A STUDY ON FINANCIAL PERFORMANCE OF SBI BANK

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Abstract:
A bank is a financial Institution licensed to receive deposit and make loans. Banks may also provide financial services such as wealth management, currency exchange and safe deposit. The research paper presented is conducted at the SBI bank. The objectives of the paper are to study the profitability position and profitability performance of SBI. It is concluded that the SBI bank financial performance was good and the dividend payout ratio for the last two years has been seen in Nil.

Key words: Financial Performance, Liquidity Ratios, Solvency Ratios, Profitability Ratios, Graphs and Ratioanalysis.

Introduction:

The banking sector is the life blood of modern economy. It is one of the important financial basements of the financial sector, which plays a main role in the functioning of an economy. It is very important for economic development of a country that it's financing requirements of trade, industry and agriculture are met with higher degree of commitment and responsibility. There are two types of Central Bank, that is Scheduled Bank and Non-scheduled Bank. There are two types of Scheduled bank, Commercial Bank and Co-operative Bank. Commercial Banks are of four type i.e. Private Sector Bank, Public Sector Bank, Foreign Bank and Regional Bank. The SBI is an Indian multinational, Public Sector Bank and Financial Service Statutory Body. It is a government corporation statutory body headquartered in Mumbai, Maharashtra. SBI is ranked as 236th in the fortune global 500 list of the world's biggest corporations of 2019. It is the largest bank in India with a 23% market share, besides a share of one-fourth of the total loan and deposits market. The bank descends from the Bank of Calcutta, founded in 1806, via the Imperial Bank of India, making it the oldest commercial bank in the Indian subcontinent. The Bank of Madras merged into the other two "Presidency Banks" in British India, the bank of Calcutta and Bank of Bombay, to form the Imperial bank of India, which in turn became the SBI is 1955. The government of India in 1955, with reserve bank of India taking a 60% stake, renaming it the SBI. In 1959, the government passed the State Bank of India Act. The government integrated these banks into the SBI system to expand its rural outreach. In 1963 SBI merged state bank of Jaipur and state bank of Bikaner and on 13th August 2008 when state bank of saurashtra merged with SBI. On 7th October 2013, ArundhatiBhattacharya become the first women to be appointed chairperson of the bank. Following a merger process, the merger of the 5 remaining associate banks, and the SBI was given an in-principle approval by the union cabinet on 15th June 2016. In making those risk assessments, the management has implemented such internal controls that are relevant to the preparation of the financial statements and designed procedures that are appropriate in the circumstances so that the internal control with regard to all the activities to the bank is effective.

The objectives of my study are:

- To study solvency ratios to measure the financial health of SBI bank.
- To offer finding and suggestions to enhance the financial performance of SBI bank
- To find out the profitability of SBI bank, study the profitability ratios.
- To study liquidity ratios to measure the financial viability of SBI bank.

The methodology of my study is based on Secondary data which includes Published and unpublished sources like Magazines, Public books, websites, and conference papers.
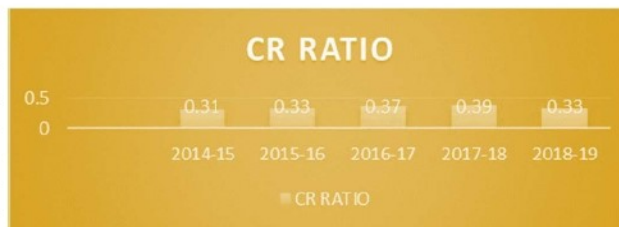
Data Analysis and Interpretation:

The analysis and interpretation of the information obtained presented research are as follows.
(1) Current ratio:

Table 1. Current ratio

YEAR	CR RATIO
2014-15	0.31
2015-16	0.33
2016-17	0.37
2017-18	0.39
2018-19	0.33

It is calculated by dividing the current assets by current liabilities. It measures the short-term financial condition of the bank. The purpose of this current ratio is to give the bank the ability to pay off its short-term debt.This ratio is considered desirable in the ratio of 2:1 From the Above table and graph, it is clear that current ratio is the highest in 2017-18 and lowest in 2014-15. Current ratio was not observed in 2:1 during any year.

(2) Quick Ratio:

Table 2. Quick Ratio:

YEAR	Quick Ratio
2014-15	18.06
2015-16	13.83
2016-17	11.94
2017-18	10.89
2018-19	11.02

It is calculated by dividing the quick assets by current liabilities. It measures the short-term financial conditionof the bank. This ratio is considered desirable in the ratio of 1:1. From the Above table and graph, it is clear that current ratio is the highest in 2014-15 and lowest in 2017-18. Each year the quick ratio was observed in the ratio of1:1.

(3) Debt-equity ratio:
Table 3. Debt-equity Ratio:

Table 3. Debt-equityratio YEAR	DER RATIO
2014-15	12.28
2015-16	12
2016-17	10.86
2017-18	12.35
2018-19	13.18

These ratios show the relationship between long-term debt and shareholder funds. The ratio of equity to debtis known by this ratio. From the Above table and graph, it is clear that debt-equity ratio is the highest in 2018-19 and lowest in 2016-17. Debt-equity ratios show the shareholder funds are higher than long term debt each year.
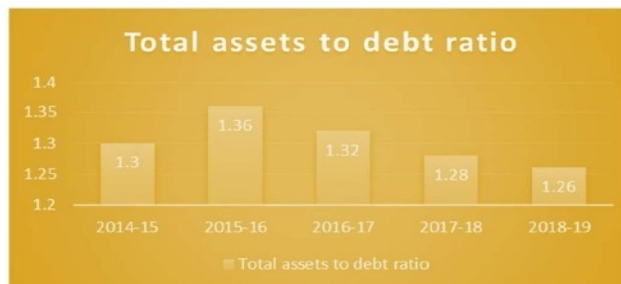
(4) Total assets to debt ratio:

Table 4. Total assets to debt ratio

YEAR	Total assets to debt Ratio
2014-15	1.30
2015-16	1.36
2016-17	1.32
2017-18	1.28
2018-19	1.26

Total assets to debt ratio show the relationship between total assets and non-current debt. Find out how much of the total property has been raised through debt. From the Above table and graph, it is clear that total assets to debt ratio is the highest in 2015-16 and lowest in 2018-19. As well as total assets to debt ratio shows, there has been a steady decline from 2015-16.

(5) Proprietary to total assets ratio:

Table 5. Proprietary ratio to total assets:

YEAR	Proprietary ratio to total assets
2014-15	0.06
2015-16	0.06
2016-17	0.07
2017-18	0.06
2018-19	0.06

From the Above table and graph, it is clear that total assets to debt ratio is the highest in 2016-17. Proprietary to total assets ratios were seen the same throughout the rest of the year. It is clear from Proprietary to assets ratios that the total assets and shareholders' funds were seen in the same proportion.

(6) Interest Coverage Ratio:

Table 6. Interest Coverage Ratio

YEAR	ICR RATIO
2014-15	0.35
2015-16	0.24
2016-17	0.24
2017-18	- 21
2018-19	0.02

Interest coverage ratio show the relationship between interest and profit before tax and interest on long-termdebt. This ratio is used to check out the interest payment parity. From the Above table and graph, it is clear that totalassets to debt ratio is the highest in 2014-15. And in the Interest Coverage Ratio year 2017-18 debt was seen.

(7) Net Profit Ratio to Total Income:

Table 7. Net Profit Ratio to Total Income

YEAR	Net Profit Ratio to Total Income
2014-15	8.59
2015-16	6.06
2016-17	5.97
2017-18	-2.96
2018-19	0.35

Through net profit ratio, the bank can find out about its overall profitability. From the Above table and graph, it is clear that Net Profit ratio is the highest in 2014-15. And in the Net Profit Ratio to Total Income Ratio year 2017- 18 debt was seen. Comparing net profit ratio to total income, it seems obvious that this ratio is decreasing every year.

(8) Operating Profit Ratio:

Table 8. Operation Profit Ratio

YEAR	OP. PROFIT RATIO
2014-15	-6.21
2015-16	-10.91
2016-17	-14.23
2017-18	-23.19
2018-19	-14.14

The operating profit ratio can be ascertained how much profit the bank made from its operations. From theAbove table and graph, it is clear that Operating Profit Ratio Residence showed a negative debt every year.

(9) Dividend Payout Ratio:

Table 9: Dividend Payout Ratio:

YEAR	Dividend Payout Ratio
2014-15	20.21
2015-16	20.28
2016-17	20.11
2017-18	NIL
2018-19	NIL

From the Above table and graph, it is clear that Dividend payout ratio is the highest in 2015-16 and nil was spotted during 2017-18 and 2018-19. Dividend payout ratio was used to find shares on dividend and shares on Earning.

(10) Return on Average Assets Ratio:

Table 10. Return on Average Assets Ratio

YEAR	Return on Average Assets Ratio
2014-15	0.68
2015-16	0.46
2016-17	0.41
2017-18	-0.19
2018-19	0.02

From the Above table and graph, it is clear that Return on average assets ratio is the highest in 2014-15 and lowest in2017-18. It is clear that Return on average assets ratio is decreasing every year.

Conclusion:

The research presented sought to know the financial profitability, financial viability and financial health of SBI bank. For that, the Current Ratio, Quick Ratio, Debt Equity Ratio, Debt Ratio, Proprietary Ratio, Interest coverage Ratio, Net profit ratio and dividend payout Ratio was explored. Table, graphs, ratio analysis and trend analysis were used to analysis and interpret the information obtained. It was finally learned that SBI bank's financial performance good dividend payout ratio nil to2017-18 to 218-19 due to lower net profit ratio.

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