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A STUDY ON FINANCIAL PERFORMANCE COMPARISON BETWEEN NATIONAL LEVEL BANKS AND PRIVATE BANKS

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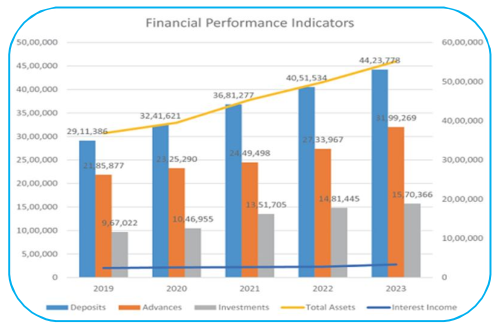
ABSTRACT

The analysis focuses on key financial indicators such as profitability ratios, liquidity ratios, efficiency ratios, and asset quality parameters to assess the overall financial health and performance trends of both banks. Secondary data collected from annual reports, financial statements, and relevant publications form the basis of the study. The findings highlight significant differences in the financial performance of the two banks, reflecting variations in their operational strategies, risk management practices, and market positioning. The study offers insights that may assist investors, policymakers, and financial analysts in understanding the comparative strengths and weaknesses of SBI and ICICI Bank during the study period. The study is purely based on secondary data collected from the annual reports of the respective banks, their official websites, and other relevant published sources.



KEYWORDS: *Financial performance, Financial Ratios, Financial Indicators, Operational Strategies, Banks.*

INTRODUCTION

The banking sector plays a pivotal role in driving a nation's economic growth and overall development. It forms a core component of the financial system and facilitates a wide range of essential financial activities. Banks in India operate in various forms, including central banks, commercial banks, investment banks, cooperative banks, and postal banks. Commercial banks are broadly classified into public sector and private sector institutions. Public sector banks are those in which the government holds more than 51 percent ownership, whereas private sector banks are owned and managed by private entities or individuals. Banks provide numerous services to individuals and businesses, such as accepting deposits, offering loans and advances, clearing cheques, managing funds, and discounting bills. This study evaluates the financial performance of the State Bank of India (SBI) and ICICI Bank to gain insight into how public and private sector banks differ in terms of service efficiency and financial strength. Established on 1 July 1955, SBI is one of the largest public sector banks in India, renowned for its extensive network, substantial asset base, and wide range of services offered to customers both domestically and internationally. Similarly, ICICI Bank originally founded in 1955 as the Industrial

Credit and Investment Corporation of India with support from the World Bank has evolved into India's leading private sector bank. It offers a comprehensive suite of services including internet banking, personal banking, loans, cards, and deposit products.

REVIEW OF LITERATURE

Sudheer Kumar & Prakash (2025) conducted a study used the CAMELS framework to analyze SBI and ICICI over 2020-24. They examined Capital Adequacy, Asset Quality, Management Efficiency, Earnings, Liquidity, and Sensitivity to Market Risk. The study found that, SBI has a huge scale and reach, but ICICI is superior in profitability, cost-efficiency, and operational effectiveness. The post-COVID environment has tested both banks, but ICICI seems to adapt more swiftly in terms of earning quality.

Megavath (2025) conducted a trend analysis of NPAs (Non-Performing Assets) for SBI and ICICI. Found that SBI has had relatively higher NPAs, likely due to larger exposure in riskier sectors. However, SBI has improved its Provision Coverage Ratio (PCR) and recovery mechanisms. ICICI's strength lies in its diversified retail lending and more advanced risk management, which help in keeping its NPA levels more moderate.

Natarajan, Rajarajeswari, Subbhammal & Devi (2025) published in European Economic Letters, this study compared performance between public sector banks (including SBI) and private banks (including ICICI) from 2014-15 to 2023-24. They used employee-level efficiency metrics (e.g., interest income per employee, business per employee). Their results showed public sector banks, particularly SBI, had higher Compound Annual Growth Rate (CAGR) in key efficiency parameters than many private banks, indicating improved operational productivity. They also noted significant volatility in year-to-year performance, suggesting that growth is not uniformly stable across all banks.

Kumari (2024) entitled a study in an International Journal of Research in Finance and Management paper; compared the financial performance of SBI and ICICI for the period 2016-17 to 2020-21. The study concluded that SBI is more "financially sound" overall, but ICICI demonstrated better efficiency in managing deposits and expenses.

Pandey, Agrawal & Kumar (2023) conducted a study on Comparative Analysis of Corporate Governance and Financial Performance of Indian Banking Sector, the authors studied SBI and ICICI using data from March 2018 to March 2022. They measured profitability, solvency, and liquidity (using ratios like net profit, debt-to-equity, interest coverage, current ratio). Their findings suggested that both banks have strong solvency, but ICICI remained more stable and consistent in profitability. For liquidity, they observed that SBI and ICICI's current ratios didn't conform to the traditional 2:1 benchmark, indicating very high liquid assets not being efficiently deployed.

Pattanaik and Patjoshi (2021) assessed the financial performance of selected private sector banks for the period 2014-15 to 2018-19. The researchers employed the CAMEL model ratios to evaluate the financial data. Their findings indicated that both banks performed well and complied with RBI standards; however, HDFC Bank outperformed ICICI Bank during the study period. Similarly, Undi and C.S. (2020) examined the financial performance of selected public and private sector banks from 2015 to 2019. The study utilized various financial ratios to measure and compare the performance of these banks.

Dubey and Puri (2021) employed the CAMEL model to evaluate the performance of selected public and private sector banks over a five-year period from 2015 to 2020. Their analysis revealed that private sector banks consistently outperformed their public sector counterparts. The study primarily focused on assessing the growth rates of the banks, comparing the progress of the selected institutions across both sectors. Key indicators used to measure growth included Return on Assets (ROA), Net Profit Growth, Non-Performing Assets (NPA), and Net Assets Growth.

Jha (2018) evaluated the financial performance of PNB and ICICI Bank for the period 2011-12 to 2017- 18 using secondary data sourced from the annual reports of the selected banks. The study employed ratio analysis, percentage analysis, and standard deviation as the key financial tools. The findings indicated that customers tended to place greater trust in public sector banks, leading to a preference for PNB when seeking loans and advances. However, the study also revealed that ICICI Bank demonstrated stronger financial soundness compared to PNB.

Kumar and Malhotra (2017) assessed the financial performance of major private sector banks in India over the period 2006-07 to 2016-17. The study focused on five leading private banks HDFC Bank, ICICI Bank, Kotak Mahindra Bank, Axis Bank, and IndusInd Bank selected on the basis of their market capitalization. The researchers applied the CAMEL model as the primary analytical tool. The results revealed that Axis Bank outperformed the other selected banks across most CAMEL parameters, indicating comparatively stronger financial performance.

OBJECTIVES OF THE STUDY

1. To examine the overall financial performance of SBI and ICICI Bank.
2. To compare the financial performance of SBI and ICICI Bank using key financial indicators.
3. To analyze the profitability position of SBI and ICICI Bank.

RESEARCH METHODOLOGY

Nature of Study & Data Collection: The study adopts a descriptive and analytical approach, relying entirely on secondary data. The required information has been sourced from the published annual reports of the respective banks.

Period of the Study: The analysis spans five financial years, covering the period from 2020-21 to 2024-25.

Variables Used for Analysis: In this study, several financial ratios have been selected as key variables to assess the performance of the chosen banks. The analysis is based on the following ratios:

- Capital Adequacy Ratio
- Return on Assets (ROA)
- Return on Equity (ROE)
- Net Interest Margin (NIM)
- Gross NPA Ratio
- Net NPA to Net Advances Ratio

Tools Used for Analysis: The study employs ratio analysis, percentage analysis, and mean values as the primary tools for examining and interpreting the financial data.

DATA ANALYSIS AND INTERPRETATION

Capital Accuracy Ratio (CAR): It represents the proportion of a bank's capital in relation to the risks it faces. It is also known as the Capital to Risk Weighted Assets Ratio (CRAR). In simple terms, CAR measures a bank's capital against its risk-weighted assets and existing liabilities. This ratio plays an important role in safeguarding depositors' interests and enhancing the bank's overall stability and operational soundness.

Table 1: Capital Adequacy Ratio of SBI and ICICI banks

Years	2020-21	2021-22	2022-23	2023-24	2024-25	Mean	SD
SBI	13.74%	13.85%	14.68%	14.28%	14.25%	14.16%	0.34%
ICICI	19.12%	19.16%	18.34%	16.33%	16.55%	17.90%	1.23%

Source of data: Annual Report of the Banks and Money Control

The above-mentioned table presents the Capital Adequacy Ratios (CAR) of SBI and ICICI Bank for the period from 2020–21 to 2024–25 and highlights the comparative capital strength of the two banks. The data shows that ICICI Bank consistently maintained a higher CAR than SBI throughout the five-year period, indicating a stronger capital position and a greater ability to absorb financial risks. While SBI's CAR remained stable in the range of 13.74% to 14.68%, reflecting steady but moderate capital adequacy, ICICI Bank reported significantly higher ratios, with values ranging from 16.33% to 19.12%. The mean CAR of ICICI Bank (17.90%) is noticeably higher than that of SBI (14.16%), demonstrating ICICI's superior capital buffer. Additionally, the standard deviation reveals that SBI's CAR values were more stable over the years, whereas ICICI Bank showed slightly greater variation, although still maintaining levels far above regulatory requirements. Overall, the table suggests that ICICI Bank is better positioned in terms of capital strength, risk management, and financial resilience compared to SBI.

Return on Assets (ROA) Ratio: ROA indicates how effectively a company utilizes its assets to produce profits. It reflects the outcomes generated from the assets the firm has accumulated over time. This ratio helps assess the efficiency of management in using available assets to generate income.

Table 2: Return on Assets Ratio of SBI and ICICI banks

Years	2020-21	2021-22	2022-23	2023-24	2024-25	Mean	SD
SBI	0.48%	0.67%	0.96%	1.04%	1.10%	0.85%	0.24%
ICICI	1.37%	1.55%	1.86%	2.08%	2.17%	1.81%	0.31%

Source of data: Annual Report of the Banks

The above-mentioned table presents the Return on Assets (ROA) of SBI and ICICI Bank for the financial years 2020-21 to 2024-25. ROA measures how efficiently a bank uses its assets to generate profit, and higher values indicate better performance. The table shows that SBI's ROA has gradually improved from 0.48% in 2020-21 to 1.10% in 2024-25, reflecting stronger profitability and better utilisation of bank assets over the years. ICICI Bank, on the other hand, consistently recorded higher ROA values throughout the period, rising from 1.37% to 2.17%, which highlights its superior operational efficiency and profit-earning capability. The average ROA of SBI is 0.85%, whereas ICICI Bank shows a higher average of 1.81%, clearly indicating that ICICI Bank performs better in generating returns from its asset base. Although both banks show a positive trend, the comparison reveals that ICICI Bank maintains a stronger financial performance in terms of ROA across all five years.

Return on Equity Ratio: Return on Equity (ROE) represents the proportion of net income attributable to equity shareholders in relation to the total shareholders' funds. It serves as an indicator of a company's profitability, and a higher ROE generally reflects stronger financial performance.

Table 3: Return on Equity Ratio of SBI and ICICI Banks

Years	2020-21	2021-22	2022-23	2023-24	2024-25	Mean	SD
SBI	9.94%	13.92%	19.43%	20.32%	19.87%	16.29%	4.09%
ICICI	11.67%	13.79%	15.87%	17.28%	16.26%	15.77%	2.17%

Source of data: Annual Report of the Banks and Money Control

The above-mentioned table presents the Return on Equity (ROE) of SBI and ICICI Bank from 2020-21 to 2024-25. ROE reflects how effectively each bank uses shareholders' funds to generate profit. The data shows that SBI's ROE increased significantly from 9.94% in 2020-21 to a peak of 20.32% in 2023-24, before slightly declining to 19.87% in 2024-25. This upward trend indicates strong profit growth and improved efficiency in utilising equity capital. On the other hand, ICICI Bank displays a more stable performance, with ROE rising steadily from 11.67% in 2020-21 to 17.28% in 2023-24, followed by a slight dip to 16.26% in 2024-25. When comparing averages, SBI records a higher mean ROE of 16.29%, whereas ICICI Bank shows a slightly lower mean of 15.77%. However, SBI also exhibits greater fluctuations with a standard deviation of 4.09%, compared to ICICI's more stable 2.17%. Overall, the comparison indicates that while both banks demonstrate strong profitability, SBI shows higher long-term returns but with greater variability, whereas ICICI Bank maintains more consistent and stable performance over the five-year period.

Net Interest Margin Ratio: Net Interest Margin (NIM) reflects the net return earned from a bank's interest-generating assets, such as loans, leases, and investment securities. It is calculated as the difference between interest income and interest expense, divided by the total earning assets. A higher NIM suggests that the bank is utilizing its earning assets more efficiently.

Table 4: Net Interest Margin Ratio of SBI and ICICI Banks

Years	2020-21	2021-22	2022-23	2023-24	2024-25	Mean	SD
SBI	3.04%	3.12%	3.37%	3.28%	3.09%	3.18%	0.13%
ICICI	3.15%	3.25%	3.79%	3.79%	3.86%	3.57%	0.29%

Source of data: Annual Report of the Banks and Money Control

The above-mentioned table presents the Net Interest Margin (NIM) of SBI and ICICI Bank for the financial years 2020-21 to 2024-25. NIM indicates how efficiently a bank generates interest income relative to its earning assets, and higher values reflect stronger core banking profitability. The table clearly shows that SBI's NIM remained relatively stable over the five-year period, ranging between 3.04% and 3.37%, with a mean of 3.18% and a low standard deviation of 0.13%, indicating minimal fluctuations in its interest-earning efficiency. In contrast, ICICI Bank recorded consistently higher NIM figures, rising from 3.15% in 2020-21 to 3.86% in 2024-25, with a higher mean of 3.57% and a standard deviation of 0.29%, suggesting both stronger and more dynamic margin performance. The comparison reveals that ICICI Bank maintained a superior NIM throughout all five years, reflecting better management of interest spread and more efficient utilisation of earning assets compared to SBI.

Gross NPA Ratio: Gross NPA Ratio refers to the proportion of a bank's gross non-performing assets (NPAs) to its total advances. It indicates the quality of the bank's loan portfolio, showing the percentage of loans that have stopped generating income due to defaults. A lower Gross NPA Ratio reflects better asset quality and effective credit management by the bank.

Table 5: Gross NPA Ratio of SBI and ICICI Banks

Years	2020-21	2021-22	2022-23	2023-24	2024-25	Mean	SD
SBI	4.98%	3.97%	2.78%	2.24%	1.82%	3.36%	1.19%
ICICI	3.50%*	3.10%*	2.90%*	2.30%	1.67%	2.69%	0.69%

Source of data: Annual Report of the Banks and Money Control

The above-mentioned table presents the Gross Non-Performing Asset (NPA) Ratio of SBI and ICICI Bank for the financial years 2020-21 to 2024-25. The Gross NPA ratio measures the proportion of a bank's total advances that are classified as non-performing, providing a clear indication of asset quality and credit risk. The table shows that SBI's Gross NPA ratio has consistently declined from 4.98% in 2020-21 to 1.82% in 2024-25, with an average of 3.36% and a standard deviation of 1.19%, indicating a significant improvement in asset quality and effective recovery and risk management over the years. ICICI Bank, on the other hand, maintained a lower Gross NPA ratio throughout the period, estimated at 3.50% in 2020-21 and reducing to 1.67% in 2024-25, with a mean of 2.69% and a lower standard deviation of 0.69%, reflecting consistently better asset quality and relatively stable credit risk. A comparison of the two banks reveals that ICICI Bank has maintained a healthier loan portfolio with lower credit risk than SBI across the five-year period, although both banks show a positive trend of reducing NPAs and improving financial stability.

Net NPA to Net Advance Ratio: Net NPA to Net Advances Ratio measures the proportion of a bank's net non-performing assets (NPAs) to its net advances (total advances minus provisions). It indicates the actual burden of bad loans on the bank after accounting for provisions. A lower ratio reflects better asset quality and effective risk management.

Table 6: Net NPA Ratio to net advances ratio of SBI and ICICI Banks

Years	2020-21	2021-22	2022-23	2023-24	2024-25	Mean	SD
SBI	0.47%	0.57%	0.67%	1.02%	1.50%	0.846%	0.37%
ICICI	1.14%	0.76%	0.48%	0.42%	0.39%	0.698%	0.28%

Source of data: Annual Report of the Banks and Money Control

The above-mentioned table presents the Net NPA Ratio to Net Advances of SBI and ICICI Bank for the financial years 2020-21 to 2024-25. The Net NPA ratio indicates the proportion of a bank's net advances that have turned non-performing after provisioning, providing a clear measure of the quality of the bank's loan portfolio and effectiveness of recovery mechanisms. The table shows that SBI's Net NPA ratio increased gradually from 0.47% in 2020-21 to 1.50% in 2024-25, with a mean of 0.846% and a standard deviation of 0.37%, suggesting a moderate rise in credit risk despite continued efforts in recovery and asset quality management. In contrast, ICICI Bank maintained a consistently lower Net NPA ratio, declining from an estimated 1.14% in 2020-21 to 0.39% in 2024-25, with a mean of 0.698% and a standard deviation of 0.28%, reflecting strong credit discipline and efficient recovery practices. Comparing the two banks, ICICI Bank demonstrates better control over non-performing assets and lower credit risk relative to SBI across the five-year period, indicating a stronger and more stable loan portfolio.

FINDINGS:

- ICICI Bank consistently maintained a higher CAR than SBI throughout the five-year period (mean CAR: 17.90% vs 14.16%), indicating a stronger capital base and higher ability to absorb financial risks.

- Both banks show an improving trend in ROA, indicating better utilization of assets to generate profits. SBI's ROA increased from 0.48% to 1.10%, whereas ICICI Bank maintained consistently higher values (1.37% to 2.17%). ICICI Bank demonstrates superior operational efficiency and profitability compared to SBI.
- SBI exhibited a sharp increase in ROE from 9.94% to 20.32% before slightly declining to 19.87%, indicating higher returns but greater volatility (SD: 4.09%). ICICI Bank's ROE was more stable, rising steadily from 11.67% to 17.28%, with lower volatility (SD: 2.17%). SBI delivers higher long-term equity returns but with higher fluctuations; ICICI Bank shows stable and consistent profitability.
- SBI's NIM remained stable around 3.18%, whereas ICICI Bank's NIM increased from 3.15% to 3.86%, reflecting better management of interest-earning assets. ICICI Bank consistently achieved higher interest margins, showing more effective core banking operations.
- SBI's Gross NPA decreased from 4.98% to 1.82%, while ICICI Bank started lower (estimated 3.50%) and reduced further to 1.67%. Both banks improved asset quality over time, but ICICI Bank maintained better loan portfolio health and lower credit risk.
- SBI's Net NPA ratio rose from 0.47% to 1.50%, indicating a moderate increase in credit risk after provisions. ICICI Bank's Net NPA ratio declined from 1.14% to 0.39%, showing strong recovery practices and lower residual risk. ICICI Bank demonstrates better control over non-performing assets and a more stable loan portfolio compared to SBI.
- Both banks are improving over the five-year period, but ICICI Bank demonstrates superior overall financial stability, operational efficiency, and risk management.

SUGGESTIONS

- SBI should consider strengthening its capital base to match ICICI Bank's higher CAR levels. This could involve raising additional capital or retaining earnings to create a stronger buffer against risks.
- SBI can focus on improving asset utilization to increase ROA, through better credit deployment, cost control, and efficient fund management. Both banks should explore revenue diversification, such as fee-based services or digital banking products, to enhance profitability without increasing risk.
- Banks can adopt advanced analytics and AI-based monitoring tools to detect early warning signals of default and optimize provisioning strategies.
- Strategic Recommendations invest in digital banking and fintech innovations to reduce operational costs, increase customer outreach, and improve efficiency.

Limitations of the Study

- The study is limited to a period of five financial years, from 2020-21 to 2024-25.
- Only a selected set of financial ratios has been used to evaluate the performance of the chosen banks.

The study focuses on just two banks; future research could expand the analysis by including a larger number of banks for comparison.

CONCLUSION

SBI and ICICI Bank are among the largest banks in India, representing the public and private sectors, respectively. To assess their financial performance, key ratios such as Capital Adequacy Ratio, Return on Assets, Return on Equity, Net Interest Margin, Gross NPA Ratio, and Net NPA to Net Advances

Ratio were analyzed. The analysis indicates that both banks are maintaining the required standards and operating profitably. However, ICICI Bank has demonstrated relatively higher efficiency and profitability compared to SBI during the study period. As leading banks, their performance has a significant impact on the growth of the Indian economy. Therefore, continuous efforts are essential to further enhance the profitability and operational efficiency of both banks.

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