
- Deferred acquisition costs (DAC)
- Incurred but not reported reserve (IBNR)
- Reinsurance assets
- Equity capital and solvency

Insurance Modeling and Valuation

Understand how to model and value life insurance and P&C insurance companies using real-life case study examples.

Life Insurance Model (11270)

- A comprehensive introduction to the key steps and methods used for valuing life insurance companies
- The key steps and flow used in building a life insurance model
- Forecasting key balance sheet line items
- Dealing with the effects of reinsurance
- Forecasting life insurance profits
- Modeling regulatory capital requirements in equity

P&C Insurance Model (11260)

- Income statement, with claims and expenses and the combined ratio, and underwriting profit
- Claims reserves and their payout
- Unearned premium reserve
- Deferred acquisition costs (DAC)
- Incurred but not reported reserve (IBNR)
- Reinsurance assets
- Equity capital and solvency
- Discounted dividend model
- Relative valuation using regression of ROE and P/BV



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