



A STUDY ON FINANCIAL PERFORMANCE OF CITY UNION BANK LTD

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ABSTRACT

This study examines the financial performance of City Union Bank Ltd. (CUB) over the five-year period spanning from fiscal year 2020-21 to 2024-25. By examining trends in Liquidity ratios, Profitability ratios, Solvency ratios. This report provides information on the firm financial status as well as identifies issues and makes recommendations for how to fix them. The findings reveal that CUB has maintained a steady growth in its financial performance during the study period, with a high level of asset quality and liquidity

KEYWORDS: *Liquidity ratio, Solvency ratio, Profitability ratio.*

I. INTRODUCTION

Financial statements are written records that illustrates the business activities and the financial performance of a company. In most cases they are audited to ensure accuracy for tax, financing, or investing purposes. Financial statements are essential tools that provide a clear picture of a company's financial health. They're like a report card, summarizing a business's performance over a specific period.

Finance may be defined as the art and science of managing money. It includes financial service and financial instruments. Finance also is referred as the provisions of money at the time when it is needed. Finance function is the procurement of funds and their effective utilization in business concern. The concept of finance includes capital, funds money and amount. The concept of finance becomes an important part of the business concern. Every business activity requires finance without finance; the business would come to a halt. Finance may be defined as the provision of adequate amount of money when it is required. As a management function, it has a wider meaning. Finance function is concerned with the procurement of funds and their effective utilization.

II. STATEMENT OF THE PROBLEM

Banking industry is the most required and important sector in a developing country like India this lead to make a study about some important aspects related to financing system of a well-established bank of India, like City Union Bank Ltd. The major issues and problem of activates performed by the bank which needs to enquire in some vital aspects of the bank and some solutions to be suggested for the development of the bank Liquidity is the ability of an organization to meet its financial obligation during the short-term and to maintain long-term debt- paying ability. The long-term survival depends on satisfactory income earned by it. A sound liquidity leads to better profitability, and it turn reduces the probability of default risk in future. Therefore, a study of liquidity, profitability, leverage, turnover, market based and their association with risk, assessing the financial position very much necessary to evaluate the financial strength of the bank.

III. OBJECTIVES OF THE STUDY

- To analyse the financial performance of city union bank during the period (2019-2024)
- To provide suggestions for the effective functioning of city union bank.
- To find the changes in the trends of the bank using trend analysis.
- To identify the financial strength and weakness of city union bank.

IV. RESEARCH METHODOLOGY

The following is the methodology used in the study.

RESEARCH DESIGN

The type of research design used for the study is Descriptive research, because it helps to describe particular situation prevailing in the logistics company and also analytical in nature.



METHODS OF DATA COLLECTION

This study is based on the Secondary data. The related information is collected from the publication and annual reports of the company. The Annual reports contain the results of the past performance which is considered to be the most and reliable source of financial concern.

PERIOD OF THE STUDY

The period of the study covers last five financial years from 2020-2024.

TOOLS FOR TECHNIQUES

- Liquidity ratios – Short-term financial strength.
- Profitability ratios – Long-term earning power.
- Solvency ratios – Terms of investment utilization.

V. REVIEW OF LITERATURE

Ms. S.G. DHANUSHITA, Dr. A. Meenakshi (2024), analyses the financial performance of HDFC BANK Ltd from 2018 to 2022. The methodology included ratio analysis using secondary data consisting of financial statements. The key findings have a steady improvement in financial performance with the highest current and quick ratios in 2018-19. Suggestions highlight better utilization of liabilities and seasonal loan practices for improved recovery rates. Although facing early years' challenges, HDFC recovered and grew, thus indicating resilience and strategic adaptability towards financial pressures and operational hurdles.

K Karthik (2024), examines Canara Bank Ltd.'s financial statements (2017-2018) -(2021- 2022) to evaluate performance using ratio analysis. Previous research highlights the role of financial analysis in identifying company strengths and weaknesses. Financial ratio analysis, as used here, is a critical tool in detecting trends, optimizing resources, and enhancing decision-making. Recommendations include cost optimization and training initiatives to boost profitability and operational efficiency.

Dr. N. Ramya (2023), The study on City Union Bank's financial performance from 2017 to 2021 analyses key financial indicators using ratio analysis and trend analysis. While the bank is financially stable, the study suggests that excess liquidity should be invested in assets to maximize returns, and asset management should be improved for long-term sustainability. Overall, City Union Bank has demonstrated impressive financial performance, but continuous innovation and adaptation to industry changes are necessary for maintaining its competitive edge.

Dr. G. kanagavalli, R. Saroja devi (2018), financial performance of state bank of India. This study is to analyse the financial performance of city union bank for the past 5 years from 2015-2019 by using ratio analysis. This study is taken as the important tool of the financial decisions effectively of the bank. This study has used secondary data for the analysis of the financial performance of the bank.

VI. PROFILE OF THE STUDY

City Union Bank (CUB) is a leading private-sector bank in India, known for its strong regional presence and customer-focused banking services. Established in 1904 in Kumbakonam, Tamil Nadu, CUB has grown steadily, offering a range of financial products catering to individuals, businesses, and corporations.

GROWTH AND EXPANSION

City Union Bank has grown significantly, increasing its branch network and financial services. As of 2022, the bank operates **725 branches** and **over 1,700 ATMs** across the country. It has embraced digital transformation, offering mobile banking, net banking, and UPI-based payment solutions. The bank obtained license from Insurance Regulatory Authority of India (IRDA) to act as Corporate Agent for selling insurance products and to provide value added services to the public at large. The Bank has entered into Memoranda of understanding with Life Insurance Corporation of India and National Insurance Company Limited for selling their insurance products. The bank has entered into an agreement with Tata Consultancy Services Limited for introducing Core Banking Solution [CBS] and all the branches have been brought under Core Banking Solution [CBS] as on date.

VISION AND MISSION

- **Vision:** To be a leading technologically advanced bank offering customer-centric solutions.
- **Mission:** To provide high-quality banking services while ensuring financial inclusion and customer satisfaction.

CHALLENGES AND FUTURE OUTLOOK

Despite its strong financial position, City Union Bank faces challenges such as increased competition, regulatory compliance, and the need for digital innovation. However, with its customer-centric approach and financial stability, CUB is well-positioned for sustained growth.



VII. DATA ANALYSIS

CURRENT RATIO

FORMULA

Current Ratio = Current Assets/Current Liabilities

TABLE 1: Table Showing the Current Ratio

[Rs. In crores]			
Year	Current Asset	Current Liabilities	Current Ratio
2019-2020	5592.52	1572.57	3.556293202
2020-2021	6499.59	1586.15	4.097714592
2021-2022	7691.55	1943.72	3.957128599
2022-2023	7859.91	2051.39	3.831504492
2023-2024	8119.21	2043.64	3.972915973

RETURN ON ASSETS RATIO

FORMULA

Return on assets = (PAT/ Total assets) × 100

Table 2: Table Showing the Return on Assets

(In Crores)			
Years	PAT (INR Crores)	Total Assets	ROA (%)
2019-2020	476.32	49,734	0.96
2020-2021	592.82	53,312	1.11
2021-2022	760.17	61,531	1.23
2022-2023	937.48	66,595	1.41
2023-2024	1,015.73	70,826	1.43

DEBT TO ASSET RATIO

FORMULA

Debt-to-Assets Ratio = (Total Debt/ Total Assets) × 100

Table 3: Table showing the Debt-to-Assets Ratio

[Rs. In crores]			
Years	Total Debt (₹ Crores)	Total Assets	Debt-to-Assets Ratio
2019-2020	2,032.40	49,733.53	4.09%
2020-2021	1,345.70	53,311.69	2.53%
2021-2022	5,311.82	61,530.91	8.63%
2022-2023	4,688.10	66,594.56	7.04%
2023-2024	4,724.16	70,825.88	6.67%

VIII. FINDINGS

- The Current ratio in the year 2019-2020 as 3.57 and then increased to 4.09 in the year 2020-2021, and decreased to 3.96 in the year 2021-2022, and again decreasing in the year 2022-2023 to 3.83 and increased to 3.98 in the year 2023-2024.
- The ROA has shown a steady increase from 0.96% in March 2020 to 1.43% in March 2024. This upward trend suggests that City Union Bank has been improving its efficiency in generating profits relative to its asset base over these years. A higher ROA indicates better management efficiency in utilizing assets to generate earnings. City Union Bank's increasing ROA over the years reflects positively on its operational performance.
- The Debt-to-Assets Ratio peaked at 8.63% in March 2022, indicating higher reliance on debt. The ratio has declined to 6.67% in March 2024, suggesting the bank has improved its asset financing structure. A lower Debt-to-Assets Ratio means the bank is using more equity and fewer borrowed funds to finance its assets, which can be a positive indicator of financial stability

IX. SUGGESTIONS

- Explore innovative ways to optimize liquidity ratios while maintaining a healthy operational margin.
- Consider investing in short-term financial instruments to utilize excess liquidity effectively.
- Improve operational efficiency by adopting advanced financial technologies and analytics.
- Target cost optimization strategies to maximize net profit margins.
- Analyze underperforming assets and implement measures to enhance their returns.
- Regularly update strategies to align with evolving industry trends and stakeholder expectations.



- Focus on developing robust risk management frameworks to safeguard against market and operational risks.
- Strengthen partnerships for growth in SME lending and digital banking services.

X. CONCLUSION

The financial analysis of City Union Bank reveals a mixed Performance. The Bank has demonstrated consistent growth in the net profit margin, return on assets, and proprietary ratio, indicating improved profitability and financial stability. Overall, City Union Bank has shown resilience and growth, but it should remain vigilant in managing its financial health and adapting to the dynamic banking environment.

XI. REFERENCE

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