

# A Study on Fundamental Analysis of the Banking Sector with Special Reference to ICICI Bank (Fy 2021–2025)

**M. Sowmya**

Roll No: 24R21E0077 | MBA (Finance), Batch 2024–26

MLR Institute of Technology (UGC Autonomous), Dundigal, Hyderabad – 500043

Under the Guidance of **Dr. Shanmuga Priya**, Professor, Department of MBA

Submitted to: Jawaharlal Nehru Technological University – Hyderabad

## ABSTRACT

The Indian banking sector serves as the backbone of the national economy, channelling savings into productive investment and facilitating economic growth. This study undertakes a rigorous fundamental analysis of ICICI Bank India's foremost private-sector commercial bank using five years of audited financial data spanning FY 2021 to FY 2025. Deploying a suite of quantitative tools including Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), Credit-Deposit (CD) Ratio, and Non-Performing Asset (NPA) ratios, the research systematically evaluates the bank's profitability, asset quality, liquidity, and operational efficiency. The findings reveal a consistent upward trajectory in profitability ROA rising from 1.32% to 2.23% and ROE peaking at 17.15% accompanied by a significant improvement in asset quality as Gross NPA declined from 4.96% to 2.15%. NIM remained stable within a narrow band of 2.69%–2.83%, reflecting strong core banking operations. These results confirm that ICICI Bank has successfully transitioned from a growth-centric strategy to a balanced model emphasising sustainable profitability and prudent risk management. The paper concludes with actionable recommendations for investors, policymakers, and banking practitioners, and situates ICICI Bank's performance within the broader context of the Indian banking industry.

**Keywords:** Fundamental Analysis, ICICI Bank, Return on Assets, Return on Equity, Net Interest Margin, Non-Performing Assets, Credit-Deposit Ratio, Indian Banking Sector, Financial Performance, Ratio Analysis

## 1. Introduction

### 1.1 Background and Context

The banking sector occupies a central position in any market economy, serving as the primary conduit through which financial resources are mobilised, allocated, and intermediated between surplus and deficit units. In India, the sector has undergone profound structural transformation over the past three decades — from a state-dominated, heavily regulated system to a competitive, technology-driven ecosystem shaped by liberalisation, globalisation, and digital innovation.

The Reserve Bank of India (RBI) has played a decisive role in guiding this transformation, calibrating monetary policy, enforcing prudential norms, and progressively aligning domestic banking standards with the Basel III international framework. Within this evolving landscape, the ability to objectively assess a bank's financial health and intrinsic value has become a critical competency for investors, regulators, and management alike.

Fundamental analysis — the systematic evaluation of an entity's economic worth through an examination of its financial statements, earnings potential, asset quality, and macroeconomic environment — provides precisely this capability. Unlike technical analysis, which is concerned with price patterns and market sentiment, fundamental analysis seeks to determine whether a security's market price accurately reflects the underlying business value. In the banking context,

this involves scrutinising metrics such as profitability ratios, liquidity indicators, capital adequacy measures, and asset quality parameters.

## 1.2 Significance of the Study

ICICI Bank, established in 1994 and transformed into a universal bank through its landmark merger with ICICI Limited in 2002, represents one of the most significant case studies in Indian financial sector evolution. As of FY 2025, it is the second-largest bank in India by total assets (₹21.18 lakh crore) and a bellwether for the private banking sector. Its strategic journey — navigating the NPA crisis of 2015–2018, executing a turnaround under new leadership, and emerging as a digitally-led institution — makes it a particularly instructive subject for fundamental analysis.

The relevance of this study is further underscored by the increasing participation of retail investors in capital markets and the growing importance of evidence-based investment decision-making in the post-COVID economic environment. An empirical assessment of ICICI Bank's financial fundamentals over a five-year period provides a robust basis for such decisions.

## 1.3 Objectives of the Study

The primary objectives of this research are as follows:

1. To analyse the financial performance of ICICI Bank over the period FY 2021–2025 using key fundamental analysis metrics.
2. To evaluate the bank's profitability, asset quality, liquidity, and operational efficiency through ratio analysis and trend analysis.
3. To identify the growth trajectory and underlying strengths and risks in the bank's financial structure.
4. To situate ICICI Bank's performance within the broader Indian banking industry context.
5. To provide evidence-based insights and recommendations for investors, analysts, and management.

## 1.4 Scope and Limitations

The study is confined to secondary quantitative data drawn from ICICI Bank's audited Annual Reports (FY 2021–FY 2025), financial databases (Money control, Screener.in, NSE India, BSE India), and RBI statistical publications. The analysis covers a five-year window, which provides sufficient longitudinal depth for trend identification while remaining contemporarily relevant.

Key limitations include the exclusive reliance on secondary data, the exclusion of qualitative governance and management quality factors, the restriction of analysis to a single institution (precluding robust peer benchmarking), and the potential impact of macroeconomic distortions such as the COVID-19 pandemic on base-year figures.

## 2. Review of Literature

A substantial body of scholarly work has examined the financial performance of Indian banks through the lens of fundamental and ratio analysis. The following review synthesises the most pertinent contributions, tracing intellectual lineage and contextualising the present study.

### 2.1 Empirical Studies on ICICI Bank's Financial Performance

Reddy and Prasad (2025) assessed ICICI Bank's growth and stability using data spanning 2020–2024, employing profitability ratios, liquidity metrics, and asset quality indicators. Their findings documented steady profit growth and enhanced credit risk controls, concluding that ICICI Bank occupies a resilient and competitive position in the Indian banking sector.

Nirmala (2025) undertook a detailed financial statement analysis of ICICI Bank using balance sheet, income statement, and cash flow data. Through ratio analysis and trend analysis, the study established strong revenue growth, efficient

asset management, and consistent profitability, while recommending continuous monitoring of financial risks for sustained performance.

Karthik and Rao (2025) specifically analysed the intrinsic stock value of ICICI Bank over the period 2020–2024 using EPS, ROE, Net Profit Margin, and the Price-to-Earnings ratio. Despite moderate market volatility, the study concluded that fundamental analysis reliably captures the bank's earnings momentum and supports rational investment decision-making.

## **2.2 Comparative and Sector-Level Studies**

Kumar and Sharma (2025) conducted a comparative fundamental analysis of leading Indian banks ICICI Bank, HDFC Bank, SBI, and Axis Bank over FY 2020–2024. Their central finding was that private-sector banks, particularly ICICI Bank and HDFC Bank, consistently outperformed public-sector counterparts on profitability and operational efficiency metrics, lending weight to the structural advantage of private governance in banking.

Gupta and Mehta (2025) and Arthi and Kanagaraj (2025) both examined the ICICI Bank–SBI performance dichotomy. While SBI's scale and government backing confer market stability, ICICI Bank's superior profitability and operational agility reflect more sophisticated financial management practices and faster technology adoption.

Sathish (2025) compared ICICI Bank and HDFC Bank across ROA, Return on Capital Employed (ROCE), CAR, and Net Profit, finding that both institutions perform robustly but differ meaningfully in financial management emphasis — an observation consistent with distinct strategic positioning within the private banking space.

## **2.3 Governance, Risk Management, and Specialised Frameworks**

Agarwal and Verma (2025), analysing ICICI Bank and Axis Bank, demonstrated a statistically significant positive relationship between corporate governance quality and financial performance. Strong governance frameworks were found to enhance investor confidence, reduce operational risk, and improve long-term profitability a finding directly applicable to ICICI Bank's post-2018 governance reforms.

Shivhare (2025) examined the impact of credit risk management practices on ICICI Bank's profitability, confirming that rigorous credit evaluation and NPA recovery mechanisms materially reduce financial risk and enhance net income. This aligns with ICICI Bank's documented success in reducing Gross NPA from a peak of approximately 8% in FY 2018 to 2.15% by FY 2025.

Patel and Joshi (2024) applied the CAMELS model to ICICI Bank, assessing capital adequacy, asset quality, management efficiency, earnings, liquidity, and risk sensitivity. Their findings confirmed steady capital buffers and notable improvement in asset quality and profitability — corroborating the ratio-based analysis in the present study.

Panigrahi (2022), in a foundational study on fundamental analysis of Indian banking companies, identified the core financial metrics — NIM, CAR, NPA, ROA, ROE — as the most diagnostic indicators of banking sector health, providing the theoretical and methodological scaffold upon which subsequent studies (including this one) have been built.

**Research Gap:** While existing literature extensively documents ICICI Bank's historical performance and cross-sectional comparisons, few studies provide an integrated longitudinal fundamental analysis encompassing the post-NPA-crisis recovery period (FY 2021–2025) alongside interpretive narrative accessible to both academic and practitioner audiences. The present study addresses this gap.

## **3. Industry Profile and Company Background**

### **3.1 The Indian Banking Industry: An Overview**

The Indian banking system is a tiered, diversified financial architecture supervised by the Reserve Bank of India. It comprises public sector banks (majority government-owned), private sector banks, foreign banks, Regional Rural Banks (RRBs), and specialised institutions such as Small Finance Banks and Payment Banks. Each category serves distinct market segments and operates under differentiated regulatory mandates.

The industry's structural evolution can be demarcated into two broad phases: the pre-liberalisation era (pre-1991), characterised by social banking priorities, limited competition, and systemic inefficiency; and the post-liberalisation era (post-1991), defined by deregulation, private sector entry, technology adoption, and alignment with global prudential standards.

Contemporary drivers of banking sector growth include GDP expansion (India's real GDP growth averaged approximately 7.5% over FY 2022–2025), rising income levels, rapid urbanisation, digital financial inclusion (aided by the Jan Dhan-Aadhaar-Mobile trinity and UPI infrastructure), and the government's credit-led development agenda. The sector also confronts structural challenges including NPA management, cybersecurity vulnerabilities, fintech competition, and compliance burden from evolving Basel III and RBI regulatory requirements.

### 3.2 Regulatory Architecture

The RBI exercises comprehensive oversight of the banking sector, deploying monetary policy instruments (repo rate, reverse repo rate, CRR, SLR) to regulate credit flow and inflation, and prudential guidelines (Basel III capital adequacy norms, Liquidity Coverage Ratio, Net Stable Funding Ratio) to ensure systemic resilience. Compliance with these frameworks is non-negotiable and directly shapes banks' capital planning, lending behaviour, and profitability.

### 3.3 ICICI Bank: Corporate Profile and Strategic Evolution

ICICI Bank traces its lineage to the Industrial Credit and Investment Corporation of India (ICICI), a development financial institution established in 1955 with the mandate to finance long-term industrial projects. The bank was incorporated as a commercial banking subsidiary in 1994, capitalising on the deregulation opportunities created by the 1991 economic reforms.

The transformative watershed in ICICI Bank's institutional history was the reverse merger of ICICI Limited with ICICI Bank in 2002, creating a universal bank with a consolidated balance sheet, diversified product suite, and the scale to compete with public sector incumbents. This structural shift enabled the bank to serve retail, corporate, SME, and treasury clients through a single integrated entity.

The bank subsequently entered a phase of rapid geographic and product expansion through the mid-2000s, establishing an international presence in key financial markets including the UK, Canada, Singapore, and the Middle East. However, aggressive loan growth without commensurate credit discipline contributed to a sharp deterioration in asset quality during FY 2015–2018, when Gross NPA ratios peaked. The appointment of Ms. Sandeep Bakhshi as Managing Director and CEO in October 2018 initiated a comprehensive strategic reset — focused on sustainable, risk-calibrated growth, retail franchise deepening, and digital leadership — whose outcomes are clearly reflected in the five-year financial data examined in this study.

| Parameter              | Details                                                      |
|------------------------|--------------------------------------------------------------|
| Full Name              | ICICI Bank Limited                                           |
| Established            | 1994 (commercial banking subsidiary)                         |
| Headquarters           | Mumbai, Maharashtra                                          |
| Registered Office      | Vadodara, Gujarat                                            |
| Regulatory Authority   | Reserve Bank of India                                        |
| Stock Exchanges        | BSE (532174)   NSE (ICICIBANK)   NYSE (IBN)                  |
| Total Assets (FY 2025) | ₹21,18,240 Crore                                             |
| Market Capitalization  | Among Top 5 Indian Companies by Market Cap                   |
| International Presence | UK, Canada, USA, Singapore, UAE, Bahrain & Others            |
| Key Business Segments  | Retail Banking, Corporate Banking, Treasury, Digital Banking |

**Source:** ICICI Bank Annual Report FY 2025; BSE/NSE disclosures.

## 4. Research Methodology

### 4.1 Research Design

The study adopts a descriptive-analytical research design. The descriptive component presents ICICI Bank's financial data in an organised, chronological format; the analytical component subjects this data to quantitative financial analysis to derive meaningful insights regarding performance trends and financial health.

### 4.2 Data Sources

All data is sourced from secondary, publicly available, and audited sources to ensure authenticity and reproducibility:

- ICICI Bank Annual Reports (FY 2021–FY 2025) — primary source for all financial statement data
- BSE India and NSE India (official stock exchange filings and disclosures)
- Money control and Screener.in (financial database verification)
- Reserve Bank of India (RBI) — macro-prudential data and banking sector statistics
- Peer-reviewed academic journals and research papers cited in the literature review

### 4.3 Analytical Tools and Formula

The study employs the following quantitative analytical techniques:

| Ratio / Metric            | Formula                                                                            | Analytical Purpose                                         |
|---------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------|
| Return on Assets (ROA)    | $\text{Net Profit} / \text{Total Assets} \times 100$                               | Measures asset utilisation efficiency in generating profit |
| Return on Equity (ROE)    | $\text{Net Profit} / \text{Shareholders' Equity} \times 100$                       | Assesses returns generated on shareholders' capital        |
| Credit-Deposit (CD) Ratio | $\text{Total Advances} / \text{Total Deposits} \times 100$                         | Evaluates lending efficiency and liquidity balance         |
| Gross NPA Ratio           | $\text{Gross NPA} / \text{Total Advances} \times 100$                              | Quantifies proportion of non-performing loans in portfolio |
| Net NPA Ratio             | $\text{Net NPA} / \text{Total Advances} \times 100$                                | Reflects asset quality after provisioning adjustments      |
| Net Interest Margin (NIM) | $(\text{Interest Earned} - \text{Interest Paid}) / \text{Total Assets} \times 100$ | Measures core banking income spread efficiency             |
| Asset Utilisation Ratio   | $\text{Total Income} / \text{Total Assets}$                                        | Indicates overall income generation from asset base        |
| Growth Analysis           | $(\text{Current Year} - \text{Previous Year}) / \text{Previous Year} \times 100$   | Tracks year-on-year growth in key financial metrics        |

**Note:** All monetary values are expressed in Indian Rupees (Crore). Data converted from billion to crore for analytical consistency.

### 4.4 Period of Study

The analysis covers five fiscal years: FY 2021 (April 2020 – March 2021) through FY 2025 (April 2024 – March 2025). This window captures the bank's post-COVID recovery trajectory, the benefits of its strategic reset, and its most recent performance, providing a contemporarily relevant and analytically robust longitudinal dataset.

## 5. Data Analysis and Interpretation

### 5.1 Key Financial Data: Base Dataset

| Financial Year | Net Profit (₹ Cr) | Total Assets (₹ Cr) | Equity (₹ Cr)   | Total Deposits (₹ Cr) | Total Advances (₹ Cr) |
|----------------|-------------------|---------------------|-----------------|-----------------------|-----------------------|
| FY 2021        | 16,193            | 12,30,433           | 1,47,509        | 9,32,522              | 7,33,729              |
| <b>FY 2022</b> | <b>23,339</b>     | <b>14,11,298</b>    | <b>1,70,512</b> | <b>10,64,572</b>      | <b>8,59,020</b>       |
| FY 2023        | 31,896            | 15,84,207           | 2,00,715        | 11,80,841             | 10,19,638             |
| FY 2024        | 40,888            | 18,71,515           | 2,38,399        | 14,12,825             | 11,84,406             |
| FY 2025        | 47,227            | 21,18,240           | 2,92,076        | 16,10,348             | 13,41,766             |

Source: ICICI Bank Annual Reports FY 2021–FY 2025. Compiled and verified by the author.

### 5.2 Profitability Analysis

#### 5.2.1 Return on Assets (ROA)

| FY   | Net Profit (₹ Cr) | Total Assets (₹ Cr) | ROA (%) |
|------|-------------------|---------------------|---------|
| 2021 | 16,193            | 12,30,433           | 1.32    |
| 2022 | 23,339            | 14,11,298           | 1.65    |
| 2023 | 31,896            | 15,84,207           | 2.01    |
| 2024 | 40,888            | 18,71,515           | 2.18    |
| 2025 | 47,227            | 21,18,240           | 2.23    |

Interpretation: ICICI Bank's ROA demonstrates a consistent upward trajectory over the study period, improving from 1.32% in FY 2021 to 2.23% in FY 2025 — an absolute improvement of 91 basis points. This sustained increase signifies progressively superior asset utilisation efficiency: the bank is generating incrementally higher profit per rupee of assets deployed. Notably, ROA crossed the 2% threshold in FY 2023, a level broadly considered indicative of strong financial health in the banking sector. The absence of major fluctuations in this trend underscores the consistency of the bank's profitability enhancement strategy, driven by a combination of net profit growth (at a CAGR of approximately 30% over the period) and disciplined asset quality management.

#### 5.2.2 Return on Equity (ROE)

| FY   | Net Profit (₹ Cr) | Equity (₹ Cr) | ROE (%) |
|------|-------------------|---------------|---------|
| 2021 | 16,193            | 1,47,509      | 10.97   |
| 2022 | 23,339            | 1,70,512      | 13.68   |
| 2023 | 31,896            | 2,00,715      | 15.89   |
| 2024 | 40,888            | 2,38,399      | 17.15   |

|      |        |          |       |
|------|--------|----------|-------|
| 2025 | 47,227 | 2,92,076 | 16.17 |
|------|--------|----------|-------|

Interpretation: ROE improved markedly from 10.97% in FY 2021 to a peak of 17.15% in FY 2024, reflecting the bank's ability to generate superior returns on shareholders' capital. This improvement is attributable to strong net profit growth outpacing equity expansion. The marginal moderation to 16.17% in FY 2025 is not indicative of deteriorating performance; rather, it reflects the proportionally faster growth of the equity base (23% year-on-year) relative to net profit growth (15.5%), a natural consequence of organic capital accumulation. The overall trend confirms robust shareholder value creation across the study period.

### 5.3 Asset Quality Analysis

#### 5.3.1 Gross NPA Ratio

| FY   | Total Advances (₹ Cr) | Gross NPA (%) | Gross NPA (₹ Cr) |
|------|-----------------------|---------------|------------------|
| 2021 | 7,33,729              | 4.96          | 36,393           |
| 2022 | 8,59,020              | 3.60          | 30,925           |
| 2023 | 10,19,638             | 2.81          | 28,652           |
| 2024 | 11,84,406             | 2.30          | 27,241           |
| 2025 | 13,41,766             | 2.15          | 28,848           |

Interpretation: The Gross NPA ratio registered a consistent and material decline — from 4.96% in FY 2021 to 2.15% in FY 2025 — representing a reduction of 281 basis points over five years. This reflects the bank's sustained commitment to improving credit underwriting standards, accelerating NPA resolution, and strategically calibrating its lending portfolio. While the absolute quantum of Gross NPA marginally increased in FY 2025 (₹28,848 Cr vs. ₹27,241 Cr in FY 2024) due to faster loan book growth, the ratio continued to decline, confirming that the underlying asset quality improvement trend remains intact. A Gross NPA ratio below 2.5% is indicative of superior credit quality management in the Indian banking context.

#### 5.3.2 Net NPA Ratio

| FY   | Total Advances (₹ Cr) | Net NPA (%) | Net NPA (₹ Cr) |
|------|-----------------------|-------------|----------------|
| 2021 | 7,33,729              | 1.14        | 8,364          |
| 2022 | 8,59,020              | 0.76        | 6,529          |
| 2023 | 10,19,638             | 0.48        | 4,894          |
| 2024 | 11,84,406             | 0.42        | 4,975          |
| 2025 | 13,41,766             | 0.40        | 5,367          |

Interpretation: Net NPA — which reflects the actual exposure to bad loans after adequate provisioning — declined dramatically from 1.14% to 0.40% over the study period. A Net NPA below 0.5% is widely regarded as the benchmark for sound credit quality in Indian banking. ICICI Bank's achievement of this threshold from FY 2023 onwards is a

testament to both improved credit selection and robust provisioning practices. The bank's provision coverage ratio has correspondingly strengthened, providing an additional buffer against potential future credit stress.

#### 5.4 Liquidity Analysis: Credit-Deposit Ratio

| FY   | Total Advances (₹ Cr) | Total Deposits (₹ Cr) | CD Ratio (%) |
|------|-----------------------|-----------------------|--------------|
| 2021 | 7,33,729              | 9,32,522              | 78.7         |
| 2022 | 8,59,020              | 10,64,572             | 80.7         |
| 2023 | 10,19,638             | 11,80,841             | 86.3         |
| 2024 | 11,84,406             | 14,12,825             | 83.9         |
| 2025 | 13,41,766             | 16,10,348             | 83.3         |

Interpretation: The CD ratio rose from 78.7% in FY 2021 to a peak of 86.3% in FY 2023, indicating progressively aggressive credit deployment relative to deposit mobilisation. The subsequent moderation to approximately 83% in FY 2024 and FY 2025 suggests a deliberate recalibration — the bank consciously expanded its deposit base to ensure adequate liquidity buffers. Maintaining a CD ratio above 80% reflects proactive lending activity and efficient utilisation of deposit resources, while the post-2023 stabilisation demonstrates the bank's liquidity management discipline.

#### 5.5 Operational Efficiency Analysis

##### 5.5.1 Net Interest Margin (NIM)

| FY   | Interest Earned (₹ Cr) | Interest Paid (₹ Cr) | Total Assets (₹ Cr) | NIM (%) |
|------|------------------------|----------------------|---------------------|---------|
| 2021 | 72,000                 | 38,000               | 12,30,433           | 2.76    |
| 2022 | 80,000                 | 42,000               | 14,11,298           | 2.69    |
| 2023 | 88,000                 | 45,000               | 15,84,207           | 2.71    |
| 2024 | 1,05,000               | 52,000               | 18,71,515           | 2.83    |
| 2025 | 1,15,000               | 58,000               | 21,18,240           | 2.69    |

Interpretation: NIM remained within a stable band of 2.69% to 2.83% throughout the study period — a reflection of the bank's consistent ability to earn a positive and sustainable spread between lending rates and funding costs. The slight improvement in FY 2024 (2.83%) corresponds to a period of rising interest rates and better loan mix management, while the marginal decline in FY 2025 (2.69%) likely reflects deposit repricing pressure and competitive funding costs. The overall NIM stability confirms that ICICI Bank's core banking franchise generates reliable interest income, underpinning the profitability improvements observed in ROA and ROE.

### 5.5.2 Asset Utilisation Ratio and Growth Analysis

| FY   | Net Profit (₹ Cr) | Profit Growth (%) | Total Assets (₹ Cr) | Asset Growth (%) |
|------|-------------------|-------------------|---------------------|------------------|
| 2021 | 16,193            | —                 | 12,30,433           | —                |
| 2022 | 23,339            | 44.1%             | 14,11,298           | 14.7%            |
| 2023 | 31,896            | 36.6%             | 15,84,207           | 12.2%            |
| 2024 | 40,888            | 28.2%             | 18,71,515           | 18.1%            |
| 2025 | 47,227            | 15.5%             | 21,18,240           | 13.2%            |

Interpretation: The growth analysis reveals a characteristic maturation pattern: high initial profit growth (44.1% in FY 2022, in part reflecting a low pandemic-impacted base) moderating to a more sustainable 15.5% in FY 2025. Critically, this deceleration in growth rate is accompanied by an absolute increase in net profit (from ₹40,888 Cr to ₹47,227 Cr), confirming that the bank's earnings base continues to expand. Asset growth remains consistent in the 12–18% range, indicating controlled balance sheet expansion. The asset utilisation ratio held stable at approximately 0.07 throughout, demonstrating proportional income generation relative to asset growth.

### 5.6 Comprehensive Comparative Summary

| FY   | ROA (%) | ROE (%) | CD Ratio (%) | Gross NPA (%) | Net NPA (%) | NIM (%) |
|------|---------|---------|--------------|---------------|-------------|---------|
| 2021 | 1.32    | 10.97   | 78.7         | 4.96          | 1.14        | 2.76    |
| 2022 | 1.65    | 13.68   | 80.7         | 3.60          | 0.76        | 2.69    |
| 2023 | 2.01    | 15.89   | 86.3         | 2.81          | 0.48        | 2.71    |
| 2024 | 2.18    | 17.15   | 83.9         | 2.30          | 0.42        | 2.83    |
| 2025 | 2.23    | 16.17   | 83.3         | 2.15          | 0.40        | 2.69    |

Source: Computed by the author from ICICI Bank Annual Reports FY 2021–2025. Note: NIM computed using approximate interest income and expense data; minor rounding may apply.

**Overall Interpretation:** The comparative summary presents an unambiguous picture of financial improvement across all key dimensions. Profitability metrics (ROA and ROE) exhibit sustained upward trends, while risk indicators (Gross and Net NPA) demonstrate consistent decline — confirming the positive inverse relationship between risk quality improvement and profitability enhancement. The stability of NIM and CD ratio reflects disciplined operational management. Taken together, these metrics confirm that ICICI Bank's strategic recalibration since FY 2019 has yielded measurable, durable improvements in financial fundamentals, and the bank enters the next phase of growth from a position of considerable strength.

## 6. Key Findings

The fundamental analysis of ICICI Bank's financial performance over FY 2021–2025 yields the following principal findings:

- 1. Sustained Profitability Improvement:** ROA increased by 91 basis points (1.32% → 2.23%) and ROE improved from 10.97% to a peak of 17.15%, reflecting superior asset utilisation efficiency and strong shareholder value creation. Net profit grew at a five-year CAGR of approximately 30%.
- 2. Dramatic Asset Quality Enhancement:** Gross NPA declined from 4.96% to 2.15% — a reduction of 281 basis points — and Net NPA declined from 1.14% to 0.40%, demonstrating robust improvements in credit underwriting, NPA resolution, and provisioning practices.
- 3. Balanced Liquidity Management:** The CD Ratio stabilised in the 83–87% range post-FY 2023, reflecting effective balance between credit deployment for profitability and deposit mobilisation for liquidity.
- 4. Stable Core Banking Income:** NIM remained within a narrow band of 2.69%–2.83% across the five-year period, confirming consistent and reliable interest income generation.
- 5. Controlled, Sustainable Growth:** Balance sheet growth (13–18% annually) and net profit growth (moderating from 44% to 15% but on a much larger absolute base) collectively indicate a transition from aggressive expansion to sustainable, quality-conscious growth.
- 6. Positive Risk–Profitability Relationship:** The inverse correlation between declining NPA ratios and rising ROA/ROE ratios confirms that credit quality improvements are a direct driver of profitability enhancement — validating the bank's strategic emphasis on asset quality.
- 7. Financial Resilience:** Consistent performance across multiple financial metrics, with no major volatility in any key ratio, indicates a robust and well-managed institution capable of navigating macroeconomic uncertainty.

## 7. Recommendations

Based on the empirical findings of this study, the following strategic and policy-oriented recommendations are offered to the bank's management, investors, and policymakers:

- 1. Sustain and Deepen Credit Risk Management:** While NPA ratios have improved substantially, maintaining credit discipline in a rapidly growing loan book requires continuous refinement of credit underwriting models, early warning systems, and loan monitoring mechanisms, particularly as the bank scales in segments such as MSME and unsecured retail lending.
- 2. Protect and Improve NIM in a Competitive Environment:** With deposit repricing pressures and fintech competition intensifying, the bank should focus on optimising its CASA (Current Account Savings Account) ratio, improving loan mix towards higher-yielding segments, and leveraging digital channels to reduce cost of delivery.
- 3. Accelerate Digital Banking and Fintech Integration:** ICICI Bank's digital leadership position should be further reinforced through continued investment in AI-driven underwriting, personalised financial advisory, API-led open banking architecture, and frictionless customer journeys — to retain younger, digitally-native customer segments.
- 4. Expand Rural and Semi-Urban Financial Inclusion:** Leveraging regulatory support under Priority Sector Lending norms, the bank should systematically expand its rural and semi-urban footprint — through business correspondent networks, digital micro-credit products, and Jan Dhan-linked services — to capture a large, underserved addressable market.
- 5. Maintain Capital Adequacy Buffers Above Regulatory Minimums:** To support sustained loan book growth without compromising financial stability, the bank should proactively manage its Capital Adequacy Ratio (CAR), potentially through selective equity issuances, AT1 bond instruments, or accelerated internal capital generation.

**6. Invest in Cybersecurity and Operational Resilience:** As digital transaction volumes grow exponentially, the bank's investment in cybersecurity infrastructure, fraud detection AI, and business continuity systems must keep pace — both to protect customer assets and to maintain regulatory credibility.

**7. Adopt ESG-Integrated Banking Practices:** Aligning lending and investment portfolios with Environmental, Social, and Governance (ESG) principles — through green finance products, responsible lending norms, and transparent sustainability reporting — will increasingly be a differentiator with institutional investors and global counterparts.

## 8. Conclusion

This study has undertaken a rigorous and systematic fundamental analysis of ICICI Bank's financial performance across a five-year study window (FY 2021–FY 2025), employing eight distinct quantitative metrics spanning profitability, asset quality, liquidity, and operational efficiency dimensions.

The evidence assembled is unambiguous: ICICI Bank has undergone a sustained and measurable improvement in its financial fundamentals over the study period. The bank's strategic transition — from a growth-at-all-costs model that precipitated significant NPA accumulation in the mid-2010s, to a disciplined, risk-calibrated, digitally-led growth strategy — has yielded substantial and durable financial outcomes. Return on Assets and Return on Equity have risen consistently, Gross and Net NPA ratios have declined dramatically, Net Interest Margin has remained stable, and the overall balance sheet has expanded in a controlled and quality-conscious manner.

Importantly, the analysis reveals not merely a quantitative improvement in financial ratios, but a qualitative shift in the bank's strategic orientation. The transition from rapid expansion to sustainable growth — evidenced by the moderation in profit growth rates on an expanding absolute base — is characteristic of financial institutions that have successfully navigated cyclical stress and emerged with stronger fundamentals.

In the broader context of Indian banking, ICICI Bank's trajectory offers important lessons: the critical importance of credit discipline as the foundation of long-term profitability; the strategic advantage of digital leadership in a rapidly evolving competitive landscape; and the ability of private sector institutions to execute meaningful turnarounds through governance strengthening and management focus.

From an investment perspective, the fundamental analysis confirms that ICICI Bank presents characteristics of a financially sound, strategically well-positioned institution with credible growth prospects. However, investors should remain attentive to macroeconomic risks — particularly interest rate volatility, credit cycle dynamics, and regulatory evolution — that could moderate future performance.

In conclusion, this study affirms that fundamental analysis, as a methodological framework, provides powerful and actionable insights into banking sector financial performance. Applied to ICICI Bank, it reveals an institution that has successfully transformed its financial profile, established a platform for sustainable growth, and strengthened its position as a cornerstone of the Indian private banking sector.

## Bibliography

- Agarwal, S., & Verma, V. (2025). Impact of corporate governance on financial performance of banks. *Journal of Banking and Finance Studies*.
- Arthi, K., & Kanagaraj, B. (2025). Comparative analysis of financial performance of SBI and ICICI Bank. *Research Paper*, 2020–2025.
- Gupta, A., & Mehta, N. (2025). Comparative analysis of financial performance of SBI and ICICI Bank. *Research Paper*.
- Jain, M., & Vishwakarma, S. (2025). Financial statement analysis of ICICI Bank. *Journal Article*.
- Karthik, T., & Rao, S. (2025). Fundamental analysis of stock at ICICI Bank. *Research Paper*.
- Kaur, S. (2025). Comparative study on financial performance of SBI and ICICI Bank (FY 2023–24). *Journal Article*.

- Kumar, S., & Sharma, R. (2025). Fundamental analysis of leading Indian banks: A comparative study. Journal, 2020–2024.
- Nirmala, P. (2025). A study on financial statement analysis of ICICI Bank. Journal Article.
- Panigrahi, A. (2022). Fundamental analysis of banking companies in India. Journal Article.
- Patel, D., & Joshi, H. (2024). Financial performance analysis of ICICI Bank using CAMELS model. Journal Article.
- Rajani, B. (2023). A study on financial performance of ICICI Bank. Journal Article.
- Reddy, M., & Prasad, P. (2025). A study on financial performance of ICICI Bank. Article, 2020–2024.
- Sanjeev, T. (2026). A comprehensive analysis of financial performance and stock market behaviour of Indian D-SIBs. Journal Article.
- Sathish, K. (2025). Comparative study of financial performance of HDFC Bank and ICICI Bank. Journal Article.
- Shivhare, C. (2025). Impact of credit risk management on profitability of ICICI Bank. Journal Article.
- Singh, R., & Kaur, K. (2025). Banking sector analysis with special reference to ICICI Bank. Research Article.
- Venkatesh, R., & Iyer, K. (2025). A study on investment analysis of ICICI Bank. Journal Research Paper.
- ICICI Bank Limited. (2021–2025). Annual Reports. Retrieved from <https://www.icicibank.com>
- BSE India. (2021–2025). Corporate filings and annual reports of ICICI Bank. Retrieved from <https://www.bseindia.com>
- NSE India. (2021–2025). Financial data — ICICIBANK. Retrieved from <https://www.nseindia.com>
- Reserve Bank of India. (2021–2025). Annual report and statistical tables relating to banks. Retrieved from <https://www.rbi.org.in>
- Money control. (2025). ICICI Bank financial data. Retrieved from <https://www.moneycontrol.com>
- Screener.in. (2025). ICICI Bank consolidated financials. Retrieved from <https://www.screener.in/company/ICICIBANK/consolidated>