**A PROJECT REPORT**

**ON**

**“FINANCIAL STATEMENT ANALYSIS’’**

**AT**

**UNION BANK OF INDIA, HAMIRPUR (H.P)**

**SUBMITTED TO HP UNIVERSITY SHIMLA**



**In partial fulfillment of the requirement**

**For the Award of the Degree**

Of

**BACHELOR OF BUSINESS ADMISTRATION**

**IN**

**SWAMI VIVEKANAD GOVT. COLLEGE**

**GHUMARWIN**

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**DECLARATION**

I have declare that the project report entitled “**FINANCIAL** **STATEMENT** **ANALYSIS** **OF** **UNION** **BANK** **OF INDIA,** **HAMIRPUR**’’ has been prepared by me during the year 2021-22 in fulfilment of **BACHELOR** **OF** **BUSINESS** **ADMINISTRATION** ’’ **SWAMI** **VIVEKANAND** **GOVT**. **COLLEGE** **GHUMARWIN.**

I also declare that the project work is result of my own efforts and its hans’t been submitted to any other university for the award of any degree or diploma

**Sign of candidate**

**ACKNOWLEDGMENT**

**Shivani Sharma**

**ivani Sharma**

**Place:**

**Date:**

I express my sincere gratitude to management of **“**UNION **BANK OF INDIA, HAMIRPUR ’’** for allowing me to conduct the study in their organization.

My sincere thanks to Madam **MISS SONALI SHARMA**, Finance Manager, for his guidance and suggestions in completion of this project.

Finally, I would like to convey my special regards to my parents and my entire friend who helped me in carrying out this task.

**Shivani Sharma**

**CARTIFICATE**

This is to certify that the report entitled “Financial Statement Analysis’’ for the award of the degree of bachelor of business administration **(BBA)** from swami vivekanand govt. College carried out by **SHIVANI SHARMA BBA 6thsem. Uni.Roll No. 5190350029** under my supervision and guidance, no part of this report has been submitted to any other Degree/Diploma and this report may be taken for evaluation.

**Sing. Of student**

**Sing. Of guide**

**Sign of coordinator: (BBA)**

**Date-**

**Place-Ghumarwin**

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***CHAPTER -1***

***1.1 BANK PROFILE***

***1.2 INTRODUCTION TO FINANCIAL STATEMENT ANALYSIS***

**BANK PROFILE: -**Union Bank of India is one of the leading public sector banks of the country. The Bank is a listed entity and the Government of India holds 83.50 percent in Bank's total share capital. The Bank, having its headquarters at Mumbai (India), was registered on November 11, 1919 as a limited company. Recently, Andhra Bank and Corporation Bank were amalgamated into Union Bank of India with effect from 01.04.2020. Today, it has a network of 9100+ domestic branches, 11400+ ATMs, 8216 BC Points serving over 120 million customers with 75000+ employees .The Bank's total business as of 31st December 2021 stood at Rs.16,06,986 crore, comprising Rs. 9,37,455 crore of deposits and Rs. 6,69,531 crore of advances as of 31st December 2021. The Bank also has 3 branches overseas at Hong Kong, Dubai International Financial Centre (UAE) & Sydney (Australia); 1 representative office in Abu Dhabi (UAE); 1 banking subsidiary at London (UK); 1 banking joint venture in Malaysia; 4 Para-banking subsidiaries (domestic); 3 joint ventures(including 2 in life insurance business) and 1 associate - Chaitanya Godavari Garmin Bank. Union Bank of India is the first large public sector bank in the country to have implemented 100% core banking solution. The Bank has received several awards and recognition for its prowess in technology, digital banking, financial inclusion, MSME development of human resources. The Bank has authorized share capital of Rs.10, 000 crore. As on 30th September 2021, the Bank has issued, subscribed and paid-up equity capital of Rs. 6834.75 Crores, constituting 6,83,47,47,466 equity shares of Rs.10/- each. The Bank's shares are listed on the National Stock Exchange of India Limited and the BSE Limited.

Union Bank of India was established on 11th November 1919 with its aazxsheadquarters in Mumbai. It was promoted by Seth Sitar am Poddar.

The Head Office building of the Bank in Mumbai was inaugurated by Mahatma Gandhi, the Father of the nation in the year 1921, and he said on the occasion:

"We should have the ability to carry on a big bank, to manage efficiently Crores of rupees in the course of our national activities. Though we have not many banks amongst us, it does not follow that we are not capable of efficiently managing Crores and tens of Crores of rupees." His prescient words anticipated the growth of the bank that has taken place in the decades that followed.

Union Bank of India is firmly committed to consolidating and maintaining its identity. As a leading, innovative commercial Bank, with a proactive approach to the changing needs of the society. This has resulted in a wide gamut of products and services, made available to its valuable clientele in catering to the smallest of their needs. Today, with its efficient, value-added services, sustained growth, consistent profitability and development of new technologies, Union Bank has ensured complete customer delight, living up to its image of, "GOOD PEOPLE TO BANK WITH Anticipative banking- the ability to gauge the customer's needs well ahead of real-time-forms the vital ingredient in value-based services to effectively reduce the gap between expectations and deliverables. The key to the success of any organization lie with its people. No wonder, Union Bank's unique family of about 26,000 qualified / skilled employees is and ever will be dedicated and delighted to serve the discerning customer with professionalism and wholeheartedness. Union Bank is a Public Sector Unit with 55.43% Share Capital held by the Government of India. The Bank came out with its Initial Public Offer (IPO) in August 20, 2002 and Follow on Public Offer in February 2006. Presently 44.57 % of Share Capital is presently held by Institutions, Individuals and Others. Over the years, the Bank has earned the reputation of being a techno-savvy and is a front runner among public sector banks in modem-day banking trends. It is one of the pioneer public sector banks, which launched Core Banking Solution in 2002. Under this solution umbrella, All Branches of the Bank have been 1135 networked ATMs, with online Tele-banking facility made available to its entire Core Banking Customers individual as well as corporate. In addition to this, the versatile Internet Banking provides extensive information pertaining to accounts and facets of banking. Regular banking services apart, the customer can also avail of a variety of other value-added services like Cash Management Service, Insurance, Mutual Funds and Demat. The Bank will ever strive in its Endeavour to provide services to its customer and enhance its businesses thereby fulfilling its vision of becoming

**"THE BANK OF FIRST CHOICE IN OUR CHOSEN AREA BY BUILDING BENEFICIAL AND LASTING RELATIONSHIP WITH CUSTOMERS THROUGH A PROCESS OF CONTINUOUS IMPROVEMENT".**

**Our Vision**

To become the Bank of first choice in our areas by building beneficial and lasting relationship with customers through the process of Continuous improvement.

**Mission**

Our corporate mission to gain market recognition in chosen areas by building effective strategies .A logical extension of the Vision Statement is the Mission of the Bank, which is to gain market recognition in the chosen areas .To build a sizeable market share in each of the chosen areas of business through effective strategies in terms of pricing, product packaging and promoting the product in the market To facilitate a process of restructuring of branches to support a greater efficiency in the retail banking field .To sustain the mission objective through harnessing technology driven banking and delivery channels .To promote confidence and commitment among the staff member to address the expectations of the customer efficiently and handle technology banking with ease.

***1.2 INTRODUCTION TO FINANCIAL STATEMENT ANALYSI S:-***

Financial analysis is the process of examining a Bank’s performance in the context of its industry and economic environment in order to arrive at a decision or recommendation. Often, the decisions and recommendations addressed by financial analysts pertain to providing capital to companies—specifically, whether to invest in the Banks debt or equity securities and at what price. An investor in debt securities is concerned about the Banks ability to pay interest and to repay the principal lent. An investor in equity securities is an owner with a residual interest in the Banks and is concerned about the Banks ability to pay dividends and the likelihood that its share price will increase.

Overall, a central focus of financial analysis is evaluating the Bank’s ability to earn a return on its capital that is at least equal to the cost of that capital, to profitably grow its operations, and to generate enough cash to meet obligations and pursue opportunities.

Fundamental financial analysis starts with the information found in a Bank’s financial reports. These financial reports include audited financial statements, additional disclosures required by regulatory authorities, and any accompanying (unaudited) commentary by management. Basic financial statement analysis—as presented in this reading—provides a foundation that enables the analyst to better understand other information gathered from research beyond the financial reports.

This reading is organized as follows: Section 2 discusses the scope of financial statement analysis. Section 3 describes the sources of information used in financial statement analysis, including the primary financial statements (statement of financial position or balance sheet, statement of comprehensive income, statement of changes in equity, and cash flow statement). Section 4 provides a framework for guiding the financial statement analysis process. A summary of the key points conclude the reading.

**How to Analyze Financial Statement**

The financial statements of a company record important financial data on every aspect of a business's activities. As such, they can be evaluated on the basis of past, current, and projected performance.

In general, financial statements are centered on generally accepted accounting

Principles (GAAP) in the U.S. These principles require a Bank to create and maintain three main financial statements: the balance sheet, the income statement, and the cash flow statement. Public companies have stricter standards for financial statement reporting. Public Banks must follow GAAP, which requires accrual accounting. [1] Private Banks has greater flexibility in their financial statement preparation and also has the option to use either accrual or cash accounting.

**Types of Financial Statements**

Bank use the balance sheet, income statement, and cash flow statement to manage the operations of their business and also to provide transparency to their stakeholders. All three statements are interconnected and create different views of a Banks activities and performance.

**Balance Sheet**

The balance sheet is a report of a Bank’s financial worth in terms of book value. It is broken into three parts to include a bank’s assets, liabilities, and shareholders' equity. Short-term assets such as cash and accounts receivable can tell a lot about a Banks operational efficiency; liabilities include the Banks expense arrangements and the debt capital it is paying off; and shareholder's equity includes details on equity capital investments and retained earnings from periodic net income. The balance sheet must balance assets and liabilities to equal shareholder's equity. This figure is considered a Banks book value and serves as an important performance metric that increases or decreases with the financial activities of a Banks.

**Income Statement**

The income statement breaks down the revenue at Banks earns against the expenses involved in its business to provide a bottom line, meaning the net profit or loss. The income statement is broken into three parts that help to analyze business efficiency at three different points. It begins with revenue and the direct costs associated with revenue to identify gross profit. It then moves to operating profit, which subtracts indirect expenses such as marketing costs, general costs, and deprecation. Finally, after deducting interest and taxes, the net income is reached.

**Cash Flow Statement**

The cash flow statement provides an overview of the Banks cash flows from operating activities, investing activities, and financing activities. Net income is carried over to the cash flow statement where it is included as the top line item for operating activities. Like its title, investing activities include cash flows involved with firm wide investments. The financing activities section includes cash flow from both debt and equity financing. The bottom line shows how much cash a Banks has available.

**Financial Performance**

Financial statements are maintained by Banks daily and used internally for business management. In general, both internal and external stakeholders use the same corporate finance methodologies for maintaining business activities and evaluating overall financial performance.

When doing comprehensive financial statement analysis, analysts typically use multiple years of data to facilitate horizontal analysis. Each financial statement is also analyzed with vertical analysis to understand how different categories of the statement are influencing results. Finally, ratio analysis can be used to isolate some performance metrics in each statement and also bring together data points across statements collectively.

**Below is a breakdown of some of the most common ratio metrics:**

* **Balance sheet**: This includes asset turnover, quick ratio, receivables turnover, and days to sales, debt to assets, and debt to equity.
* **Income statement**: This includes gross profit margin, operating profit margin, net profit margin, tax ratio efficiency, and interest coverage.
* **Cash flow**: This includes cash and earnings before interest, taxes, depreciation, and amortization (EBITDA). These metrics may be shown on a per-share basis.
* **Comprehensive:** This includes return on assets (ROA) and return on equity. (ROE), along with DuPont analysis.

**Top 13 users of Financial Statement:-**

1. **Shareholders:**

Divorce between ownership and management and broad-based ownership of capital due to dispersal of shareholdings have made shareholders take more interest in the financial statements with a view to ascertaining the profitability and financial strength of the bank.

**2. Debenture Holders:**

The debenture holders are interested in the short-term as well as the long-term solvency position of the bank. They have to get their interest payments periodically and at the end the return of the principal amount.

**3. Creditors:**

Potential suppliers of goods and materials and others doing business with the bank are interested in the liquidity

**4. Financial Institutions and Commercial Banks:**

These financial institutions are interested in the solvency - short term as well as long-term - and profitability position of the bank.

**5. Prospective Investors:**

Prospective Investors are interested in the future prospects and financial strength of the bank.

**6. Employees and Trade Unions:**

Employees and Trade Unions are interested in the profitability position of the bank.

**7. Important Customers:**

Important Customers who want to make long-standing contract with the bank are interested in its financial strength.

**8. Tax Authorities:**

Tax Authorities are interested in the profits earned by the bank.

**9. Government Departments:**

Government Departments dealing with the industry in which the bank is engaged are interested in the financial information relating to the bank.

**10. Economists and Investments Analysts:**

Economists and Investments Analysts are interested in the financial and other information of the bank.

**11. Members of Parliament:**

Members of Parliament the Public Accounts Committee and Estimates Committee - are information of the government banks Interested in the financial.

**12. SEBI and Stock Exchanges:**

SEBI and Stock Exchanges are interested in the prospects and performance of listed companies with a view to protecting the interests of investors.

**13. Managers:**

Managers are interested in knowing through the financial statements the present position and future prospects of the bank. This is mainly to review the banks progress and position and take decisions for the future.

***CHAPTER -2:***

***2.1 Need & Objectives of study***

***2.2 Scope of study***

***2.3 Research &Methodology***

***2.4 Limitations of study***

***2.1 NEED AND OBJECTIVES OF STUDY:***

**Need:**

You need supporting information in addition to financial reports. The annual report is the first in which management discusses essential aspects of the bank operations and targets in this report. Other information you may need to collect is interim reports and bank presentations. The press release is also essential because it provides current information about the bank.

For public banks, you can find documents on the banks or regulatory websites such as RBI.

Next, you also need to gather information about the economic conditions, industry, and competitors. This information is useful to provide a more detailed understanding related to external factors that affect bank performance.

**Objective of study**

* To calculate the important financial ratio of the organization as a part of the ratio analysis thereby to understand the changes the needs and trends in the firm's financial position.
* To assess the performance of banks on the basis of earnings and also to evaluate the solvency position of the bank.
* To identify the financial strengths and weaknesses of the organization.
* To give the appropriate suggestions to the investors. To help them to make more informed decisions.
* ***2.2 SCOPE OF STUDY***

Evaluating a bank’s financial performance requires you to:

* Analyze financial ratios to assess profitability, solvency, working capital management, liquidity, and operating effectiveness.
* Compare current performance with historical conditions using trend analysis.
* Compare with peer bank to bank averages to find out how well banks are performing.

**2.3 RESEARCH METHODOLOGY**

The study carried with the cooperation of the management who permitted to carry on the study and provided the requisite data collected from the following sources.

* Primary data
* Secondary data.

**PRIMARY DATA**

The information collected directly without any reference is primary data. In the study it is mainly through conversation with concerned officers or staff members either individually or collectively. The data includes:

1. Conducting personal interview with the officers of the bank.

2. Individual observation and inferences.

3. From the people who are directly involved with the transaction of the firm.

**SECONDARY DATA**

The secondary data was collected from the annual reports of the bank, website and various statements prepared by the bank i.e., Balance sheet and profit and loss account of the bank.

***2.4 LIMITATIONS OF STUDY***

1. The financial analysis does not contemplate cost price level changes
2. The financial analysis might be ambiguous without the prior knowledge of the changes in accounting procedure followed by an enterprise
3. Financial analysis is a study of reports of the enterprise
4. Monetary data alone is contemplated in financial analysis while non-monetary factors are overlooked
5. The financial statements are outlined on the ground of accounting concept, as such, it does not mirror the current position

***CHAPTER-3***

***3.1 DATA ANALYSIS AND INTERPRETATION***

**1) Yield on advance & Yield on Investment**

**Table1.1**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2017** | **2018** | **2019** | **2020** | **2021** |
| **Yield on advance** | 11.54% | 10.99% | 10.50% | 9.94% | 9.25% |
| **Yield on Investment** | 8.06% | 7.01% | 7.10% | 7.75% | 7.45% |

Graph1.1

**Yield on advances:**

**Interpretation**

In case of city union bank the ratio of yield on advances in decreasing from 2017to 2021 which is a good for the bank. In the year 2017 yield on advances ratio was 11.54% and in the year 2019 the ratio is 10.50%. In upcoming year it is expected that the ratio will decreasing upto 9.25% in the year 2021.

**Yield on investment:**

**Interpretations**

In case of city union bank from the table and graph we can see that yield on investment is fluctuating and at the end of 2021 it is declining from8.06(2017)7.10(20). In upcoming years it is expected that yield on investment ratio will be 7.45% (2021E)

**2) Cost of Deposits & Cost of Funds**

Table2.1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2017** | **2018** | **2019** | **2020** | **2021** |
| **Cost of deposit** | 6.78% | 6.12% | 5.91% | 5.61% | 5.19% |
| **Cost of Funds** | 6.82% | 6.05% | 5.86% | 5.62% | 5.20% |

Cost of Deposit &cost of funds

Graph2.1

**Cost of deposits** Interest paid on deposits

**Cost of Deposits=** Average Deposits (or borrowings)

**Interpretation**

In case of city union bank cost of deposit is decrease from 6.78% (2017) to 5.19% (2021). In upcoming year cost of deposit ratio also going to decrease

**Cost of funds** Interest Expended

**Cost of Funds**= Average Deposits +Average Borrowing

**Interpretation**

In case of city union bank cost of funds is declined from 6.82% (2017) to 5.86% (2019) which indicates that bank generating better returns when the funds are used for short-term and long term loans to borrowers. In upcoming year it is expected that interest on investment will increase upto 5.20% (2021E).

**3)Credit Deposits Ratio, Investment Deposits Ratio & SLR Investment Ratio**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2017 | 2018 | 2019 | 2020 | 2021 |
| CDR | 79.14% | 84.78% | 84.98% | 88.0% | 89.8% |
| IDR | 23.35% | 23.98% | 20.6% | 18.0% | 16.0% |
| SLR & IR | 95.15% | 96.89% | 96.94% | 92.9% | 86.0% |

Table 3.1

Credit deposit ratio, Investment deposit ratio &SLR to investment ratio

**Credit Deposit ratio**

Credit De [posit Ratio= (credit /Deposits)\*100

Interpretation.

In case of city union bank credit deposit ratio is increasing which indicates that bank has more reliance on deposits for lending Credit deposit ratio over the 70% indicates pressure on resources as they have to set aside funds to maintain a cash reserve ratio of 4.5 per cent and a statutory liquidity ratio of 23 per cent.

**Investment Deposits Ratio**

Investment Deposits ratio = (Investment /Deposits)\*100

Interpretation

In case of city union bank investment deposit ratio is decreasing at 20.06% as on 2021 which indicates that bank using less money from their deposits for investment purpose. In future it is expected that investment deposit ratio will decrease

**SLR& to Investment ratio**

SLR to Investment Ratio= (SLR / Investment)\*100

Interpretation:

In case of city union bank SLR to investment ratio is increasing up to 96.94% in the year 2021. In upcoming year it is expected that SLR to investment ratio will be decreasing up to 86.0% (2021E).

**4)CASA Ratio**

Table4.1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | 2017 | 2018 | 2019 | 2020 | 2021 |
| **CASA Ratio** | 23.4% | 24.2% | 25.2% | 24.3% | 24.9% |

Graph4.1

**CASA Ratio**

**CASA Ratio=** Deposits in current &saving account

Total Deposits

**Interpretation**

In case of city union bank CASA Ratio as on 2021 is almost 25% which is good for the bank because higher CASA ratio indicates a lower cost of funds. In upcoming year it is expected that CASA ratio will be 24.90% (2021E).

**5) Total Business Growth Rate**

Table 5.1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particular** | 2017 | 2018 | 2019 | 2020 | 2021 |
| **Total Business Growth Rate** | 12% | 12.7% | 17.1% | 14.3% | 17.6% |

Graph5.1

**Total Business Growth Rate**

**Total Business Growth Rate =** Current Total Business- Past Total Business

Past Total Business

**Interpretation**

In case of city union bank total business is increased from 15% (2017) to 17(2021) which is a good for financial health of the bank. In upcoming year it is expected that total business growth ratio will be 17.60% (2021E).

**6) Business per Employee, Profit per Employee, Business per Branch, Profit per Branch, CASA**

Table6.1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particular** | 2017 | 2018 | 2019 | 2020 | 2021 |
| **Business per Employee** | 11.56 | 11.49 | 12.96 | 14.53 | 16.84 |
| **Profit at PBT per Employee(000)** | 1072.3 | 114.5 | 1242.9 | 1489.6 | 1652.3 |
| **Business per Branch** | 98.60 | 101.82 | 110.02 | 116.79 | 131.68 |
| **Profit per Branch** | 9142 | 9880 | 10551 | 11976 | 12919 |
| **CASA per Branch** | 12.80 | 13.26 | 14.92 | 15.00 | 17.16 |

**Business per Employee, Profit per Employee, Business per Branch, Profit per Branch, CASA**

Graph6.1

**CASA Per Branch** Deposits in current & Saving Account

**CASA per Branch =** No of Branch

**Interpretation.**

In case of city union bank CASA per branch is continuously increasing from 12.80(2017) to 14.92(2019) which indicates good financial performance of city union bunk. In future date it is expected that it will increase to 17.16 (2021E).

**Profit per Branch** Net Profit

**Profit per Branch =** No. of Branches Interpretation

**Interpretations**

In case of city union bank as on 2019 profit per branch is 10551 which indicate good health and efficiency of the bank. In upcoming year it is expected that profit per branch will increase.

**Business per Branch**

**Business Per Branch =** Deposits +advance/ total business

No. of Branch

**Interpretation**

In case of city union bank business per branch increased from 98.60 (2017) to 110.02 (2021)

**Profit per Employee**

**Profit per Employee** = Net Profit

No. of Employee

**Interpretations:**

In case of city union bank profit per employee increased from 1072.3 (2017) to 1242.9 (2019) which indicates better the profit per employee, which means employees are utilizing higher efficiency in his/her workings in the firm bank. In upcoming year it is also increasing up to 1652.3 (2021E).

**Business per Employee**

**Business per Employee =** Deposit +Advance / Total Business

No of Employee

**Interpretations:**

In case of city union bank there is drastic improvement in business per employee ratio which is increase from 11.56 (2017) to 12.96 (2019) in upcoming year it will increase up to 16.84 in the year 2021.

**7) Gross NPA & Net NPA**

Table 7.1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particular | 2017 | 2018 | 2019 | 2020 | 2021 |
| Gross NPA(Rs. Cr) | 682 | 857 | 977.05 | 1085 | 1120 |
| Net NPA(Rs. Cr) | 408 | 475 | 591.45 | 640 | 702 |
| Gross NPA (%) | 2.83% | 3.03% | 2.95% | 2.82% | 2.45% |
| Net NPA (%) | 1.71% | 1.71% | 1.81% | 1.68% | 1.55% |

Gross NPA & Net NPA

Graph7.1

**Gross NPA (%)** = Gross NPA

Advances

**Interpretations**

The above table and graph makes it very clear that the average gross NPA of city union bank is increases from 2.83% (2017) to 2.95 % (2021) regularly which is not a good for city union bank.

**Net NPA (%)**

**Net NPA (%) =** Net NPA

Advances

**Interpretations**

The above graph indicates that net NPA of city union bank increased from 1.71% (2017) to 1.81% (2021) which indicates bank have lesser funds to advance because of the higher provision have to provide i.e. lesser funds on which they can potentially earn interest income.

**8) Capital Adequacy Ratio**

Table 8.1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particular | 2017 | 2018 | 2019 | 2020 | 2021 |
| Capital Adequacy Ratio (%) | 15.83 | 16.22 | 15.55 | 15.55 | 15.55 |

Capital Adequacy Ratio (%)

Graph8.1

Capital Adequacy Ratio% = Tier I Capital +Tire II Capital + Tier III Capital

Total Risk Weighted Assets

**Interpretations**

City union bank had 15.83% capital adequacy ratio in the year 2017 and in the current year the ratio is increasing up to 15.55% as on 2019. In upcoming year it is expected remain same.

**9) Diversified Loan Portfolio-RAM**

Sep-2020

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Home Lone** | **Vehicle Lone** | **Educations Lone** | **Mortgage Lone** | **Personal Lone** | **Other(excl,IHF)** |
| 48% | 6% | 5% | 10% | 4% | 27% |

Sep 2021

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Home lone | Vehicle lone | Education lone | Mortgage lone | Personal lone | Other |
| 53% | 8% | 6% | 9% | 4% | 20% |

***Chapter-4:***

***4.1 Findings & conclusion of study***

***4.2 Suggestions of study***

***4.1 FINDING AND CONCLUSION OF STUDY***

**FINDING OF STUDY**

1) While doing research it was found that the yield on advances was decreasing and same time yield on investment was also decreasing

1. It is found that the cost of deposits was decreasing and cost of fund also decreasing
2. The CASA ratio (Current Account and Saving Account ratio) was increasing which means bank's deposits in current and saving account is increasing The growth in total business was increasing because business per employee, profit poor employee,

4. Business per branch, profit per branch and CASA per branch is continuously increasing

5. The business per employee, profit per employee, business per branch, and profit per branch as well as CASA per branch was continuously increasing.

6. The Gross NPA was decreasing and Net NPA was also decreasing

7. The credit deposit ratio and SLR to investment ratio was increasing and investment deposit ratio was decreasing

8 .The Capital Adequacy Ratio (CAR) was increasing

9. The Net Profit and Deposits is fluctuating and Advances is increasing.

10. The ROAA (Return on average assets) and ROAE (Return on average equity) was continuously increasing

11. The NIM (Net Interest Margin) was increasing and cost-to-income also increasing

***CONCLUSION OF STUDY***

Equity research is mainly help to investors for taking investment decisions. This report deals with the analysis of City Union Bank's (CUB) past 5 years financial statements and projections of upcoming 2 years financial data. Through the calculating various kind of ratios, graphs, market study I tried understand what will be the bank's situation in upcoming years. In the current situation where financial intuition is becomes more helpful, when it comes to investing. The analysis of financial statements is one of the most important elements in fundamental analysis process.

At the same time the massive amount of numbers in a bank's financial statements can be understand by investors. However, through financial ratio analysis, I tried to work with these numbers in an organized manner and presented them in a way which is easy to understand and helpful to management as well as investors who want to invest money in the City Union Bank. Generally banks or banks publish their financial statements on regular intervals like quarterly, monthly, half yearly but as a normal investor or the person who is not financial analyst for them financial statement analysis is not possible or not easy task. So as a finance manager or financial analyst primary responsibility is to manage the financial matters of the bank by evaluating the financial statement. I am also providing some important suggestions and opinions about the financial matters of the business. From the study of financial statements of City Union Bank I would like to conclude that investment in City Union Bank in profitable in future. The overall performance of City Union Bank is increasing continuously. As per current market situation bank's performance will also increase in future. If bank properly manage their NPA then City Union Bank will perform more efficiently in future. As compared City Union Bank with competitors like Federal Bank, Karuk Visa Bank, South Indian Bank perform very well. So investment in this bank will give good returns in future to investors.

**4.2 SUGGESTIONS OF STUDY**

* Bank must have to try to reduce their gross NPA and net NPA through aggressive recoveries of loans Banks should assess the companies thoroughly before granting loans and should act strictly towards willful defaulters.
* Bank has to control their interest expenses.
* Bank must have to try to improve their income from other sources like income from commission exchange and brokerage, income from sale of investment and miscellaneous income
* Bank must have to try to increase their net profit and deposits which is important indicator of financial performance of banks. If hank will control their interest expenses then this can helpful for increase in bank's net profit.

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***PROFIT AND LOSS ACCOUNT OF UNION BANK OF INDIA (in Rs. Cr) 31 MARCH 2021***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **PROFIT AND LOSS ACCOUNTOF UNION BANK OF INDIA (in. Rs. Cr.)** | **MAR21** | **MAR20** | **MAR19** | **MAR18** | **MAR17** |
|  | **12**  **Month** | **12**  **Month** | **12**  **Month** | **12 Month** | **12 Month** |
| **INCOME** |  |  |  |  |  |
| **Interest / Discount on Advances / Bills** | **45,765.84** | **25,078.70** | **23,771.92** | **22,772.98** | **22,943.10** |
| **Income from investments** | **20,573.76** | **10,572.70** | **9,003.34** | **8,779.97** | **8,695.10** |
| **Interest on Balance with RBI and Other Inter-Bank funds** | **2,113.22** | **1,200.28** | **1,201.27** | **1,139.37** | **880.54** |
| **Others** | **314.58** | **379.28** | **90.12** | **55.69** | **141.25** |
| **TOTAL INTEREST EARNED** | **68,767.33** | **37,231.12** | **34,066.66** | **32,748.00** | **32,659.98** |
| **Other Income** | **11,336.85** | **5,260.79** | **4,473.95** | **4,989.87** | **4,964.64** |
| **TOTAL INCOME** | **80,104.19** | **42,491.91** | **38,540.61** | **37,737.87** | **37,624.58** |
| **EXPENDITURE** |  |  |  |  |  |
| **Interest Expended** | **44,078.91** | **25,794.37** | **23,851.75** | **23, 443.34** | **23,756.64** |
| **Payments to and Provisions for Employees** | **9,024.90** | **3,358.62** | **3,105.93** | **3,255.23** | **3,434.20** |
| **Depreciation** | **895.23** | **411.26** | **368.04** | **362.71** | **236.04** |
| **Operating**  **Expenses (excludes**  **Employee Cost & Depreciation)** | **6,845.86** | **3,746.54** | **3,648.66** | **3,137.01** | **2,767.60** |
| **TOTAL OPERATING EXPENSES** | **16,765.99** | **7,516.41** | **7,167.63** | **6,754.96** | **6,437.84** |
| **Provision Towards Income Tax** | **-506.55** | **-1,129.85** | **-979.21** | **-1,393.76** | **-207.99** |
| **Provision Towards Deferred Tax** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** |
| **Other Provisions and Contingencies** | **16,859.87** | **13,208.75** | **1,447.89** | **14,180.70** | **7,082.87** |
| **TOTAL**  **PROVISIONS AND CONTINGENCIES,** | **16,353.32** | **12,078.90** | **0,468.68** | **12,786.94** | **6,874.88** |
| **TOTAL**  **EXPENDITURE** | **77,198.22** | **45,389.69** | **1,488.05** | **42,985.24** | **37,069.37** |
| **NET PROFIT / LOSS FOR THE YEAR** | **2,905.97** | **-2,897.78** | **-2,947.45** | **-5,247.37** | **555.21** |
| **NET PROFIT/ LOSS AFTER EI & PRIOR YEAR ITEMS** | **2,905.97** | **-2,897.78** | **-2,947.45** | **-5,247.37** | **555.21** |
| **Profit/Loss Brought Forward** | **0.00** | **-8,400.21** | **-5,406.18** | **0.00** | **0.00** |
| **TOTAL PROFIT/ LOSS AVAILABLE FOR APPROPRIATIONS** | **2,905.97** | **-11,297.98** | **-8,353.63** | **-5,247.37** | **555.22** |
| **APPROPRIATIONS** |  |  |  |  |  |
| **Transfer To/From Statutory Reserve** | **726.49** | **0.00** | **0.00** | **0.00** | **138.75** |
| **Transfer To / From Capital Reserve** | **900.18** | **374.69** | **66.58** | **111.17** | **251.47** |
| **Transfer To/From Revenue And Other Reserves** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** |
| **Dividend and Dividend Tax for The Previous Year** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** |
| **Equity Share Dividend** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** |
| **Tax On Dividend** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** |
| **Balance Carried Over To Balance Sheet** | **0.00** | **-11,672.67** | **-8,400.21** | **-5,358.54** | **0.00** |
| **TOTAL APPROPRIATIONS** | **2,905.97** | **-11,297.98** | **-8,353.63** | **-5,247.37** | **555.22** |
| **OTHER INFORMATION** |  |  |  |  |  |
| **EARNINGS PER SHARE** |  |  |  |  |  |
| **Basic EPS (Rs.)** | **4.54** | **-12.49** | **-25.08** | **-69.45** | **8.08** |
| **Diluted EPS (Rs.)** | **4.54** | **-12.49** | **-25.08** | **-69.45** | **8.08** |
| **DIVIDEND PERCENTAGE** |  |  |  |  |  |
| **Equity Dividend Rate (%)** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** |

***BALABCE SHEET OF UNION BANK OF INDIA (in Rs.Cr.)***

***0n 31 MARCH 2021***

|  |  |
| --- | --- |
| **BALANCE SHEET OF UNION BANK OF INDIA (in Rs. CR)** | **MAR2021 MAR2020 MAR2019 MAR2018 MAR2017** |
|  | **12 Month 12 Month 12 Month 12 Month 12 Month** |
| **EQUITIES AND**  **LIABILITIES** |  |
| **SHAREHOLDER'S FUNDS** |  |
| **Equity Share Capital** | **6,406.84 3,422.82 1,763.02 1,168.57 687.44** |
| **TOTAL SHARE CAPITAL** | **6,406.84 3,422.82 1,763.02 1,168.57 687.44** |
| **Revaluation Reserve** | **4,898.48 3,174.15 2,234.81 0.00 0.00** |
| **Reserves and Surplus** | **53,171.41 27,188.68 22,489.18 23,928.20 22,747.76** |
| **TOTAL SHAREHOLDERS FUNDS** | **64,476.74 33,785.64 26,487.01 25,096.77 23,435.20** |
| **Deposits** | **923,805.34 450,668.45 415,915.27 408,501.64 378,391.58** |
| **Borrowings** | **51,837.11 52,486.25 42,863.82 45,680.77 41,225.87** |
| **Other Liabilities and Provisions** | **31,586.66 13,742.92 8,772.74 8,126.82 9,110.79** |
| **TOTAL CAPITAL**  **AND LIABILITIES** | **1,071,705.84 550,683.27 494,038.84 487,406.00 452,704.44** |
| **ASSETS** |  |
| **Cash and Balances with Reserve Bank of India** | **37,880.46 20,118.30 20,796.46 21,016.47 16,520.45** |
| **Balances with Banks Money at Call and Short Notice** | **46,529.89 34,987.92 22,249.51 28,424.73 16,302.05** |
| **Investments** | **46,529.89 34,987.92 22,249.51 28,424.73 16,302.05** |
| **Advances** | **590,982.88 315,049.41 296,932.15 288,760.58 286,466.58** |
| **Fixed Assets** | **7,343.87 4,762.52 3,762.29 3,833.33 3,894.42** |
| **Other Assets** | **57,456.96 23,351.23 24,251.78 21,590.76 17,371.99** |
| **TOTAL ASSETS** | **1,071,705.84 550,683.27 494,038.84 487,406.00 452,704.44** |
| **OTHER ADDITIONAL INFORMATION** |  |
| **Number of Branches** | **9,315.00 4,284.00 4,292.00 4,297.00 4,282.00** |
| **Number of Employees** | **78,202.00 37,318.00 37,262.00 37,587.00 36,877.00** |
| **Capital Adequacy Ratios (%)** | **12.56 13.00 12.00 11.50 12.00** |
| **KEY**  **PERFORMANCE INDICATORS** |  |
| **Tier 1 (%)** | **10.35 11.00 9.00 9.07 9.00** |
| **Tier 2 (%)** | **2.21 2.00 2.00 2.43 3.00** |
| **ASSETS QUALITY** |  |
| **Gross NPA** | **89,788.20 49,085.30 48,729.00 33,712.00 33,712.28** |
| **Gross NPA (%)** | **14.00 14.00 15.00 16.00 11.00** |
| **Net NPA** | **27,280.52 17,303.14 20,332.00 24,326.00 18,833.00** |
| **Net NPA (%)** | **4.62 5.49 6.85 8.42 7.00** |
| **Net NPA To Advances (%** | **5.00 5.00 7.00 8.00 7.00** |
| **CONTINGENT LIABILITIES, COMMITMENTS** |  |
| **Bills for Collection** | **34,694.81 21,682.69 19,441.23 18,427.09 16,119.40** |
| **Contingent Liabilities** | **370,527.97 188,202.36 198,405.70 0.00 231,600.86** |

**THANK YOU**