



Bank Modeling



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Course Overview

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Construct forecasts for a simple bank balance sheet using **bank balance sheet assumptions**



Construct forecasts for a bank's income statement using **balance sheet data** and **forecast assumptions**



Calculate the **risk-weighted** assets using a **forecast balance sheet**



Identify the **linkages** and **driver** in a simple bank model

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Bank Modeling Steps

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Remember to have the **iteration** setting **turned OFF** before starting



- 1 Input historical data for income statement and balance sheet
- 2 Calculate ratios and statistics
- 3 Decide on forecast assumptions
- 4 Build the forecast balance sheet except for equity and interbank deposits/loans
- 5 Balance the balance sheet (interbank deposits / loans is buffer)
- 6 Forecast the income statement
- 7 Forecast equity
- 8 Link equity into balance sheet and deal with the circular reference

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