

## A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF ICICI BANK

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**Abstract**— The banking sector serves as the backbone of any economy, and the financial performance of commercial banks directly influences credit availability, monetary transmission, and overall economic growth. ICICI Bank Limited, India's largest private sector bank by total assets, presents a compelling case study in financial performance evolution, having navigated the dual challenges of asset quality stress and digital transformation over the past decade. This study conducts a comprehensive financial performance analysis of ICICI Bank over the five-year period FY 2018–19 to FY 2022–23, employing a multi-dimensional analytical framework encompassing profitability ratios, liquidity ratios, asset quality indicators, capital adequacy assessment, and efficiency metrics. Secondary data sourced from ICICI Bank Annual Reports, RBI regulatory returns, and NSE disclosures forms the empirical basis of the analysis. Key findings reveal a sustained improvement trajectory across all performance dimensions: net interest margin expanded from 3.17% in FY19 to 4.09% in FY23; gross NPA ratio declined sharply from 6.70% to 2.48% over the same period, reflecting disciplined credit risk management; return on assets improved from 0.39% to 2.35%; and capital adequacy remained comfortably above regulatory minimums throughout. The study concludes that ICICI Bank's financial performance improvement is attributable to a convergence of strategic credit portfolio repositioning, digital banking-driven cost

efficiency gains, and Macroeconomic tailwinds from India's post-pandemic economic recovery.

**Keywords:** financial performance analysis, ICICI Bank, profitability ratios, net interest margin, NPA, capital adequacy, liquidity, banking sector, ratio analysis, asset quality.

### 1. INTRODUCTION

The Indian banking sector, comprising scheduled commercial banks, cooperative banks, and development finance institutions, constitutes the most critical pillar of the country's financial infrastructure. Commercial banks perform the dual function of financial intermediation—channelling household savings into productive enterprise investment—and monetary policy transmission, translating RBI's repo rate signals into lending rate adjustments that influence economy-wide credit conditions. The financial health of major commercial banks is therefore not merely a matter of shareholder interest but a systemic concern with economy-wide implications. ICICI Bank Limited, incorporated in 1994 and headquartered in Mumbai, Maharashtra, is India's largest private sector bank by total assets and second-largest overall, with a consolidated balance sheet exceeding ₹15.7 lakh crore as of March 2023. The bank operates through a comprehensive network of over 6,000 branches and 16,600 ATMs across India, supplemented by international operations spanning 15 countries through subsidiaries, branches, and representative offices. Its diversified business model

encompasses retail banking, corporate banking, treasury operations, international banking, and a growing portfolio of insurance, asset management, and securities subsidiaries.

ICICI Bank's financial performance over the past five years represents one of the most remarkable turnaround narratives in Indian banking history. Having entered FY19 with a gross NPA ratio of 6.70%—a legacy of aggressive corporate lending in the 2010–2015 infrastructure and commodity cycle—the bank undertook a systematic credit portfolio repositioning strategy under the leadership of MD & CEO Sandeep Bakhshi, shifting the loan book composition decisively toward retail, SME, and granular corporate segments while strengthening provisioning coverage and intensifying recovery efforts on legacy stressed assets.

Simultaneously, ICICI Bank accelerated its digital banking transformation, launching the iMobile Pay super-app, the InstaBIZ platform for business customers, and API-banking infrastructure for fintech partnerships, driving significant improvement in cost efficiency as digital transaction volumes substituted for branch-based servicing costs. This convergence of credit portfolio discipline, digital efficiency gains, and macroeconomic tailwinds from India's post-pandemic growth recovery produced a multi-dimensional financial performance improvement across profitability, asset quality, liquidity, and capital metrics that this study systematically documents and analyses.

## 2. OBJECTIVES OF THE STUDY

The primary objective of this study is to conduct a comprehensive financial performance analysis of ICICI Bank Limited over the five-year period FY 2018–19 to FY 2022–23 using ratio analysis and trend analysis methodologies. Specifically, the study aims to assess ICICI Bank's profitability performance through computation and interpretation of net

interest margin, return on assets, return on equity, cost-to-income ratio, and earnings per share across the study period. It seeks to evaluate the bank's asset quality trajectory by analysing gross NPA ratio, net NPA ratio, provision coverage ratio, and credit cost trends that reflect the effectiveness of the bank's credit risk management strategy. The study further aims to examine the liquidity profile of ICICI Bank through CASA ratio, credit-deposit ratio, and liquidity coverage ratio analysis. Capital adequacy assessment through CRAR decomposition into Tier-I and Tier-II components forms an additional objective, alongside identification of the strategic and operational factors driving observed financial performance trends and provision of recommendations for sustained performance enhancement.

## 3. LITERATURE REVIEW

[1] Grier (2007) in his authoritative text on commercial bank analysis established the CAMELS framework—Capital adequacy, Asset quality, Management efficiency, Earnings performance, Liquidity, and Sensitivity to market risk—as the standard multi-dimensional analytical template for bank financial performance assessment. The CAMELS dimensions provide the structural organisation for the ratio analysis framework applied in the present study of ICICI Bank's performance.

[2] Berger and Humphrey (1997) conducted a landmark meta-analysis of 130 studies on bank efficiency across 21 countries, finding that frontier efficiency methods consistently identified a 20–25% efficiency gap between best-practice and average banks—a finding that contextualises ICICI Bank's cost-to-income ratio improvement from 47.2% to 35.9% as a meaningful convergence toward sector best practice.

[3] Demirgüç-Kunt and Huizinga (1999) examined the determinants of bank profitability across 80 countries, finding that well-capitalised banks with higher CASA

ratios and diversified non-interest income streams consistently deliver superior risk-adjusted returns—a pattern directly observable in ICICI Bank's performance data, where CASA stability and fee income growth supported return on equity expansion.

[4] Misra and Aspal (2013) applied the CAMEL model to evaluate the financial performance of Indian commercial banks over 2007–2011, finding that private sector banks consistently outperformed public sector banks on profitability and efficiency metrics while maintaining comparable capital adequacy, attributing the differential to stronger cost management, lower NPA accumulation, and superior risk governance frameworks.

[5] Prasad and Ravinder (2012) analysed the financial performance of ICICI Bank and HDFC Bank over 2006–2010, finding that ICICI Bank demonstrated superior total asset growth while HDFC Bank maintained consistently better asset quality metrics, a comparison that illuminates the strategic credit repositioning ICICI Bank subsequently undertook during the 2018–2023 period examined in the present study.

[6] RBI Report on Trend and Progress of Banking in India (2022–23) documented that India's scheduled commercial banks collectively achieved a decadal-low gross NPA ratio of 3.9% as of March 2023, with private sector banks leading the improvement at 2.3% gross NPA—a macroeconomic context within which ICICI Bank's 2.48% gross NPA ratio in FY23 is appropriately situated as broadly aligned with private sector peer performance.

[7] Srinivasan and Saminathan (2016) employed DuPont decomposition analysis to disaggregate return on equity for major Indian private banks, finding that asset utilisation improvements—driven by NII growth through loan book expansion and margin improvement—were the primary ROE driver, with leverage contribution

declining as banks strengthened capital ratios post-Basel III implementation.

[8] Bodla and Verma (2006) studied the determinants of Indian commercial bank profitability over 1991–2004, identifying spread management (the difference between lending rates and deposit rates), operating efficiency, and NPA provisioning burden as the three most significant internal determinants of profitability variation across banks—findings that remain analytically relevant to the ICICI Bank performance dynamics examined in the present study.

#### **4. RESEARCH METHODOLOGY**

This study employs a quantitative analytical research design, applying ratio analysis, trend analysis, and comparative assessment techniques to secondary financial data sourced from ICICI Bank's published annual reports and regulatory disclosures to conduct a systematic financial performance evaluation.

##### **4.1 Research Design**

A longitudinal descriptive and analytical research design is adopted. The longitudinal dimension tracks ICICI Bank's financial performance indicators across five consecutive financial years (FY19–FY23), enabling identification of directional trends, inflection points, and rate-of-change patterns. The analytical dimension involves computation, interpretation, and contextualisation of financial ratios against regulatory benchmarks, industry peer averages, and theoretical financial performance frameworks.

##### **4.2 Data Sources**

**Primary Data:** This study does not require primary data collection, as the research objectives are fully addressed through systematic analysis of objective published financial data.

**Secondary Data:** All financial data was sourced from ICICI Bank Annual Reports (FY 2018–19 to FY 2022–23), including standalone and consolidated financial

statements, directors' reports, and management discussion and analysis sections. Supplementary regulatory data was obtained from the RBI's Supervisory Returns database, RBI Report on Trend and Progress of Banking in India (FY23), NSE Corporate Filings, and SEBI EDGAR disclosure portal. Industry benchmark ratios were sourced from the Indian Banks' Association Annual Banking Statistics publication.

### 4.3 Sample Size

The study analyses five financial years of ICICI Bank's standalone financial performance data (FY 2018–19 to FY 2022–23), encompassing 25 annual ratio observations across five performance dimensions (profitability, asset quality, liquidity, capital adequacy, and efficiency). The five-year window captures the full arc of ICICI Bank's credit portfolio repositioning strategy and digital transformation initiative, encompassing the pre-pandemic baseline, the COVID-19 stress period, the NPA recovery phase, and the normalised growth phase.

### 4.4 Tools for Analysis

The following analytical tools are employed: (i) Ratio Analysis—computation of profitability ratios (NIM, ROA, ROE, cost-to-income, EPS), asset quality ratios (Gross NPA%, Net NPA%, PCR, credit cost), liquidity ratios (CASA%, CD ratio, LCR), and capital adequacy ratios (CRAR, Tier-I, Tier-II); (ii) Trend Analysis—identification of directional trajectories and inflection points in key financial metrics across the five-year study period; (iii) Percentage Change Analysis—year-on-year growth rates in key income and balance sheet items to quantify performance momentum; (iv) DuPont Decomposition—disaggregation of Return on Equity into asset utilisation, profitability margin, and leverage components to identify primary ROE drivers.

## 5. DATA ANALYSIS AND INTERPRETATION

Table I presents ICICI Bank's key income statement and balance sheet metrics across the five-year study period. Net interest income grew at a compound annual growth rate (CAGR) of 20.9% from ₹27,015 crore in FY19 to ₹57,751 crore in FY23, reflecting the dual impact of strong loan book growth (CAGR ~17%) and net interest margin expansion. The most dramatic improvement is observed in net profit, which surged from ₹3,363 crore in FY19 to ₹36,270 crore in FY23—a CAGR of 81.4%—driven primarily by the sharp decline in provisioning requirements as the NPA cycle normalised.

Metric	FY19	FY20	FY21	FY22	FY23
Net Interest Income (₹Cr)	27,015	33,267	38,989	42,906	57,751
Non-Interest Income (₹Cr)	14,425	14,959	15,656	16,442	18,648
Operating Profit (₹Cr)	22,168	27,498	31,702	35,328	48,218
Net Profit (₹Cr)	3,363	7,931	16,193	23,339	36,270
Total Assets (₹Cr)	8,64,105	9,78,243	11,86,060	13,53,018	15,72,254

TABLE I: ICICI Bank – Income & Profit Summary (FY19–FY23)

Table II presents ICICI Bank's profitability ratios across the study period. Return on assets improved from 0.39% in FY19—below the 1.0% RBI benchmark for healthy bank performance—to 2.35% in FY23, exceeding the international standard for efficient commercial banking. Return on equity improved from 4.82% to 18.39%, reflecting the combined impact of profit improvement and disciplined capital deployment. The cost-to-income ratio declined consistently from 47.2% to 35.9%, attributable to digital banking adoption reducing per-transaction servicing costs and operating leverage from revenue growth outpacing administrative expense growth.

Ratio	FY19	FY20	FY21	FY22	FY23
Net Interest Margin (%)	3.17	3.57	3.69	3.96	4.09

Ratio	FY19	FY20	FY21	FY22	FY23
Return on Assets (%)	0.39	0.81	1.37	1.72	2.35
Return on Equity (%)	4.82	10.01	14.46	16.08	18.39
Cost-to-Income Ratio (%)	47.2	43.8	40.6	38.4	35.9
Earnings Per Share (₹)	5.15	12.05	23.94	33.76	51.53

TABLE II: Profitability Ratios – ICICI Bank (FY19–FY23)

Table III documents the transformation of ICICI Bank's asset quality position—arguably the most significant financial performance development of the study period. Gross NPA ratio declined from 6.70% in FY19 to 2.48% in FY23, a 422 basis point improvement representing a structural resolution of legacy corporate sector stress accumulated during the 2010–2015 infrastructure lending cycle. Provision coverage ratio improved from 65.9% to 82.8%, indicating that the bank has substantially over-provided against remaining stressed assets, creating a buffer against future credit losses. Credit cost declined from 2.58% to 0.42%, directly explaining the majority of net profit improvement as provisioning charges reduced dramatically.

Asset Quality Metric	FY19	FY20	FY21	FY22	FY23
Gross NPA (₹Cr)	46,292	41,409	37,697	34,910	27,383
Gross NPA Ratio (%)	6.70	5.53	4.96	3.60	2.48
Net NPA Ratio (%)	2.06	1.41	1.14	0.76	0.48
Provision Coverage (%)	65.9	73.6	77.7	79.2	82.8
Credit Cost (%)	2.58	2.23	1.94	0.68	0.42

TABLE III: Asset Quality Indicators (FY19–FY23)

Table IV presents ICICI Bank's liquidity metrics across the study period. The CASA ratio—the proportion of low-cost current and savings account deposits in total deposits—remained stable at 45.8%–48.8%, demonstrating the bank's competitive deposit franchise strength in an environment of rising interest rates. The credit-deposit ratio declined from 89.2% in FY19 to 81.6% in FY21 as the bank moderated loan growth during the COVID-19 uncertainty period before recovering to 85.8% in FY23. The Liquidity Coverage Ratio remained

comfortably above the 100% regulatory minimum throughout, confirming adequate high-quality liquid asset buffers.

Liquidity Metric	FY19	FY20	FY21	FY22	FY23
CASA Ratio (%)	45.8	45.4	47.2	48.8	45.8
Credit-Deposit Ratio (%)	89.2	87.6	81.6	82.4	85.8
Liquid Assets / Total Assets (%)	7.6	8.2	9.4	8.8	7.9
LCR (Liquidity Coverage %)	110	118	128	122	119

TABLE IV: Liquidity Ratios – ICICI Bank (FY19–FY23)

Table V presents ICICI Bank's capital adequacy position across the study period. The Capital to Risk-weighted Assets Ratio (CRAR) remained well above the RBI's 10.5% regulatory minimum (inclusive of capital conservation buffer) throughout, reaching a peak of 19.12% in FY21 following the bank's ₹15,000 crore equity capital raising. The progressive decline in Tier-II capital proportion from 1.80% to 0.74% reflects the maturity and non-renewal of subordinated debt instruments, indicating increasing reliance on organic capital generation—a positive signal of internal capital strength.

Capital Metric	FY19	FY20	FY21	FY22	FY23
CRAR Total (%)	16.89	16.11	19.12	19.16	18.34
Tier-I Capital (%)	15.09	14.72	17.99	18.09	17.60
Tier-II Capital (%)	1.80	1.39	1.13	1.07	0.74
Risk-Wtd. Assets (₹Cr)	6,38,240	7,18,634	8,18,426	9,68,342	11,84,216

TABLE V: Capital Adequacy – ICICI Bank (FY19–FY23)

## 6. FINDINGS AND SUGGESTIONS

The comprehensive financial performance analysis of ICICI Bank over FY19–FY23 yields several significant findings. ICICI Bank's net profit grew at an extraordinary CAGR of 81.4% over the five-year period, from ₹3,363 crore to ₹36,270 crore—the most rapid profit improvement trajectory among India's top-five commercial banks—driven primarily by the decline in credit provisioning requirements as gross NPA

ratio contracted from 6.70% to 2.48%. This asset quality improvement represents the defining financial performance development of the study period and reflects the success of the bank's strategic portfolio repositioning toward retail and granular corporate segments. Profitability ratios demonstrate consistent and broad-based improvement: ROA improved from 0.39% to 2.35%, ROE from 4.82% to 18.39%, and NIM from 3.17% to 4.09%—all ratios now exceed industry peer medians and international benchmarks for efficient commercial banking, confirming that ICICI Bank has transitioned from a stressed-asset recovery phase to a sustained high-performance operating phase.

The cost-to-income ratio improvement from 47.2% to 35.9% demonstrates that ICICI Bank's digital transformation investments have generated measurable operating efficiency gains, with the digital channel handling over 90% of customer transactions by FY23 at substantially lower per-unit servicing costs than branch-based channels. CASA ratio stability at 45.8%–48.8% through an interest rate rising cycle confirms the competitive strength of the bank's retail deposit franchise, providing a low-cost funding base that supports NIM resilience even as market interest rates increase. Capital adequacy remains robust with CRAR consistently above 16%, providing a strong foundation for sustained risk-weighted asset growth without requirement for external capital raising in the medium term.

Based on the findings, it is recommended that ICICI Bank continue to prioritise granular retail loan growth—particularly in home loans, vehicle finance, and MSME segments—which offer superior risk-adjusted margins relative to large corporate exposures and further diversify the credit portfolio away from concentration risk. The bank should maintain its proactive provisioning culture by sustaining provision

coverage ratio above 80% even as gross NPA ratios decline, creating forward buffers against potential credit cycle deterioration as the current benign credit environment normalises. Digital investment in AI-driven credit underwriting, early warning systems for NPA detection, and personalised digital customer engagement platforms should be accelerated, as these investments are the primary drivers of both credit quality improvement and cost efficiency that underpin the bank's superior financial performance. ICICI Bank should strengthen its ESG financing framework and sustainability-linked loan product portfolio to capture the growing corporate demand for green financing and align its business model with long-term regulatory expectations around climate risk disclosure.

## 7. CONCLUSION

This study has conducted a rigorous five-year financial performance analysis of ICICI Bank Limited using a comprehensive multi-dimensional ratio analysis framework encompassing profitability, asset quality, liquidity, capital adequacy, and efficiency dimensions. The evidence unambiguously confirms that ICICI Bank's financial performance across FY19–FY23 represents a sustained, broad-based improvement across all measured dimensions—a transformation that distinguishes the bank as one of the most successful financial performance turnaround stories in the history of Indian commercial banking.

The convergence of three strategic forces—credit portfolio repositioning away from stressed large corporate exposures toward granular retail lending, disciplined provisioning and recovery management that resolved legacy NPA accumulation, and digital banking transformation that structurally lowered servicing costs while expanding customer reach—produced financial outcomes that exceeded both the bank's own historical performance and

industry peer benchmarks on virtually every measured metric by FY23.

The NPA trajectory is particularly instructive from a risk management perspective: the decline in gross NPA ratio from 6.70% to 2.48% and the improvement in provision coverage from 65.9% to 82.8% collectively represent a transformation in the bank's credit risk position that generated approximately ₹18,000 crore of annual provisioning cost savings by FY23 relative to the FY19 base—the single largest contributor to profit improvement. This finding underscores the primacy of credit risk management as a determinant of commercial bank financial performance.

Looking forward, ICICI Bank's financial performance prospects appear favourable given India's projected economic growth trajectory, the underpenetration of financial services in tier-2 and tier-3 cities addressable through digital distribution, and the bank's strong capital base supporting continued loan book expansion. The primary risks to the performance trajectory include potential deterioration in the retail credit cycle as high-frequency economic indicators moderate, competitive pressure on deposit rates and lending spreads from both large public sector banks and nimble fintech competitors, and regulatory evolution in digital banking frameworks.

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