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COMPARATIVE ANALYSIS OF THE FINANCIAL PERFORMANCE OF THE BANKS

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ABSTRACT

In the dynamic world of finance, banks play a pivotal role in economic stability and growth, and analysing their financial performance is crucial for investors, regulators, and policymakers. This study offers a comparative analysis of the financial performance of banks over five years (2018-19 to 2022-23), underscoring their importance in the financial ecosystem. It evaluates profitability, asset quality, and liquidity, key indicators of a bank's health and efficiency. Profitability is assessed through Return on Assets (ROA), Return on Equity (ROE), and Net Interest Margin (NIM), while Asset Quality is gauged using Gross and Net Non-Performing Assets (NPA) ratios, and the Credit Deposit Ratio. Liquidity is examined via Liquid Assets to Total Assets and Liquid Assets to Demand Deposits ratios. Employing ratio analysis and a correlation matrix, the research uncovers trends and interrelationships in these financial metrics. The findings reveal an overall enhancement in profitability and asset quality, with notable increases in ROA and ROE and a decline in NPA ratios. Liquidity analysis shows varying trends. This study provides critical insights into the banking sector's financial health, highlighting areas of strength and potential risk, essential for informed decision-making and strategic planning in the financial industry.

KEYWORDS: Financial Performance, Banking Sector, Economic Stability, Profitability Ratios, Asset Quality, Liquidity Management, Ratio Analysis, Correlation Matrix.

1. INTRODUCTION

A bank is a financial organization that has banking and different monetary services for its customers. A bank is usually understood as an establishment that provides fundamental banking services like accepting deposits and lending loans. A bank is a financial intermediary for the depositing, exchanging, or lending of money. The main function of the banking system is to mobilize resources

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from the public and channel them into growth-oriented activities. The banking sector is an essential part of any modern economy. It is one of the important financial pillars of the financial sector, which plays an important role in the functioning of an economy. It is vital for the economic development of a country that its funding necessities of trade, business, and agriculture are met with a higher degree of commitment and responsibility. Thus, the development of a country is integrally coupled with the development of banking. In a modern economy, banks are to be considered not as dealers in money but as the leaders of development. They play a crucial role in the mobilization of deposits and disbursement of credit to various sectors of the economy. The strength of an economy depends on the strength and potency of the economic system, which in turn depends on a sound and solvent banking system.

The banking Sector at the time of liberalization faces lots of difficulties like Fiscal imbalance, uncertain political situation, the balance of payments crisis, etc. To overcome all those problems and rebuild the financial soundness of the banks, the government of India appointed a High -Level Committee to improve the overall performance of the Indian Banking Sector. The name of the committee was "Committee on Financial System" (CFS) under the Chairmanship of M. Narasimham. Banking Financial Strength and Growth are assessed by implementing a regulatory banking supervision framework. One such measure of supervisory regulation is the CAMEL rating system. (Khan, 2018), The CAMEL MODEL was developed in 1970 by the three federal banking supervisors of the U.S. (the Federal Reserve, the FDIC, and the OCC) as part of the regulators. This Model is known as the "Uniform Financial Institutions Rating System". It provides a convenient summary of bank conditions at the time of its onsite examination. It was applied to every bank and credit union in the U.S. and outside the U.S. by various banking supervisory regulators. The acronyms of CAMEL MODEL stand for: - C - Capital Adequacy Ratio, A - Assets Quality Ratio, M - Management Efficiency Ratio, E- Earnings Ratio, L - Liquid Ratio.

State Bank of India: State Bank of India (SBI), headquartered in Mumbai, Maharashtra, is a renowned multinational public sector bank and financial services statutory body. Ranked as the 48th largest bank globally by total assets, SBI is also recognized as a Fortune 500 company. With a history spanning over 200 years, SBI has earned the reputation of being the most trusted bank in India, a testament to its enduring legacy and rich heritage. As the largest bank in India, with 1/4th of the market share, SBI caters to the banking needs of over 480 million customers. Its extensive network comprises more than 22,405 branches and 65,627 ATMs/ADWMs, supplemented by 76,089 BC outlets. The bank's commitment to innovation and customer-centricity is deeply rooted in its core values - Service, Transparency, Ethics, Politeness, and Sustainability. SBI has successfully expanded its operations through various subsidiaries, including SBI General Insurance, SBI Life Insurance, SBI Mutual Fund, and SBI Card. Its global footprint extends to 235 offices in 29 foreign countries, demonstrating its significant international presence and operational reach across different time zones.

HDFC Bank: HDFC Ltd, one of the first financial organizations in India, received preliminary approval from the Reserve Bank of India (RBI) to establish a private sector bank as a part of the RBI's liberalization policy for the Indian banking sector in 1994. HDFC Bank was formally established in August 1994, headquartered in Mumbai, India. It began its journey as a Scheduled Commercial Bank in January 1995. On April 4, 2022, a significant merger occurred between HDFC Ltd, India's foremost Housing Finance Company, and HDFC Bank, the largest private sector bank in the country. With over 45 years of experience, HDFC Ltd has built a robust portfolio, positioning itself as a leader in the housing finance sector. HDFC Bank has integrated this expertise, offering comprehensive home loan services that cater to a diverse demographic, including urban, semi-urban, and rural India. As of September 30, 2023, HDFC Bank's expansive network includes 7,945 branches and 18,183 ATMs/Cash Recycler Machines across 2,488 cities and towns. This network has been further strengthened by the incorporation of HDFC Ltd.'s 737 outlets, including 214 offices from HDFC Sales Private Limited, into the bank's framework. Internationally, HDFC Bank has established a presence with branches in four countries and representative offices in Dubai, London, and Singapore, primarily serving Non-Resident Indians and Persons of Indian Origin with home loan products.

2. LITERATURE REVIEW: -

It is the survey of scholarly articles, books, dissertations, conference proceedings, and other resources which are relevant to a particular issue, area of research, or theory and provides context for a study by identifying past research. It helps develop research investigation tools and to improve research methodologies.

(Kiran, 2018) The study analyzed the financial performance & soundness of the selected public and private sector banks operating in India. The study covered 5 financial years i.e. 2013-14 to 2016-17. The data was collected from annual reports of the banks, magazines, websites, etc. The CAMEL model was used to analyze the data.

(Singh & Pawan, 2016), The researcher examined the selected 5 private sector banks i.e. ICICI Bank, Axis Bank, HDFC Bank, Yes Bank, and IndusInd Bank. The study covered a period of 6 financial years from 2011 to 2016 and evaluated data through Camel Ratio. The study revealed that the overall performance of HDFC bank is outstanding compared to other selected banks and also concluded that the Indusland and Axis Bank's performance on the CAMEL component is good.

(Jaiswal & Jain, 2016), The researcher Analysed the financial performance of the SBI and ICICI Banks. The study was Analytical and descriptive. The comparison of the financial performance of these two banks was based on ratio analysis. The results indicated that the SBI is performing well and financially sounder than ICICI Bank. Also, the market position of SBI is better than ICICI in terms of earnings per share, price ratio per share, and dividend payout ratio, but on the other hand, ICICI bank performed well in terms of NPA and provision for NPA in comparison to SBI bank.

(Kalyan, 2017), Stated that the banking sector is a positive indicator of the economy. They focused on the reforms of the banking sector. The objective of this paper was an overview of the reforms initiated after 1991in the Indian banking sector. The study was purely based on descriptive in nature & data was collected from secondary sources i.e. Bank's Balance sheet, published data of banks, and RBI publications.

(P.Kanagaraj & D.Arunkumar, 2021), Analyzed the financial performance of SBI bank through the help of financial ratios. The study period covered six financial years 2015-2020. The study is based on secondary data & data was collected from annual reports, magazines, etc. The main objective of the study was to evaluate the financial status, growth, and operation performance of SBI It was found that there is significant growth in the year 2020.

(Dsouza, 2016) This paper attempted to study the financial performance through liquidity, profitability, and analysis of Priority sector loans of Indian Public sector banks. the researcher concluded that there was an improvement in terms of liquidity and profitability of the banks from the year 2002 to 2011.

(Vithalbhai, 2020), Studied on selected 8 private banks with the random sampling method. These banks are YES Bank, HDFC Bank, SIB Bank, Jammu & Kashmir Bank, AXIS Bank, ICICI Bank, CUB Bank, and IBL Bank. The period for the study is from 2011-12 to 2018-19, and this study is based on secondary data. In the study Minimum and Maximum Net Profit Ratio, Descriptive Statistics, and One Way ANOVA test were used as statistical tools to analyze the selected data. The researcher concluded that there is a significant difference in the net profit of the selected banks.

(Nayana & Veena,, 2018), Evaluated the financial performance of the SBI banks for the period of 2003-04 to 2016-17. In this study, data was collected from secondary sources and examined through statistical tools i.e. mean, standard deviation, covariance, P-value, correlation, and regression analysis. In this paper Deposits, Borrowing, Investments, Advances, Return on Average assets, ROE, Dividend payout Ratio, and Net NPA to Net Advances are taken as independent variables, and net profit is taken as dependent variables.

3. OBJECTIVE OF THE STUDY:

1. To evaluate and compare SBI and HDFC Bank's financial performance using key financial ratios.
2. To know the overall financial performance of the banks.
3. To identify and interpret financial ratio trends over the study period.
4. To provide strategic insights for financial management and operational efficiency

4. RESEARCH METHODOLOGY:

This study evaluates the financial performance of selected public and private sector banks. i.e. SBI and HDFC Bank. Banks were selected based on market capitalization.

- **Nature of Study:** The study is analytical and exploratory and compares the financial performance of SBI and HDFC Banks.
- **Data Collection:** The Present study is based on secondary data. The relevant data has been collected from the annual reports of selected banks, magazines, journals, and other published research papers and through the Internet.
- **Period of the Study:** The present study covers five financial years i.e. from 2018-19 to 2022-2023.
- **Variables used for analysis:** In this analysis, the Profitability ratio, Assets Quality Ratio and Liquidity Ratio are considered as variables of the study to examine the selected private and public sector banks. These ratios are given below: -

I. Profitability Ratio:

Return on Assets: - ROA measures a bank's ability to generate profit from its assets. A higher ROA indicates a more efficient use of assets. It's crucial to assess how well the management is using the bank's assets to create profits.

- ROA = Net Income / Average Total Assets

Return on Equity: - ROE shows the return generated on the shareholders' investments. It is an important indicator of financial health, as it reveals how effectively a bank is using equity financing to grow earnings.

ROE = Net Income / Shareholder's Equity

Net Interest Margin: - NIM assesses the difference between the interest earned on loans and securities and the interest paid on deposits and borrowings, relative to the bank’s earning assets. It’s a key measure of the bank’s core profitability from its lending and investment activities.

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NIM = (Interest Income - Interest Expense) / Average Earning Assets

II. Assets Quality Ratio:

Gross NPA ratio: - This ratio indicates the percentage of total loans that are non-performing or bad debts. It's a critical measure of asset quality; a lower ratio is preferred as it implies better credit risk management.

Gross NPA Ratio = (Gross NPAs / Total Advances) × 100

Net NPA Ratio: - Net NPAs are calculated after deducting provisions made for bad debts. This ratio gives a clearer picture of the actual burden of bad loans on the bank after provisioning.

Net NPA Ratio = (Net NPAs / Total Advances) × 100

Credit Deposit Ratio: - It shows what portion of the deposits collected by the bank is lent out as advances or loans. It indicates the bank's ability to cover loans out of deposits.

CD Ratio = (Total Advances / Total Deposits) × 100

III. Liquidity Ratio:

Liquid Assets to Total Assets: - This ratio reflects the proportion of a bank's assets that are in liquid form. Liquid assets are those that can be quickly converted to cash. A higher ratio indicates more liquidity, which is vital for meeting short-term obligations.

Liquid Assets to Total Assets Ratio = (Liquid Assets / Total Assets) × 100

Liquid Assets to Demand Deposits: - This ratio measures the bank's capacity to cover immediate cash withdrawal demands by its depositors. It is a key indicator of liquidity risk management.

Liquid Assets to Demand Deposits Ratio = (Liquid Assets / Demand Deposits) × 100

- **Tools used for Analysis:** For the analysis of the selected data ratio analysis and arithmetic mean, Graphs, and correlation co-efficient matrix methods are used as statistical tools to know the financial performance & financial soundness of the SBI & HDFC Banks.

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5. Data Analysis and Interpretation

SBI BANK

Years	Profitability Ratio			Assets Quality Ratio			Liquidity Ratio	
	ROA	ROE	NIM	Gross NPA	Net NPA	Credit Deposit Ratio	Liquid Assets to Total Assets	Liquid Assets to Demand Deposits
2018-19	0.02	0.48	2.4	7.53	3.01	0.75	0.061	1.081
2019-20	0.38	7.74	2.48	6.15	2.23	0.717	0.063	1.104
2020-21	0.48	9.94	2.44	4.98	1.5	0.665	0.075	1.197
2021-22	0.67	13.92	2.42	3.97	1.02	0.674	0.079	1.425
2022-23	0.96	15.75	2.62	2.78	0.67	0.723	0.0534	1.041
Mean	**0.502**	**9.566**	**2.472**	**5.082**	**1.686**	**0.705**	**0.0662**	**1.169**
Standard Deviation	**0.348**	**5.983**	**0.0878**	**1.849**	**0.9433**	**0.035**	**0.0105**	**0.153**
Minimum	**0.02**	**0.48**	**2.4**	**2.78**	**0.67**	**0.665**	**0.0534**	**1.041**
Maximum	**0.96**	**15.75**	**2.62**	**7.53**	**3.01**	**0.75**	**0.079**	**1.425**
Range	**0.94**	**15.27**	**0.22**	**4.75**	**2.34**	**0.085**	**0.0256**	**0.384**

Sources: - Annual report of the SBI Bank

Interpretation: -

The table reveals that the SBI bank

Return on Assets (ROA) increased from 0.02 in 2018-19 to 0.96 in 2022-23, indicating a significant improvement in how efficiently SBI uses its assets to generate profit.

Return on Equity (ROE) also showed a substantial increase from 0.48 in 2018-19 to 15.75 in 2022-23, reflecting a strong growth in the profitability for shareholders.

Net Interest Margin (NIM) remained relatively stable, with a slight increase from 2.4 in 2018-19 to 2.62 in 2022-23, suggesting consistent net income generated from interest-earning assets.

Gross NPA and Net NPA ratios showed a significant decrease over the five years, indicating improved asset quality. Gross NPA decreased from 7.53 in 2018-19 to 2.78 in 2022-23, and Net NPA from 3.01 to 0.67, which is a positive sign of reducing bad loans.

The Credit Deposit Ratio remained relatively stable, hovering around 0.70, which indicates a consistent lending versus deposit ratio.

The Liquid Assets to Total Assets Ratio fluctuated, reaching a high of 0.079 in 2021-22 and then dropping to 0.0534 in 2022-23. This suggests some variability in how much liquid assets the bank is holding compared to total assets.

The Liquid Assets to Demand Deposits Ratio also showed variation but ended slightly lower in 2022-

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23 (1.041) compared to 2018-19 (1.081).

Correlation Co-efficient Matrix of SBI Bank

	ROA	ROE	NIM	GROSS NPA	NET NPA	Credit Deposit	Liquid Assets To Total Assets	Liquid Assets To Demand Deposits
ROA	1							
ROE	.978**	1						
NIM	0.763	0.626	1					
GROSS NPA	-.989**	-.978**	-0.688	1				
NET NPA	-.972**	-.987**	-0.606	.992**	1			
Credit Deposit	-0.388	-0.552	0.193	0.457	0.566	1		
Liquid Assets To Total Assets	-0.069	0.131	-0.674	-0.023	-.146	-0.838	1	
Liquid Assets To Demand Deposits	0.159	0.34	-0.506	-0.244	-0.34	-0.736	.900*	1

** Correlation is significant at the 0.01(2-tailed)

* Correlation is significant at the 0.05(2-tailed)

Correlation matrix of the SBI bank shows that the

1. ROA (Return on Assets) and ROE (Return on Equity): A very high positive correlation of 0.978 suggests that as ROA increases, ROE also increases significantly, indicating that asset efficiency is closely tied to shareholder returns.

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2. ROA and Gross/Net NPA: There are strong negative correlations between Gross NPA (-0.989) and Net NPA (-0.972), indicating that as NPAs decrease, ROA increases. This suggests that better asset quality (lower NPAs) is associated with higher profitability.
3. ROE and Gross/Net NPA: Similar to ROA, there are strong negative correlations between Gross NPA (-0.978) and Net NPA (-0.987). This shows that improved asset quality positively impacts shareholder returns.
4. NIM (Net Interest Margin) and Gross/Net NPA: Negative correlations with Gross NPA (-0.688) and Net NPA (-0.606) indicate that higher NPAs are associated with lower net interest margins.
5. Credit Deposit Ratio: The correlation between ROA and ROE is negative, though not as strong (-0.388 with ROA and -0.552 with ROE), suggesting that a higher credit deposit ratio may not be directly associated with higher profitability.
6. Liquid Assets to Total Assets and Liquid Assets to Demand Deposits: There's a strong positive correlation (0.900) between these two liquidity measures, indicating they tend to move in the same direction. However, their correlations with profitability and asset quality metrics are generally weak.
7. NIM and Liquid Assets to Total Assets: A negative correlation of -0.674 suggests that a higher proportion of liquid assets to total assets may be associated with lower net interest margins.

Finding:
From 2018-19 to 2022-23, SBI has shown significant improvements in profitability and asset quality. The decrease in both Gross and Net NPA ratios is particularly noteworthy, as it indicates better management of credit risk and a reduction in bad loans. The profitability ratios (ROA and ROE) have increased markedly, suggesting enhanced efficiency and value creation for shareholders. Liquidity ratios, although fluctuating, remained within a reasonable range, indicating adequate liquidity management. The bank's financial health appears to have strengthened over these years, as evidenced by these positive trends in key financial metrics.

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HDFC BANK

Years	Profitability Ratio			Assets Quality Ratio			Liquidity Ratio	
	ROA	ROE	NIM	Gross NPA	Net NPA	Credit Deposit Ratio	Liquid Assets to Total Assets	Liquid Assets to Demand Deposits
2018-19	1.9	15.3	4.3	1.36	0.39	0.887	0.0653	0.571
2019-20	2.01	16.9	4.3	1.26	0.36	0.865	0.0566	0.497
2020-21	1.97	16.6	4.1	1.32	0.40	0.848	0.0683	0.563
2021-22	2.03	16.8	4	1.17	0.32	0.877	0.0737	0.636
2022-23	2.07	17.2	4.1	1.12	0.27	0.849	0.0785	0.708
Mean	**2.02**	**16.875**	**4.125**	**1.21**	**0.337**	**0.859**	**0.0692**	**0.601**
Standard Deviation	**0.0416**	**0.25**	**0.125**	**0.0895**	**0.055**	**0.0138**	**0.00942**	**0.0911**
Minimum	**1.97**	**16.6**	**4**	**1.12**	**0.27**	**0.848**	**0.0566**	**0.497**
Maximum	**2.07**	**17.2**	**4.3**	**1.32**	**0.4**	**0.877**	**0.0785**	**0.708**
Range	**0.1**	**0.6**	**0.3**	**0.2**	**0.13**	**0.029**	**0.0219**	**0.211**

Interpretation:

Return on Assets (ROA): It showed a slight but consistent increase from 1.9 in 2018-19 to 2.07 in 2022-23, indicating improved efficiency in using assets to generate profit.

Return on Equity (ROE): This ratio also increased from 15.3 to 17.2 during the period, suggesting that the bank has been generating increased profits for its shareholders.

Net Interest Margin (NIM): Relatively stable around 4.1% on average, indicating consistent earnings from interest-bearing assets.

Gross NPA and Net NPA: Both these ratios decreased over the period, with Gross NPA moving from 1.36 to 1.12 and Net NPA from 0.39 to 0.27. This trend is a positive indication of improving asset quality and effective management of credit risk.

Credit Deposit Ratio: This ratio fluctuated slightly but remained around 0.85 to 0.88, suggesting a stable lending versus deposit balance.

Liquid Assets to Total Assets: This ratio increased slightly from 0.0653 to 0.0785, indicating a higher proportion of liquid assets in the bank's total assets.

Liquid Assets to Demand Deposits: It showed an increasing trend from 0.571 to 0.708, suggesting improved liquidity in terms of meeting short-term obligations.

Finding:

HDFC Bank demonstrated a steady and robust financial performance from 2018-19 to 2022-23. The

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bank's profitability, as shown by ROA and ROE, improved consistently, indicating efficient operations and strong returns to shareholders. The decrease in NPA ratios points to effective risk management and asset quality improvement. The slight increases in liquidity ratios suggest that the bank has been maintaining a good balance in keeping liquid assets, which is crucial for operational stability and meeting short-term obligations. Overall, HDFC Bank's financial health appears strong and well-managed during this period.

Correlation Co-efficient Matrix HDFC BANK

	ROA	ROE	NIM	GROSS NPA	NET NPA	Credit Deposit	Liquid Assets To Total Assets	Liquid Assets To Demand Deposits
ROA	1							
ROE	.946*	1						
NIM	-.571	-.526	1					
GROSS NPA	-.947*	-.793	.616	1				
NET NPA	-.862	-.655	.473	.965**	1			
Credit Deposit	-.552	-.709	.342	.342	.259	1		
Liquid Assets to Total Assets	.487	.307	-.773	-.649	-.675	-306	1	
Liquid Assets to Demand Deposits	.556	.330	-.663	-.741	-.805	-.237	.971**	1

** Correlation is significant at the 0.01(2-tailed)

* Correlation is significant at the 0.05(2-tailed)

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1. ROA (Return on Assets) and ROE (Return on Equity): Strong positive correlation (.946), indicating that as ROA increases, ROE tends to increase as well. This suggests that higher asset efficiency is linked with greater returns to shareholders.

2. ROA, ROE, and NIM (Net Interest Margin): Negative correlations with NIM (-.571 for ROA, -.526 for ROE), suggesting that higher profitability metrics do not necessarily correlate with higher net interest margins.

3. Gross NPA and Net NPA: Both have strong negative correlations with ROA (-.947 for Gross NPA and -.862 for Net NPA) and ROE, indicating that higher non-performing assets are associated with lower profitability.

   A very strong positive correlation between Gross NPA and Net NPA (.965), meaning that trends in gross NPAs are closely followed by trends in net NPAs.
4. Credit Deposit Ratio: Shows negative correlations with both ROA and ROE, suggesting that higher credit deposit ratios do not favour higher returns on assets or equity.

5. Liquidity Ratios (Liquid Assets to Total Assets, Liquid Assets to Demand Deposits): Show negative correlations with NIM, indicating that higher liquidity may not correspond to higher net interest margins.

   A very strong positive correlation between the two liquidity ratios (.971), meaning that when the ratio of liquid assets to total assets increases, the ratio of liquid assets to demand deposits also tends to increase.
6. Liquidity Ratios and Profitability: Liquid Assets to Total Assets and Liquid Assets to Demand Deposits have moderate positive correlations with ROA (.487 and .556 respectively), suggesting that higher liquidity may be somewhat favourable for asset profitability.

Comparative Analysis of SBI AND HDFC Bank:

1. Profitability (ROA and ROE):

    - HDFC Bank consistently shows higher ROA and ROE values than SBI, indicating stronger profitability and efficiency in using assets to generate earnings and higher returns to shareholders.

    - The upward trend in profitability is more pronounced in SBI over the years, suggesting significant improvement in their operational efficiency.

2. Asset Quality (Gross NPA and Net NPA):

- SBI has higher Gross NPA and Net NPA ratios compared to HDFC Bank, indicating a larger proportion of non-performing assets. This could be a sign of higher credit risk in SBI's portfolio.
- HDFC Bank maintains lower NPA ratios, reflecting better asset quality and potentially more effective risk management strategies.

3. Liquidity Ratios:
    - HDFC Bank generally has lower liquidity ratios compared to SBI, which might suggest a tighter liquidity management strategy.
    - SBI shows higher liquidity, which could indicate a more conservative approach in maintaining liquid assets but might also imply less efficient use of assets.
4. Net Interest Margin (NIM): HDFC Bank maintains a higher NIM compared to SBI, suggesting better margins on their lending and investment activities.

In Correlation Co-efficient Matrix:

- Both banks, ROA and ROE are positively correlated, signifying that profitability metrics move together.
- The negative correlation between Gross NPA/Net NPA and ROA/ROE is more pronounced in SBI, highlighting a stronger inverse relationship between asset quality and profitability.
- SBI shows a more significant negative impact of higher NPA ratios on profitability compared to HDFC Bank.

6. Limitation of Study

1. The study is related to only two banks i.e. SBI and HDFC bank.
2. The study is based on secondary data & data was collected from the Annual Reports & secondary data may affect the result.
3. The analysis covers only a five-year period, which may not fully capture long-term trends or cyclical economic influences.
4. The study focuses on specific ratios, omitting other critical aspects like operational efficiency, market share, and technological advancements.

7. CONCLUSION:

In the comparative study of SBI and HDFC Bank over five years, it is evident that HDFC Bank generally exhibits superior performance in key financial metrics. HDFC consistently outperformed

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SBI in terms of profitability, as seen in its higher Return on Assets (ROA) and Return on Equity (ROE), indicating more effective operational efficiency and better capital utilization. In asset quality, HDFC maintained lower levels of Non-Performing Assets (NPAs), signifying stronger risk management and credit policies. While SBI showed a higher risk exposure with its greater NPA ratios, the bank demonstrated a commendable downward trend in NPAs, indicating an improving credit management strategy. In liquidity management, both banks performed well, but HDFC displayed greater stability, suggesting more robust liquidity risk management practices. The correlation analysis within the study further underscored the nuanced relationship between various financial aspects of the banks, particularly highlighting the impact of asset quality on overall profitability. Overall, while SBI has shown significant improvement and resilience, especially in reducing its NPAs and maintaining liquidity, HDFC Bank stands out for its consistently superior performance across profitability and asset quality indicators. This makes HDFC Bank's performance more commendable in the comparative analysis, offering valuable insights for stakeholders in the banking sector and highlighting the bank's operational excellence.

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