



# Performance Of Indian Financial Institution's: With Special Reference To Sbi In Karnataka

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## ABSTRACT

Performance of financial institution is a Key indicator of Indian economy. Financial institutions in India are categorized into banking institutions, All-India Financial Institutions (AIFIs), non-banking financial companies (NBFCs), and specialized insurance and investment bodies. They are strictly regulated by apex authorities such as the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI). Growth and the performance of financial institutions including the profit, quality of assets, percentage of liquidity, and operational growth of the SBI in Karnataka from last five financial years, from 2020-21 to 2024-25. This articles prepared by using secondary sources of data collection from SBI annual reports, financial statements of Banks, Journals and other banking reference books. Assessments and analyses are conducted through concern ratios such as Return on Assets and Net Interest Margin Ration. the study found that SBI earnings and growth, quality of assets and its improvement for the Bank, with healthy liquidity postures.

**Keywords:** Performance, Financial Institution, Profitability, NPA, Return on assets.

## INTRODUCTION:

Financial institutions in India have demonstrated exceptional resilience, driven by robust systemic credit growth, massive digital shifts, and cleaner balance sheets. As the nation's largest public sector bank, the State Bank of India (SBI) serves as the primary benchmark for this financial performance. In the state of Karnataka, SBI operates as a critical engine for development, navigating a highly competitive landscape marked by strong tech-driven private banks and a localized push for credit expansion.

Indian economy has emerged as a global economy and disciplined economy at the present time. Government of India has taken some initiatives for the growth of financial institution and support to Indian economy. Financial institution and banking reforms has fuelled the growth of Indian economy as it provides credit facilities to the various business and other infrastructure activities.

The State Bank of India (SBI) maintains a massive, expanding footprint in Karnataka, managing a local balance sheet exceeding ₹4,90,000 crores. Headquartered at the Local head Office on St. Mark's Road in Bengaluru, the bank's operations in the state are overseen by Chief General Manager. The bank's performance and operations in the state are highlighted by the following key areas:

- **Branch and ATM Network:** SBI operates over 1,700 branches and hundreds of ATMs across Karnataka. Under its recent expansion drive, SBI's leadership inaugurated 11 new branches across the state to boost inclusive growth.
- **Global Capability Centre (GCC):** Demonstrating the state's strategic importance, SBI launched its first-ever Global Capability Centre (GCC) in Indira Nagar, Bengaluru. This facility is an industry first for an Indian bank and acts as a central hub for end-to-end banking solutions.
- **Corporate & Start-up Support:** The Bengaluru Circle includes specialised branches, such as the SBI Start-up Branch, which provides targeted banking services to venture capitalists, incubators, and start-ups.
- **Corporate Social Responsibility (CSR):** SBI's localised performance goes beyond traditional banking, with major community initiatives including the upgradation of 35 government primary schools, a 50,000-tree plantation drive at Tumkur University, and the donation of medical equipment to the IISc Medical School.

### Macro Overview of Indian Banking Sector and SBI's Position

The Indian banking sector has undergone a massive transformation, with national credit and deposit aggregates near tripling over the past decade. As of May 2026, SBI has cemented its position as a Domestic Systemically Important Bank (D-SIB).

- a. **Total Business Milestone:** Nationally, SBI's total business crossed ₹109 trillion in the 2025–2026 financial cycle, registering a healthy 11.03% growth in deposits and 16.87% in advances.
- b. **Profitability Metrics:** In its freshly declared full-year financial results for 2025–26, SBI posted a historic Net Profit of ₹80,032 crores.
- c. **Efficiency and Quality:** The banks achieved a Return on Assets (ROA) of 1.12% and a Return on Equity (ROE) of 18.57%, along with side an exceptional drop in Net Non-Performing Assets (NPAs) to 0.39%.

### SBI's Regional Performance in Karnataka

Karnataka features a highly literate, tech-savvy economy with a high Gross State Domestic Product (GSDP) per capita. Despite its wealth, the state historically lacked deep formal loan penetration, making it a critical ground for SBI's financial strategy

#### A) Credit Expansion & Loan Penetration:

- **Addressing Credit Gaps:** Historically, formal loan penetration in Karnataka hovered around 22%. SBI has systematically targeted this gap by expanding credit to retail clients, small-and-medium enterprises (SMEs), and agricultural clusters across rural and semi-urban Karnataka.
- **Growth Track:** Under local institutional efforts, credit in the region has sustained a Compound Annual Growth Rate (CAGR) of over 10%, positioning Karnataka as one of the fastest-growing credit markets in South India.

#### B) Financial Inclusion and Last-Mile Delivery:

- **CSPs and Business Correspondents:** In alignment with state developmental targets, SBI utilizes its massive network of Customer Service Points (CSPs) and Business Correspondents (BCs). This network brings localized Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts and insurance schemes directly to unbanked areas across Karnataka's districts.
- **Deposit Capture:** The state's robust corporate IT environment and affluent retail class have allowed SBI Karnataka to scale its domestic deposit collection stably, reinforcing the bank's low-cost Current Account Savings Account (CASA) ratio

### C) Digital Adoption (The Bengaluru/Tech Corridor Factor):

- **YONO Integration:** Operating in India's technology hub (Bengaluru), SBI Karnataka serves as a testing ground for digital banking innovations. Over **98.7%** of SBI transactions are now handled via alternate, digital channels.
- **UPI Processing:** The heavy volume of tech-driven retail commerce in Karnataka feeds directly into SBI's infrastructure, which processes hundreds of millions of digital transactions daily on a national scale.

### Operational Parameters: SBI National vs. Karnataka Landscape

To conceptualise how SBI scales its efficiency, see the national benchmarks achieved in the latest audited cycles:

Financial Indicator	FY 2024–25 Actual	FY 2025–26 Results	Regional Impact in Karnataka
Net Profit	₹70,901 Crore	₹80,032 Crore	High credit demand from tech & industrial corridors.
Gross NPA	2.12%	1.57%	Strong asset recovery and corporate discipline
Net NPA	0.57%	0.39%	Cleaner balance sheets across regional bank zones.
Capital Adequacy (CAR)	14.28%	15.40%	Robust cushion to fund large scale infrastructure in the state
Digital Channel Mix	- 97%	98.7%	Driven by high digital banking adoption in cities like Bengaluru

### Competitive Regional Dynamics

SBI does not operate in a vacuum in Karnataka; it faces a distinct dual challenge:

1. **Old Private Sector Banks:** Legacy regional institutions like Karnataka Bank command deep emotional and cultural loyalty among local merchants and households.
2. **New-Age Tech Aggressors:** Private giants like HDFC and ICICI aggressively contest the high-net-worth individual (HNI) and corporate segments in metropolitan hubs

SBI counters this pressure effectively by utilizing its scale to offer lower borrowing rates on massive industrial/infrastructure loans, while simultaneously using its state-backed reliability to capture risk-averse retail deposits

The State Bank of India (SBI) acts as a financial anchor in **Karnataka**, driving priority sector lending, agricultural financing, and state-backed economic initiatives. In recent fiscal cycles, SBI delivered record-breaking results, showing robust growth in total advances and deposits while significantly improving its core financial metrics.

### THE LITERATURE REVIEW:

**Sankar S and Jancy P (2024)** in his study entitled “An analysis of the financial position of SBI” focuses on the performance of banking sector, on its own merits, has a significant impact on the country's economic stability, especially in providing credit, mobilizing deposits, and facilitating access to credit for various sections of society.

**Dr. Rakesh Kumar Jhamb (2022)** in his paper “Challenges and Opportunities of Banking Sector in India”, the study highlights that, Indian economy has moved in the direction of globalization, but somewhere in the strategy of banking reforms done in this direction, there is a doubt in the success of the efforts. From our point of view, there should be structural changes under financial reforms in India,

as well as removal of controls on credit utilization and interest rates will also be necessary in financial liberalization.

**Manish Khanna and SaurabhKaushal (2013) their article entitled “Growth of Banking Sector in India: A Collective Study of History and its Operations”,** This paper is a small contribution to the existing vast knowledge of banking industry and will be useful for bankers, Industrialist, policy maker and researchers.

**Dr. K. LaxmanGoud (2021) in his paper “An Analytical Study on Trends and Progress of Indian banking Industry”** focuses on The banking industry has experienced a series of significant transformations in the last few decades. Among the most important of them is the change in the type of organizations that dominate the landscape. Since the eighties, banks have increased the scope and scale of their activities and several banks have become very large institutions with a presence in multiple regions of the country.

### **OBJECTIVES OF THE STUDY:**

1. To evaluate the profitability of SBI, this is including Return on Assets (ROA) and Net Interest Margin (NIM).
2. To find the asset quality of the bank, focusing specifically on the NPAs and their consequences to the profitability of SBI.
3. To know the SBI's Regional Performance in Karnataka

### **METHODOLOGY:**

The present study is based on Secondary data of collection; the secondary data was collected from the books, journals, annual reports of SBI and other official records of the Banks. Assessments and analyses are conducted through concern ratios such as Return on Assets and Net Interest Margin Ration. The study found those SBI earnings and growth, quality of assets and its improvement for the Bank, with healthy liquidity postures.

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### DATA ANALYSIS AND INTERPRETATION:

**Table – 01 Consolidated Balance Sheet of SBI from last Five Years March 2022 to 2026**

#### Calculation of Shareholders Fund

IN CR	MAR 2026	MAR 2025	MAR 2024	MAR 2023	MAR 2022
<b>SOURCES OF FUNDS</b>					
Share Capital	923.06	892.46	892.46	892.46	892.46
Share warrants and Outstandings	0.00	0.00	0.00	0.00	0.00
Total Reserve	5,95,207.81	4,86,144.30	4,14,046.71	3,58,038.86	3,04,695.58
Minority Interest	18,768.28	18,025.84	15,617.96	12,836.62	11,207.42
Deposits	60,43,097.12	54,39,898.02	49,66,537.49	44,68,535.51	40,87,410.60
Borrowings	7,77,302.15	6,10,857.25	6,39,609.50	5,21,151.95	4,49,159.78
Other Liabilities and Provisions	8,86,270.15	7,58,367.48	6,97,074.68	5,92,962.92	5,07,517.68
<b>TOTAL LIABILITIES</b>	<b>83,21,568.57</b>	<b>73,14,185.34</b>	<b>67,33,778.80</b>	<b>59,54,418.32</b>	<b>53,60,883.53</b>
<b>APPLICATION OF FUNDS :</b>					
Cash and balance with Reserve Bank of India	2,68,681.74	2,27,485.16	2,25,356.34	2,47,321.05	2,58,086.43
Balances with banks and	1,33,161.47	1,30,447.79	1,01,215.97	70,990.86	1,40,818.69

IN CR	MAR 2026	MAR 2025	MAR 2024	MAR 2023	MAR 2022
money at call and short notice					
Investments	23,59,502.17	22,05,601.11	21,10,548.23	19,13,107.86	17,76,489.90
Advances	49,78,013.21	42,50,830.74	37,84,272.67	32,67,902.13	27,94,076.00
Gross Block	1,01,699.35	88,121.76	83,621.02	80,629.14	72,936.73
Less : Accumulated Depreciation	45,252.39	42,358.28	39,483.73	36,605.33	33,707.23
Less : Impairment of Assets	0.00	0.00	0.00	0.00	0.00
Net Block	56,446.96	45,763.48	44,137.29	44,023.81	39,229.50
Lease Adjustment	0.00	0.00	0.00	0.00	0.00
Capital Work in Progress	705.14	574.22	570.89	383.57	280.53
Other Assets	5,25,057.89	4,53,482.86	4,67,677.42	4,10,689.04	3,51,902.48
<b>TOTAL ASSETS</b>	<b>83,21,568.57</b>	<b>73,14,185.34</b>	<b>67,33,778.80</b>	<b>59,54,418.32</b>	<b>53,60,883.53</b>
Contingent Liability	42,41,126.61	26,78,111.54	23,97,594.80	18,35,524.38	20,07,232.49
Bills for collection	1,11,703.02	64,472.56	67,823.23	64,571.94	77,783.06

(Sources : SBI Annual Report 2026)

### 1. Shareholders Fund of SBI

The State Bank of India (SBI) calculates **Shareholders' Funds** using the banking formula:

**Shareholders Fund = Equity Share Capital + Reserves and Surpluses**

Across its Karnataka operations, these figures are not calculated independently but are consolidated into the bank's **Global Balance Sheet**.

SBI's Latest Shareholder Figures Based on recent audited financial statements:

- Share Capital: ₹923.06 crore
  - Reserves & Surplus: ₹5,95,207.81 crore
- ₹923.06 + ₹5,95,207.81 = ₹5,96,130.87

**Therefore, Total Shareholders' Funds: ₹5,96,130.87 crore**

State Bank of India (SBI) does not evaluate its profitability ratios strictly by individual states like Karnataka. Instead, profitability is assessed at the **corporate/bank level**. However, you can calculate and evaluate these ratios for the entire bank to understand SBI's financial health.

## 2. Profitability of SBI

### Summary of Q4FY26 Results:

Particulars	Q4 FY26 (in ₹ Cr.)	Q4 FY25 (in ₹ Cr.)	YoY Change(%)	FY26 (in ₹ Cr.)	FY25 (in ₹ Cr.)	(in YoY Change(%)
Interest Income	1,23,098	1,19,509	3.00	4,82,797	4,61,864	4.53
Interest Expenses	78,718	76,892	2.37	3,09,677	2,95,524	4.79
Net Interest Income	44,380	42,618	4.13	1,73,120	1,66,340	4.08
Operating Profit	27,704	31,286	-11.45	1,23,015	1,10,579	11.25
Profit after Tax (PAT)	19,684	18,643	5.58	80,032	70,901	12.88

Here is a breakdown of the key **profitability ratios** used for banks like SBI and their formulas:

#### a) Return on Assets (ROA)

This measures how efficiently the bank uses its assets to generate profits.

- **Formula:**  $ROA = \left( \frac{\text{Net Profit}}{\text{Average Total Assets}} \right) \times 100$

#### b) Return on Equity (ROE)

This indicates how much profit is generated with the money invested by shareholders.

- **Formula:**  $ROE = \left( \frac{\text{Net Profit}}{\text{Shareholder's Equity}} \right) \times 100$

#### c. Net Interest Margin (NIM)

These measures the difference between the interest income generated on loans and the amount paid out to depositors.

- **Formula:**  $NIM = \left( \frac{\text{Interest Earned} - \text{Interest Paid}}{\text{Average Earning Assets}} \right) \times 100$

#### d. Net Profit Margin

This shows how much net profit the bank earns as a percentage of its total operating revenue.

- **Formula:**  $\text{Net Profit Margin} = \left( \frac{\text{Net Profit}}{\text{Total Income}} \right) \times 100$

State Bank of India (SBI) does not report **profitability on a state-by-state basis**. However, its robust state-wide presence significantly contributes to its record national performance, highlighted by an annual net profit of **₹80,032 crore**

## National Profitability Metrics (FY2026)

Evaluation of SBI's overall financial health using key performance indicators:

- **Net Interest Income (NII):** ₹1, 73,120+ crore (Generated from the difference between interest earned on loans and paid on deposits).
- **Net Interest Margin (NIM):** 2.93%.
- **Return on Assets (ROA):** 1.12% (indicates how efficiently the bank uses its assets to generate profit).
- **Return on Equity (ROE):** 18.57% (measures the return on shareholder investments)

## CONCLUSION:

The position of SBI Bank and assets are in tune and relatively greater with the industry averages. The employment of shareholders's funds and CASA which is higher than the industry averages and the other banks. Return on networth, Return on assets and Net profit margin of SBI also showing that the financial position of SBI is far better than the industry averages and other banks.

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