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# COMPARATIVE ANALYSIS OF THE FINANCIAL PERFORMANCE OF PNB BANK AND CBS BANK

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**ABSTRACT**

Analysing the economic effectiveness of a select few banks that operate in both the PNB and CBS banks has recently become more important than ever. It is now easier than ever to do this examination. Over the course of the years 2017 to 2022, we assess the profitability, liquidity, efficiency, and solvency of twenty distinct financial institutions, ten of which are public sector banks and the other ten private sector banks. Our assessment is based on a number of financial factors, such as those mentioned above. Our analysis revealed that, for the vast majority of the several financial characteristics that were examined, financial institutions operating in the private sector have outperformed those operating in the public sector. At private sector financial institutions like banks, indicators of profitability, such as return on equity (ROE) and net interest margin (NIM), have been demonstrated to be much higher. As a direct result of the upgrades they have made to the quality of their assets, as well as the rises in operational effectiveness and drops in overhead expenses, they are in a position to do so. The public sector's financial institutions, on the other hand, have struggled to sustain stable levels of profitability. A higher level of non-performing assets (NPAs) and reduced loan recovery rates, on the other hand, have made it challenging for public sector banks to maintain their profitability. They now have to deal with these two issues as a result of these causes. As seen by the current ratio and the cash-to-deposit ratio, public sector banks, on the other hand, have higher liquidity ratios. These ratios reflect the availability of cash in relation to deposits. The public sector banks have more capital available to pay their short-term commitments than the private sector banks do, based on these ratios. This is mostly due to the fact that public sector banks often have the ability to retain bigger cash reserves since the government owns and supports these institutions, ensuring a steady supply of cash. Contrarily, it has been shown that private sector banks have greater efficiency ratios, including the advances to deposits ratio, demonstrating that they are more adept at using their assets to produce profits.

**Keywords:** Banking, Financial Statements, Risk, Ratios.

## INTRODUCTION

Banking services and investment transactions support any nation's economy. India's complex financial demands need a huge branch network. Today's financial performance determines profitability and industry standing. The economy has made comparing public and private bank economic performance increasingly relevant in recent years. This research analyzes public and private banks' 2017–2022 financial performance. The research will investigate banks' liquidity, profitability, efficiency, leverage, and other financial indicators using a variety of financial measurements, graphical representations, and statistical methodologies. Investors, managers, and lenders may utilize this research to find the most successful banking sector. Its relevance in determining the company's financial health may influence its economic and investment choices. Public-private bank financial performance comparisons are becoming more important. Banking competition is to blame. Banking underpins all economies. India's massive banking system offers various financial products and services. This study examines public and private banks' 2017–2022 financial performance. The research will investigate banks' liquidity, profitability, efficiency, leverage, and other financial indicators using a variety of financial measurements, graphical representations, and statistical methodologies. Investors, managers, and lenders may utilize this research to find the most successful banking sector. This research examines public and private sector banks' five-year financial performance. Balance sheets, income statements, and cash flow statements will be examined to determine each bank's financial health. The T-test and regression analysis can identify the primary factors affecting bank financial performance and the banking industry. It will be done and assessed.

Bankers will benefit from this study. The study's findings may also help policymakers strengthen the banking system and enhance economy. This study provides stakeholders with analytical data on public and private banks' fiscal health to aid decision-making. The study will also examine debt-to-coverage, profits, growth, liquidity, efficiency, and balance sheet measures. Reporting this research. These ratios simplify bank asset, liability, equity, cost, income, and profitability analysis. Banks' financial ratio performance will be analyzed using graphical representations. These are project graphics. Technology and competition have changed banking. To make educated choices and stay competitive, stakeholders must understand public and private sector bank financial performance. This study will add to comparative bank financial performance literature for academics, decision-makers, and business professionals. The study would boost India's banking sector.New regulations and technology have changed India's banking industry. Therefore, shareholders, management, and lawmakers prioritize bank financial success. Cause: circumstance. This study illuminates banking sector development by comparing financial performance. Investors may analyze banking sector assets using the technique. They invested. The research may also assist bank management develop strategies to boost financial performance and remain competitive. The study's findings may help policymakers improve banking and growth rules. This study may help academics and academic institutions evaluate banking sector financial performance. The study will show how public and private banks and the banking sector perform financially. The project will improve Indian banks financial performance analysis and create new research frameworks. This study examines public and private bank economic performance from 2017 through 2022. Stakeholders will benefit from the study's results. India's banking industry would benefit from the results.

## LITERATURE REVIEW

**S Vibhute et al (2021).** In order to evaluate how well non-performing asset management has evolved in the post-millennium era, it is necessary to conduct an analysis of the pattern of changes in the amount of non-performing assets held by public sector banks in India from the years 2000 to 2011. The accumulation of non-performing assets is not just the result of loans and advances; rather, it is also influenced by a variety of other bank performance indicators and variables that are macroeconomic in nature. This research addressed the moderating and mediating effects that macroeconomic factors and bank performance have on the incidence of nonperforming assets (NPA), in addition to the trend in the movement of NPA.

**Yasmeen Naaz, (2021)** studied how non-performing assets (NPAs) affect public sector banks' (PSUs') profitability. Non-performing assets (NPAs), which not only represent a danger to the banks but also the whole financial system, are now the most significant issue that the banks are dealing with. A bank's operational performance is damaged by rising non-performing assets (NPAs), which in turn has an effect on the bank's profitability, liquidity, and solvency. NPAs need to be reduced and controlled if banks are to operate more profitably. In this study's effort to assess the link between NPAs and bank profitability, the major public sector banks dealing with the rising NPAs are taken into account.

**Anand. K (2015)** describe The banking business is not only a significant player in the financial markets but also an integral component of the broader financial system. This dual role makes it one of the most important industries in the world. The expansion of any economy is contingent on the construction of a trustworthy financial system that is capable of both collecting the savings of individuals and channeling those savings towards enterprises that contribute to economic progress. Banks not only have the power to supply the necessary financial resources for growth, but they also have the ability to exercise some degree of control over the way in which these resources are employed. This gives banks a significant competitive advantage. In India, new shades of wealth and progress have emerged in the time since the economy was liberalized, which paved the way for these changes. In the same vein, it has also resulted in a significant number of challenges being faced.

**D. K. Malhotra, et al (2011)** this study examined India's commercial banks' customer service from 2005 to 2009. This era encompasses both before and after the simultaneous financial crisis. This article examines India's public and private commercial banks' profitability, cost of intermediation, efficiency, banking system soundness, and industry concentration. Empirical data reveals that Indian banking is more competitive. Despite a higher net interest margin, intermediation costs have increased. Due to rising expenditures, financial institutions are trying to improve operational efficiency.

## PROFILE OF CSB BANK

With a history extending back more than 98 years, CBS bank has the distinction of being one of the oldest private sector banks in India. In addition to our sizeable presence in Kerala, Tamil Nadu, Karnataka, and Maharashtra, we also have a strong foundation in these states. As of the 31st of March in 2019, our complete customer base comprised of 1.3 million individuals. We focus in particular on small and medium-sized organisations (SMEs), retail consumers, and non-resident Indians (NRIs), all while delivering a wide variety of products and services. Customers may get the products and services we provide from us via a number of different distribution channels. We had a total of 414 branches as of the 31st of March in 2019, not including the three service branches and the two asset recovery branches. In addition, we had 277 automated teller machines (ATMs) spread over 16 states and four union territories. In addition, we provide a variety of alternative distribution channels, including micro ATMs, debit cards, online banking, **and mobile** banking, point of sale services, and UPI, amongst others. We believe that we have established ourselves as a renowned and well-known brand across southern India, particularly in the states of Kerala and Tamil Nadu, as a result of our focus on delivering services of a high quality and building long-term relationships with our customers. This has enabled us to position ourselves as a leader in our industry

Overall, by putting a strong emphasis on digital innovation and customer care, CSB Bank has positioned itself to be one of the top private sector banks in India. This has allowed the bank to position itself as one of the leading private sector banks in India. The bank was able to get to this position as a direct result of this factor. As a consequence of the company's continuous financial performance and forward-looking development trajectory, stakeholders are provided with an appealing investment opportunity.

## PROFILE OF PUNJAB NATIONAL BANK

The Punjab National Bank is a global organization that operates in almost every country and offers a full range of banking as well as other financial services. It is often referred to by its acronym, PNB. The headquarters of the corporation, which is a state-owned organization, may be found in New Delhi, which is the capital city of India, which is located on the subcontinent of India. Since it first opened its doors for business in 1894, the bank has evolved to become one of the most successful and well-known financial institutions in India. Its history dates back to the time when India was still a part of the British Empire.

PNB offers personal banking, commercial banking, international banking, and investment banking. PNB consumers have several banking options. It provides savings accounts, checking accounts, fixed deposits, recurring deposits, loans, and credit cards. Among others. Among others. Personal banking services. This financial organisation also offers insurance, demat services, and mutual funds to its customers.

In addition to the activities that it has in the United States, PNB is a significant participant in a number of other marketplaces located all over the globe. It has offices in a number of nations spread around the globe, including the United Kingdom, the United States of America, China, and Canada, amongst others. In addition, the financial institution has representative offices in a variety of locations throughout the world, including Dubai, Hong Kong, and Bhutan, amongst others.

In recognition of the very high quality of its services and overall performance, PNB has been presented with a number of accolades and commendations, which they have proudly accepted. It was given the "Best Public Sector Bank Award" by CNBC-TV18 in the year 2020, and Forbes Global 2000 listed it as the number two biggest public sector bank in India. Both of these accolades were presented to the company. The year 2020 saw the institution receive both of these honors and distinctions simultaneously. The "Best Digital Initiative Award" was given to the financial institution in the year 2020 at the Banking Technology accolades in recognition of the digital operations of the bank, which also earned the firm further accolades. These awards were handed in appreciation of the bank's digital activities.

As of September 2021, the Public Sector Bank of India (PNB) has around 11,000 branches and 13,000 automated teller machines (ATMs) located throughout the nation. The bank has a healthy staff that consists of more than 70,000 individuals, and it reported a total income of Rs. 77,124 crores for the fiscal year 2020-2021.

**RESEARCH METHODOLOGY**

The production and productivity of a corporation, its profitability, its liquidity, its working capital, the performance of its fixed assets, the performance of its money flow, and its social performance are all examples of performance criteria that are often studied by financial analysts. Users on the inside do a study of the company's financial performance so that they may assess the current state of their own companies and determine where they stand in comparison to other benchmarks. This is done in order to improve the management of their organizations and to accelerate their growth. Examining a firm's financial performance from the point of view of users who are not affiliated with the company is one way to figure out whether or not a business is valuable and whether or not there are prospects for investment. This is done by considering the perspectives of people who are not employed by the company. Calculations that are based on certain financial indicators may be performed, and a review of the business's financial accounts is an absolute need if one wants to arrive at a conclusion about the level of success that the firm as a whole has achieved.

**OBJECTIVES:**

• To evaluate and contrast the economic results and operational efficiencies of PNB and CBS banks.

• To provide suggestions for improvements that may be made to the financial analysis.

• The goal of this project is to investigate the connection between PNB and CBS banks' liquidity and profitability management.

• To investigate both the PNB and CBS bank financial performance as well as the development of their profitability.

**LIMITATIONS:**

• The primary focus of this investigation is on a selection of banks from both the PNB and CBS banks; these banks were chosen based on the total market capitalization of each institution.

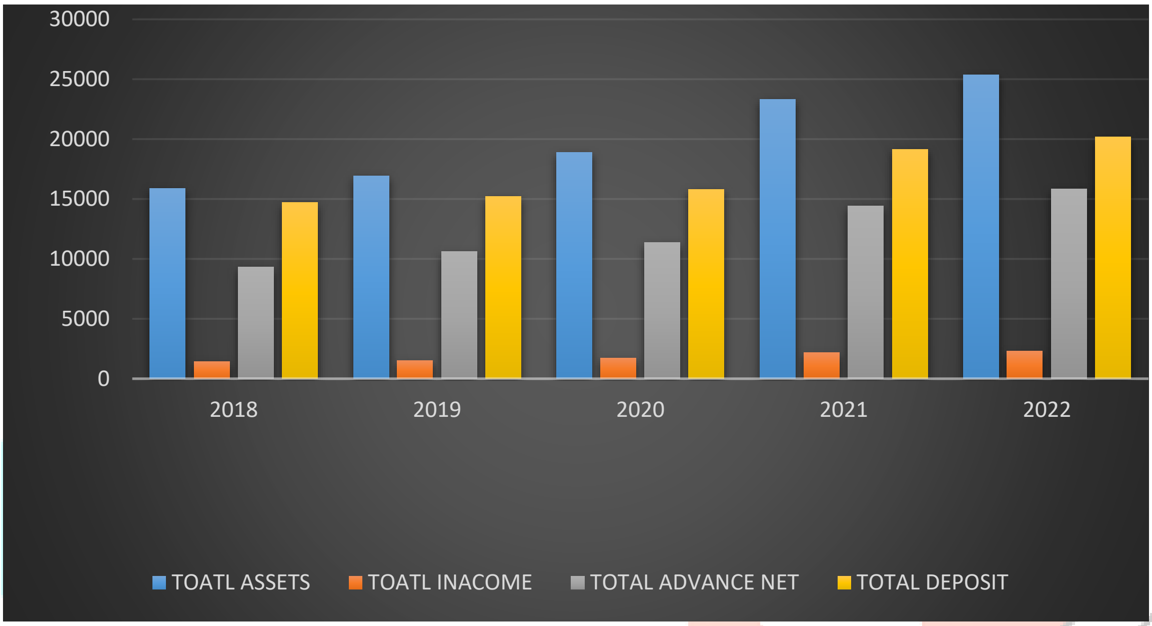
• The research process takes five years to complete, and the results are used to determine the effect that liquidity has on management; additionally, certain statistical tools are utilized in the analysis process in order to provide a more insightful perspective on the effect that liquidity management has on Indian private and public banks.

## FINANCIAL ANALYSIS CSB BANK

(Croers.)

| YEAR | TOATL ASSETS | TOATL INACOME | TOTAL ADVANCE NET | TOTAL DEPOSIT |
|---|---|---|---|---|
| 2018 | 15870 | 1422 | 9337 | 14691 |
| 2019 | 16911 | 1483 | 10615 | 15214 |
| 2020 | 18864 | 1731 | 11366 | 15791 |
| 2021 | 23337 | 2175 | 14438 | 19140 |
| 2022 | 25356 | 2285 | 15815 | 20188 |

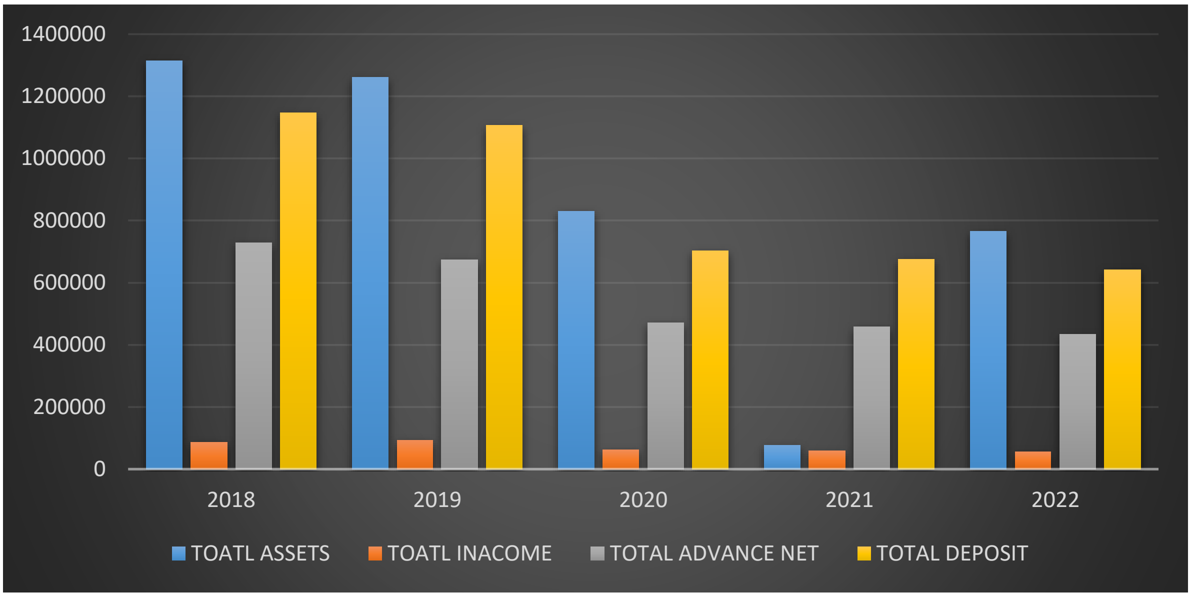
## CHART FINANCIAL ANALYSIS CSB BANK




## FINANCIAL ANALYSIS PNB BANK

| YEAR | TOATL ASSETS | TOATL INACOME | TOTAL ADVANCE NET | TOTAL DEPOSIT |
|---|---|---|---|---|
| 2018 | 1314805 | 87199 | 728185 | 1146218 |
| 2019 | 1260632 | 93561 | 674230 | 1106332 |
| 2020 | 830665 | 63074 | 471827 | 703846 |
| 2021 | 77949 | 58687 | 458249 | 676030 |
| 2022 | 765830 | 56876 | 433734 | 642226 |

**CHART FINANCIAL ANALYSIS PNB BANK**




## FINDINGS

### CSB Bank

- In fiscal year 2021, CSB Bank reported a net profit of Rs. 218.4 crores, up from a loss of Rs. 198.4 crores the previous year. This year, the bank generated 1,853.5 crores in income, an increase of 7.5% over the previous year. The bank's net interest income (NII), which set a new high in FY21, increased 18.3% to Rs. 720.3 crores.

- The bank's gross non-performing assets (NPA) decreased from 4.87% in FY20 to 2.61% in FY21, indicating an improvement in asset quality. This development occurred in FY20 and FY21. Over the same time period, net non-performing assets decreased from 2.61% to 1.24% of total assets.

- In order to fulfil regulatory capital requirements, CSB Bank's capital adequacy ratio (CAR) grew from 15.12% in FY20 to 18.19% in FY21. The bank increased because of more profits. The bank's ROE increased from -16.39% to 6.74%, while its ROA increased from -2.04% in FY20 to 0.72% in FY21.

- After suffering losses for years, CSB Bank achieved a profitable FY21. Prior to FY21, the bank had a losing year every single year. This is a result of the bank's earlier losses. The bank concentrated on improving asset quality, NII growth, and CAR to achieve these good results. The bank benefitted right away from this.

### Punjab National Bank

- PNB's primary commercial activity drove its Net Interest Income (NII) from INR 31,555 crore in FY 2018-19 to INR 40,292 crore in FY 2020-21.

- Operating Profit: PNB increased its operating profit from INR 9,621 crore in 2018-19 to INR 16,865 crore in 2020-21 due to operational efficiency. This is up from INR 9,621 crore last year. The company's operational profit increased.

- Profit after Tax: The Public Sector Bank (PNB) declared a profit after tax of 3,586 crore for compared to 12,283 crore in 2019-20. This is a major improvement. The year's greater recoveries and decreased provisions for unproductive loans contributed to this.

- Gross Non-Performing Asset (NPA) Ratio: PNB's NPA ratio improved slightly from 14.14% in March 2020 to 14.06% in March 2021. March 2020–March 2021 saw this transition. PNB sold troubled assets, causing this change. Between March 2020 and March 2021, this changed.

- Capital Adequacy Ratio (CAR): PNB's CAR was 13.17% in March 2021, above the legal requirement of 11.5%. The government sets minimal regulatory compliance criteria. The bank has enough capital to finance its current operations and any future developments.

## CONCLUSION

The CSB Bank finally turned a profit during the fiscal year that ended in FY21, after having lost money for a number of years in a row, representing a significant improvement in the institution's overall financial performance over the last several years. These positive results have been accomplished by the bank as a direct result of the major attention it has put on increasing the quality of its assets, expanding its NII, and maintaining a strong CAR. This has allowed the bank to achieve these successful outcomes.

PNB's core business operations and asset quality have both witnessed improvements in the last few years, which has contributed to an improvement in the company's overall financial performance in the past few years. [Cause and effect] PNB's financial performance has improved overall in the past few years. However, in order for the bank to be able to retain its growth over the long term, it must continue to work towards decreasing its nonperforming loans and raising its overall efficiency. Only then will it be able to keep its current level of growth.

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