

A STUDY ON THE FINANCIAL PERFORMANCE AT STATE BANK OF INDIA

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Abstract—State Bank of India (SBI), the largest public sector bank in India, plays a pivotal role in the country's financial ecosystem. This paper presents a comprehensive analysis of SBI's financial performance over a five-year period (FY 2019–20 to FY 2023–24), examining key financial parameters including net interest income, net profit, return on assets, return on equity, capital adequacy ratio, and gross non-performing assets. The study employs ratio analysis, trend analysis, and comparative financial analysis using audited annual reports and RBI publications as secondary data sources. Findings indicate that SBI has demonstrated significant improvement in profitability and asset quality, with net profit growing over 321% between FY 2020 and FY 2024, and gross NPA declining from 6.15% to 2.24%. Capital adequacy remains above regulatory requirements, and operational efficiency has improved considerably. The study suggests continued focus on digital transformation, priority sector lending quality, and international business expansion to sustain growth momentum.

Keywords: State Bank of India, financial performance, ratio analysis, NPA, profitability, capital adequacy, banking sector, return on equity, net interest margin.

1. INTRODUCTION

The banking sector forms the backbone of any economy, channeling financial resources from savers to productive investments. In India, public sector banks account for over 60% of total banking assets and play a critical role in credit delivery to priority sectors.

State Bank of India (SBI) was established in 1955 and is the largest commercial bank in India by assets, deposits, branches, and employees. With over 22,000 branches, 65,000 ATMs, and a customer base exceeding 500 million, SBI operates across retail, corporate, international, and government banking segments. The Government of India holds approximately 57.5% stake in SBI.

Evaluating the financial performance of SBI is critical for multiple stakeholders including investors, regulators, depositors, employees,

and policymakers. Financial performance analysis reveals a bank's earning efficiency, risk management capability, liquidity position, and capital strength.

This paper systematically evaluates SBI's financial performance across five fiscal years (FY 2019–20 to FY 2023–24), analyzing profitability ratios, asset quality, capital adequacy, liquidity, and efficiency parameters. The study seeks to provide a comprehensive picture of SBI's financial evolution in the post-merger and post-COVID environment. SBI's merger with its five associate banks in 2017 created a banking behemoth whose full financial consolidation benefits are now visible in the study period.

2. OBJECTIVES OF THE STUDY

- To analyze the profitability performance of SBI over five financial years (FY 2020–FY 2024).

- To examine trends in asset quality through NPA analysis.
- To evaluate capital adequacy and regulatory compliance of SBI.
- To assess liquidity, efficiency, and operational performance using key financial ratios.
- To identify key drivers of financial improvement and recommend strategies for sustained growth.

3. LITERATURE REVIEW

[1] Chakraborty and Datta (2015) analyzed the financial performance of Indian public sector banks using CAMEL model parameters. Their findings highlighted capital adequacy and asset quality as the most critical dimensions distinguishing well-performing from poorly-performing public banks. SBI ranked consistently high on management efficiency and earnings quality.

[2] Gupta (2014) conducted a comparative study of SBI and HDFC Bank across profitability and liquidity ratios for 2009–2013. The study found SBI superior in deposit mobilization but lagging in return on equity and net interest margin compared to private sector peers.

[3] Prasad and Ravinder (2012) applied the CAMELS framework to evaluate SBI's performance, finding that while capital strength was adequate, asset quality had deteriorated due to rising stressed assets in infrastructure and steel sectors.

[4] Malhotra et al. (2011) studied profitability determinants of Indian commercial banks using panel data regression, finding that bank size, credit-deposit ratio, and operating efficiency significantly influenced profitability, with SBI's large size providing diversification benefits.

[5] Bhayani (2006) conducted performance evaluation of Indian public sector banks using financial ratios, finding that SBI's net profit margin and asset utilization ratios showed improvement following technology upgrades.

[6] RBI Annual Report (2024) documented that SBI's gross NPA declined to 2.24% in FY 2023–24 from a peak of 10.91% in FY 2017–18, representing one of the most significant NPA recovery journeys among major global banks, aided by IBC resolution.

[7] Kaur and Kaur (2020) analyzed post-merger financial impacts on SBI following the 2017 consolidation of associate banks, finding initial asset quality deterioration but long-term operational efficiency gains and capital deployment benefits.

[8] Srinivasan and Saminathan (2016) established a statistically significant negative relationship ($R^2 = 0.82$) between NPA ratio and return on assets, confirming that asset quality improvement is the primary driver of profitability enhancement at SBI.

4. RESEARCH METHODOLOGY

This study adopts a descriptive and analytical research design to assess the financial performance of State Bank of India over five fiscal years. The research employs ratio analysis and trend analysis techniques to draw meaningful inferences from historical financial data.

4.1 Research Design

Descriptive research design is employed to document and analyze the financial parameters of SBI systematically. The study examines year-over-year trends in profitability, asset quality, capital adequacy, and efficiency metrics, providing a longitudinal perspective on financial health. Secondary data analysis forms the primary mode of inquiry.

4.2 Data Sources

Primary Data: Primary data is not extensively used in this study. However, limited primary data was gathered through informal discussions with banking professionals and financial analysts familiar with SBI's operations, supplementing secondary data with qualitative insights.

Secondary Data: The study primarily relies on secondary data comprising SBI Annual Reports (FY 2019–20 to FY 2023–24), RBI Report on Trend and Progress of Banking in

India (2020–2024), SBI Investor Presentations, Ministry of Finance publications, NSE/BSE financial disclosures, and peer-reviewed academic journals in banking and finance.

4.3 Sample Size

The study covers a sample period of five consecutive fiscal years from FY 2019–20 to FY 2023–24 to ensure statistical reliability and trend robustness. All data points are derived from audited financial statements filed by SBI with regulatory authorities. The longitudinal span captures the pre-COVID baseline, COVID-impact years (FY 2020–21), and the post-pandemic recovery phase.

4.4 Tools for Analysis

- Financial ratio analysis: Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), Operating Efficiency Ratio.
- Trend analysis: Year-on-year percentage change in key financials.
- Comparative analysis: SBI performance benchmarked against industry averages and RBI regulatory norms.
- Descriptive statistics: Mean and growth rates for five-year data series.

5. DATA ANALYSIS AND INTERPRETATION

5.1 Net Interest Income and Net Interest Margin

Net Interest Income (NII) represents the difference between interest earned on assets and interest paid on liabilities. It is the primary revenue driver for commercial banks. SBI's NII grew consistently from ₹1,22,689 crore in FY 2020 to ₹1,83,695 crore in FY 2024.

FY	NII (₹ Crore)	NIM (%)
2019-20	1,22,689	2.82
2020-21	1,32,036	3.05
2021-22	1,40,000	3.12
2022-23	1,59,748	3.36
2023-24	1,83,695	3.45

Table I: Net Interest Income and Net Interest Margin of SBI (FY 2020–2024)

The NIM improved from 2.82% in FY 2020 to 3.45% in FY 2024, indicating enhanced asset pricing power and liability cost management. The consistent upward trend reflects improved credit mix with a shift toward higher-yielding retail and MSME loans.

5.2 Profitability Analysis

SBI's profitability witnessed a dramatic turnaround. The bank returned to strong profitability achieving record net profits by FY 2023–24. Key profitability indicators are presented in Table II.

FY	Net Profit (₹ Cr)	ROA (%)	ROE (%)
2019-20	14,488	0.15	4.47
2020-21	20,410	0.48	9.32
2021-22	31,676	0.67	12.06
2022-23	50,232	0.96	17.28
2023-24	61,077	1.04	19.02

Table II: SBI Profitability Indicators (FY 2020–2024)

Net profit surged from ₹14,488 crore in FY 2020 to ₹61,077 crore in FY 2024, a growth of 321%. ROA improved from 0.15% to 1.04%, approaching the globally accepted benchmark of 1.0%–1.5%. ROE rose from 4.47% to 19.02%, indicating superior returns to shareholders.

5.3 Asset Quality – NPA Analysis

Asset quality is a critical indicator of banking health. SBI's gross NPA ratio peaked at 10.91% in FY 2017–18 and has been on a consistent downward trajectory. The study period captures the sustained NPA improvement phase driven by IBC resolutions and improved credit appraisal.

FY	Gross NPA (₹ Cr)	Gross NPA %	Net NPA %
2019-20	1,49,092	6.15	2.23
2020-21	1,26,389	4.98	1.50
2021-22	1,12,022	3.97	1.02
2022-23	90,927	2.78	0.67
2023-24	81,363	2.24	0.57

Table III: SBI Asset Quality – NPA Analysis (FY 2020–2024)

Gross NPA declined from ₹1,49,092 crore (6.15%) in FY 2020 to ₹81,363 crore (2.24%) in FY 2024. Net NPA fell to 0.57%, well within the RBI desirable threshold of

1.0%, reflecting rigorous post-disbursement monitoring and IBC-led resolution of large accounts.

5.4 Capital Adequacy Analysis

Capital Adequacy Ratio (CAR) under Basel III norms measures a bank's capital relative to its risk-weighted assets. RBI mandates a minimum CAR of 11.5% for domestic systemically important banks (D-SIBs) like SBI.

FY	CAR (%)	Tier I (%)	Tier II (%)
2019-20	13.06	10.34	2.72
2020-21	13.74	11.01	2.73
2021-22	13.83	11.22	2.61
2022-23	14.68	12.01	2.67
2023-24	15.55	12.91	2.64

Table IV: SBI Capital Adequacy Ratios (FY 2020–2024)

SBI's CAR improved from 13.06% in FY 2020 to 15.55% in FY 2024, consistently exceeding the regulatory minimum. Tier-I capital rose from 10.34% to 12.91%, reflecting internal capital generation from improved profitability.

5.5 Efficiency and Liquidity Analysis

Operational efficiency and liquidity position are evaluated through key ratios as summarized in Table V.

FY	C/I Ratio (%)	C/D Ratio (%)	EPS (₹)
2019-20	55.42	64.18	16.22
2020-21	53.64	65.72	22.85
2021-22	51.37	68.11	35.47
2022-23	49.63	71.54	56.23
2023-24	48.12	73.30	68.35

Table V: SBI Efficiency and Earnings per Share (FY 2020–2024)

The Cost-to-Income (C/I) ratio declined from 55.42% to 48.12%, indicating improved operational efficiency. The Credit-to-Deposit (C/D) ratio improved to 73.30%, reflecting healthy credit offtake. EPS grew significantly from ₹16.22 to ₹68.35.

5.6 Business Growth Indicators

Table VI summarizes the overall balance sheet expansion of SBI over the study period, highlighting robust business growth across assets, deposits, and advances.

FY	Total Assets (₹ Cr)	Deposits (₹ Cr)	Advances (₹ Cr)
2019-20	39,31,178	32,41,621	23,24,674
2020-21	44,16,432	36,81,276	24,67,713
2021-22	48,94,189	40,51,534	27,57,237
2022-23	55,07,734	44,23,891	32,57,218
2023-24	61,77,138	49,16,077	37,67,487

Table VI: SBI Business Growth Indicators (FY 2020–2024)

SBI's total assets grew from ₹39.3 lakh crore in FY 2020 to ₹61.8 lakh crore in FY 2024, a CAGR of approximately 12%. Total deposits grew at a CAGR of 11%, while advances grew at a CAGR of 13%, driven by retail and MSME segments in the post-COVID recovery period.

6. FINDINGS AND SUGGESTIONS

6.1 Key Findings

The five-year analysis of SBI's financial performance yields the following significant findings:

- **Profitability Turnaround:** Net profit grew from ₹14,488 crore (FY 2020) to ₹61,077 crore (FY 2024), a growth of 321.6%, making SBI the most profitable public sector bank in India.
- **NPA Decline:** Gross NPA ratio fell from 6.15% to 2.24%, a reduction of nearly 391 basis points, marking a successful resolution of the stressed asset cycle through IBC mechanisms and upgraded accounts.
- **Capital Strength:** CAR consistently above regulatory requirements, rising to 15.55% in FY 2024, providing adequate buffer for credit expansion without external capital support.
- **NIM Improvement:** Net Interest Margin improved from 2.82% to 3.45%, reflecting better asset-liability mix and repricing of credit book in a rising interest rate environment.
- **Operational Efficiency:** Cost-to-Income ratio declined to 48.12%, indicating improved cost management despite salary revisions and technology investments.
- **Shareholder Value:** EPS rose from ₹16.22 to ₹68.35, and ROE improved from 4.47% to 19.02%, demonstrating significant enhancement in shareholder returns.

- Balance Sheet Growth: Total assets crossed ₹61.77 lakh crore in FY 2024, with credit growing at a healthy CAGR of 13%, driven by retail and MSME segments.

6.2 Suggestions

- Digital Transformation Acceleration: SBI should continue investing in AI-driven credit underwriting, automated fraud detection, and mobile-first banking infrastructure to reduce operating costs and improve customer experience across tier-2 and tier-3 cities.
- Priority Sector Quality Improvement: Focus should shift toward quality within priority sector lending — particularly agricultural MSME clusters with better cash flow profiles — to prevent future NPA build-up.
- International Business Expansion: Expanding correspondent banking relationships, NRI deposits, and trade finance products in high-growth markets (Middle East, Southeast Asia) can diversify revenue streams.
- Retail Liability Franchise: SBI should strengthen CASA ratio by leveraging the YONO app as a primary engagement channel for the youth demographic, reducing dependence on high-cost term deposits.
- NPA Vigilance: SBI should maintain forward-looking provisioning norms, especially for sectors vulnerable to cyclical downturns such as real estate, infrastructure, and power, to avoid a recurrence of the 2015–18 NPA crisis.

7. CONCLUSION

This study conducted a comprehensive five-year financial performance analysis of State Bank of India from FY 2019–20 to FY 2023–24. The findings paint a compelling picture of institutional transformation — from a bank burdened by high NPAs and low profitability in FY 2020 to one of the strongest financial performers among global emerging market banks by FY 2024.

The key drivers of this transformation include rigorous NPA resolution through

IBC and legal mechanisms, improved credit underwriting post-merger integration, digital adoption reducing transaction costs, strong retail credit growth, and rising interest rate tailwinds improving net interest margins.

SBI's capital adequacy position is robust, operational efficiency is improving, and shareholder returns have reached competitive levels relative to private sector peers. The bank's dominant market position, extensive branch network, and government backing provide structural advantages that private sector competitors cannot easily replicate.

Sustaining this performance trajectory requires continued vigilance on asset quality, especially in MSME and agriculture segments where NPA risks are latent. Strategic investments in technology, talent development, and international banking are imperative to ensure SBI remains competitive in the evolving Indian banking landscape.

In conclusion, SBI's financial performance over the study period demonstrates that large public sector banks can achieve significant improvements through disciplined management, regulatory engagement, and technology adoption — a model offering valuable lessons for banking reform in emerging economies.

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