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# A Comparative Study On the Financial Performance of SBI and ICICI Bank

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**ABSTRACT - The banking industry is essential to economic growth because it makes investments, capital allocation, and financial stability easier. A vital part of the Indian financial system, banks also contribute significantly to the nation's development. Banks assist in directing idle funds towards profitable ventures, credit generation, capital formation, etc. In the Indian economy, commercial banks play a vital part in the growth of every sector by lending to the agricultural sector to support farmers and by giving loans to customers to raise their standard of life. The primary public sector bank in the nation is the State Bank of India (SBI). The biggest bank in India's private sector is ICICI Bank. With the use of certain financial ratios, the current analysis is predicated on the financial performance of these two institutions. The financial performance of two well-known Indian banks, State Bank of India (SBI) and ICICI Bank, has been compared in this study over the years 2021 to 2023. The first section of the paper provides an overview of the importance of the banking industry to the economy, emphasising how it spurs growth and offers crucial financial services. SBI and ICICI Bank, two significant players with different operating strategies and market positions of important financial metrics like comparative balance sheet, earnings per share (EPS), profitability ratios, asset utilisation, and return on equity (ROE), were chosen, and their performance trends over the designated period were assessed through a thorough examination.**

***Keywords: financial performance, Profitability, Solvency, Efficiency and financial ratios***

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## I. INTRODUCTION

A key factor in a nation's economic development is the banking sector. It provides the vital resources—cash—that enable and promote expansion across all industries. The number of bank branches, deposits, credit, etc. are indicators of the banking industry's growth. The country's economic path is indicated by an analysis of the banking industry. Over the years, the Indian banking industry has experienced substantial changes and has become increasingly important to the nation's financial stability and economic growth. India's banking system has developed into a diversified landscape that includes public sector banks, private banks, foreign banks, cooperative banks, and specialised financial institutions. Its rich history dates back to the foundation of the country's first banks during the colonial era. The State Bank of India (SBI) and ICICI Bank, two major participants in this fast-paced industry that each represent distinct aspects of India's banking capabilities, are among them.

### STATE BANK OF INDIA AND ICICI BANK

State Bank of India (SBI) is an Indian multinational public sector bank and financial services statutory body headquartered in Mumbai, Maharashtra. SBI, the sole Indian bank on the Fortune Global 500 list of the biggest companies in the world for 2020, is the 43rd largest bank in the world and is rated 221st. With a 23% asset market share and a 25% share of the entire loan and deposit market, this public sector bank is the biggest in India. With about 250,000 workers, it ranks as India's fifth-largest employer. The bank traces its ancestry to British India, through the Imperial Bank of India, to the founding in 1806 of the Bank of Calcutta, making it the oldest commercial bank in the Indian Subcontinent. Bank of Madras merged into the other two presidency bank, Bank of Calcutta and Bank of Bombay—to form the Imperial Bank of India, which in turn became the State Bank of India. Government of India nationalized the Imperial Bank of India in 1955, with Reserve Bank of India taking a 60% stake, and renamed it the State Bank of India. In 2008, the government took over the stake held by the Reserve Bank of India. With a 20% market share in loans and deposits among Indian commercial banks, SBI is a massive regional bank. Through its network of branches in India and abroad, SBI offers a variety of banking products, including those intended for non-resident Indians (NRIs). SBI has 57 Zonal Offices spread throughout major Indian cities in addition to 14 regional centres. As of March 31, 2013, SBI had 14,816

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branches throughout India, with 9,851 (66%) located in rural and semi-urban areas. Its revenue for the 2012–13 fiscal year was INR 200,560 Crores (US$ 36.9 billion), of which 95.35% came from domestic operations. In the same fiscal year, domestic operations accounted for 88.37% of overall profits. By adopting a customer-centric approach, the Bank has created products and services that cater to the needs of its esteemed clients throughout their financial life cycle. SBI has expanded its digital footprint in recent years to keep up with the changing dynamics of the Indian economy. The Bank is essential to the realisation of the Digital India vision of the Indian government.

ICICI was founded in 1955, with support from the World Bank, the Indian government, and prominent businesspeople. The main goal was to establish a development finance organisation that would offer Indian companies long- and medium-term project financing. ICICI took use of the new opportunities presented by India's economy's increasing market-orientedness and integration with the global economy to offer a greater range of financial products and services to a wider range of customers. In 1994, ICICI Bank was established as a division of the ICICI organisation. ICICI was the first bank or financial organisation from outside of Japan Asia and the first Indian corporation to list on the New York Stock Exchange in 1999. Numerous services, including as credit and debit cards, insurance, personal and business banking, and loans, are provided by ICICI Bank. Providing loans, mortgages, deposits, and investment products are all included in personal banking services. Accounting, transaction services, and financial planning are all included in business banking offerings. ICICI Bank provides a range of loan products, such as education, house, auto, and personal loans. There are other loan options accessible, such as no-collateral, adjustable-rate, and fixed-rate loans. Life, health, car, and accidental death and dismemberment insurance are among the insurance products that ICICI Bank offers. Customers of ICICI can choose from a variety of goods and services, such as variable annuities and life insurance. Feasibility studies, business planning, project management, vendor and procurement management, contract negotiation, and risk evaluation and mitigation are all included in ICICI's project advising services. It provides a number of services to assist businesses in completing projects more effectively and quickly. The organisation employs a group of seasoned experts who are familiar with the business and industrial environments. They provide project solutions that are specifically adapted to the demands of the client. In order to better comprehend the Indian banking industry, this research paper compares the financial performance of SBI and ICICI Bank. It does this by analysing the relative positions of these two well-known institutions.

## II. REVIEW OF LITERATURE

1. **Pattanaik & Patjoshi, (2021)**[1] assessed the private sector banks' financial performance from 2014–15 to 2018–19. To do this, the data was analysed using the CAMEL Model ratio. The analysis discovered that while both banks performed admirably and complied with RBI regulations, HDFC Bank outperformed ICICI Bank. (C.S. & Undi, 2020), examined the financial results of the chosen banks in the public and private sectors from 2015 to 2019. Ratio analysis was employed to assess the banks' performance.
2. **Jha, (2018)**[2] looked at the PNB and ICICI Bank's financial results from 2011–12 to 2017–18. The analysis was predicated on secondary data, which was gathered from the annual reports of the chosen Banks. The study employed percentages, SD, and ratio analyses as financial tools. According to the report, consumers have more faith in public sector banks than in private ones. When it came to loans and advances, people favoured PNB banks; nonetheless, ICICI bank is more reliable than PNB bank.
3. **Goel & Rekhi, (2013)**[3] From 2009–10 to 2011–12, the public and private sector banks' performance was examined by the authors. The researchers employed three sets of ratios—Return on Equity (ROE), Return on Assets (ROA), and Net Interest Margin (NIM)—to examine the financial performance. The results showed that these ratios have a significant impact on the banks' overall performance.
4. **Singh, B. A. and Tandon, P. (2012)**[4] confirmed that the banking industry is essential to a nation's economic growth. A vast network of bank branches that cater to the various financial needs of the public characterises the banking sector in India. One of the top public sector banks in India is the Banking Company of India, also known as SBI. The second-biggest and most prominent personal sector bank in India is ICICI Bank. The goal of the current study is to evaluate SBI and ICICI Bank's financial performance using concepts such as net profit margin and credit deposit ratios.According to the survey, SBI is more financially stable and behaves responsibly than ICICI Bank; yet, ICICI Bank has better managerial efficiency when it comes to deposits and expenses.

[1] Pattanaik, S., & Patjoshi, P. K. (2021). A Comparative Analysis Of Financial Performance Of Hdfc Bank And Icici Bank Through Camel Approach . *Anvesak, Ugc CARE Group 1 Journal , 51* (1(Xviii)).
[2] Jha, P. (2018). Analyzing Financial Performance (2011-2018) of Public Sector Banks (Pnb) And PrivateSector Banks (Icici) In India. *Ictact Journal On Management Studies, , 4* (3).
[3] Goel, C., & Rekhi, C. B. (2013). A Comparative Study On The Performance of The Public Sector And Private Sector Banks In India.
[4] Singh, BA. & Tandon, P. (2012). A Study of Financial Performance: A Comparative Analysis of SBI and ICICI Bank. International Journal of Marketing, Financial Services & Management Research, Volume 1, Issue 11, pp.56-71.

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5. **Verma et al. (2011)**[5] examine the effectiveness of 88 SCBs using data from the years 1998–1999 to 2007–2008 in their study, "Performance of Scheduled Commercial Banks in India: An application of DEA." The findings show that, in six of the ten years under investigation, the public sector and foreign banks failed to achieve full efficiency scores; therefore, they required to take action to lower costs and enhance output at the specified input level.
6. **Shobana (2010)**[6] uses a non-parametric model to examine the operational efficiency of public sector banks in India. The model calculates the efficiency as a ratio of the output index to the index of the input used. The paper is titled "Operational Efficiency of Public Sector Banks in Indiaa Non-Parametric Model." According to the research, only nine of India's 27 public sector banks—Oriental Bank of Commerce
7. A study conducted by **Kumbirai, M. and Webb, R. (2010)**[7] examines the business banking sector's performance in South Africa from 2005 to 2009. Five significant business banks, mostly with headquarters in South Africa, are evaluated based on their profitability, liquidity, and credit quality using cash ratios. The study discovered that throughout the first two years of the examination, total bank performance grew significantly. At the start of the global financial crisis in 2007, there was a notable shift in trend that peaked in 2008–2009. As a result, the South African banking industry saw declining profit, poor liquidity, and declining loan quality.
8. **Mohi-ud-Din Sangmi; Nazir, T. (2010)**[8] emphasise that a bank's good financial standing serves as a guarantee for its depositors as well as for its shareholders, staff, and the whole economy. In continuation of the present adage, attempts are periodically made to assess each bank's cash balance and administer it in an efficient and effective manner. An attempt has been made to evaluate the cash performance of the two main banks operating in the northern region of the Republic of India throughout this article. Practice Hoofed Mammal Parameters, the most prominent contemporary financial analysis model, has conducted this analysis. Using this model, it is made clear that the banks under examination are in a sound and satisfying situation as of right now in terms of their capital sufficiency, quality, management competency, and liquidity.

**STATEMENT OF PROBLEM**

The effectiveness and efficiency of a nation's financial system mostly depend on the performance and efficiency of its commercial banks. Increasing the banks' productivity and profitability has been the main goal of India's banking sector reforms. Public sector banks controlled a near-monopoly in the sector before banking reforms. But thanks to the financial reforms, a number of international and private banks are expanding their market reach and level of autonomy. Many businesses in India have been significantly impacted by the country's shifting economic landscape, including the banking sector, which is represented by ICICI Bank and State Bank of India (SBI). Market dynamics, regulatory modifications, and economic swings have all had an impact on these massive banking corporations' financial capabilities. This study compares SBI and ICICI Bank's financial results throughout a three-year period (2021–2023) in order to examine ratio disparities and comparative analyses on a range of financial topics. This study aims to offer insights into the banks' performance patterns and their capacity to handle economic issues by doing a comparative analysis of important financial and performance statistics. A deeper understanding of SBI and ICICI Bank's financial health and strategic decision-making will also result from knowing how both banks calculated these ratios in comparison to industry standards. Investors, regulators, and other stakeholders will find the study's conclusions useful in assessing the comparative financial analyses of SBI and ICICI Bank and in making wise investment choices.

**OBJECTIVES**

1. To examine SBI and ICICI Bank's financial performance between 2021 and 2023.
2. To evaluate SBI and ICICI Bank's financial statements.
3. To assess SBI and ICICI Bank's essential financial ratios.

## III. RESEARCH DESIGN

The present study is completely based on Secondary Data. For the purpose of Data collection, the researcher used the official website of State Bank of India, ICICI Bank and moneycontrol.com. The Period of the study for the research work is 3 years starting from 2020 – 2021 to 2022 – 2023. The tools and techniques being used for the study is Comparative Financial Statement and Ratio Analysis. Comparative Financial statements helps to determine the profitability of the business by comparing financial data from two or more accounting periods and between companies. Ratio Analysis is a tool used to check the profitability, Liquidity, and Operational Efficiency of the company

[5] Richa Verma et al. (2011) "Performance of Scheduled com-mercial banks in India: An application of DEA" Decision-Indian Institute of Management, Calcutta, Vol.28, No.1, Apr 2011, Pg.05-76.

[6] Shobana V K (2010) " Operational Efficiency of Public Sector Banks in India- A Non-Parametric Model" The Journal Accounting and Finance, Vol.24, No.2, Apr-Sep 2010, Pg.85-96

[7] Kumbirai, M. and Webb, R. (2010) A financial Ratio Analysis of Commercial Bank Performance in South Africa. African Review of Economics and Finance, 2, 30-53.

[8] Prof. Dr. Mohi-ud-Din Sangmi and Dr. Tabassum Nazir, Analyzing Financial Performance of Commercial Banks in India: Application of CAMEL Model, Journal of Commerce and Social Sciences, 2010 Vol. 4 (1), 40-55.

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through their financial statements. Both the analysis used to assess the liquidity, profitability, Efficiency and solvency position of SBI and ICICI Banks.

# IV. ANALYSIS AND INTERPRETATION

## *A. Comparative Statement Analysis*

**Table 1 Comparative Balance Sheet of SBI and ICICI Bank for the year 2021**

| EQUITIES AND LIABILITIES | SBI BANK | | ICICI BANK | |
|---|---|---|---|---|
| | (Rs. In Cr) | % | (Rs. In Cr) | % |
| SHAREHOLDER'S FUNDS | | | | |
| Equity Share Capital | 892.46 | 0.02 | 1383.41 | 0.11 |
| **Total Share Capital** | 892.46 | 0.02 | 1383.41 | 0.11 |
| Revaluation Reserve | 23577.35 | 0.52 | 3093.59 | 0.25 |
| Reserves and Surplus | 229405.38 | 5.06 | 143029.08 | 11.62 |
| **Total Reserves and Surplus** | 252982.73 | 5.58 | 146122.67 | 11.88 |
| **Total Shareholder's Funds** | 253875.19 | 5.6 | 147509.19 | 11.99 |
| Deposits | 3681277.08 | 81.19 | 932522.16 | 79.79 |
| Borrowings | 417297.7 | 9.2 | 91630.96 | 7.45 |
| Other Liabilities and Provisions | 181979.66 | 4.01 | 58770.37 | 4.78 |
| **Total Capital and Liabilities** | **4534429.63** | **100** | **1230432.68** | **100** |
| | | | | |
| ASSETS | | | | |
| Cash and balance with RBI | 213201.54 | 4.7 | 46031.19 | 3.74 |
| Balance with Bank Money at Call and Short Notice | 129837.17 | 2.86 | 87097.06 | 7.08 |
| Investments | 1351705.21 | 29.81 | 281286.54 | 22.86 |
| Advances | 2449497.79 | 54.02 | 733729.09 | 59.63 |
| Fixed Assets | 38419.24 | 0.85 | 8877.58 | 0.72 |
| Other Assets | 351768.68 | 7.76 | 73411.21 | 5.97 |
| **Total Assets** | **4534429.63** | **100** | **1230432.68** | **100** |
| | | | | |
| CONTIGENT LIABILITIES, COMMITMENTS | | | | |
| Bills for Collection | 1706949.91 | 37.64 | 54643.42 | 4.44 |
| Contingent Liabilities | 1706949.91 | 37.64 | 2648640.67 | 215.26 |

***Source: www.moneycontrol.com***

The Consolidated Balance Sheet of SBI and ICICI Bank for 2021 is shown in Table 1. The total amount of shareholder funds was 5.6% in the instance of SBI, valued at Rs. 253875.19 crore, and 11.99% in the case of ICICI Bank, valued at Rs. 147509.19 crore. In contrast, the high level of shareholder funds at ICICI Bank shows that the bank has a larger percentage of cash from reserves and surplus whereas SBI depends more on equity capital from its shareholders. SBI's 81.19% deposit value of Rs. 3681277.08 crores is higher than ICICI Bank's 79.79% deposit value of Rs. 932522.16 crores, indicating a greater reliance on client deposits for funding. In contrast, SBI has borrowings of Rs. 417297.7 crores (a percentage of 9.2%) and ICICI Bank has borrowings of Rs. 91630.96 crores (7.45%). This difference could be attributed to a different capital structure approach. SBI has total liabilities of Rs. 4534429.63 and ICICI has total liabilities of Rs. 1230432.67 crores. In contrast, the SBI half has more liabilities and total capital.

In terms of assets, ICICI Bank's holdings are valued at Rs. 1230432.68 crore, while SBI's total assets were Rs. 4534429.63 crore. SBI has a bigger percentage of investments—1351705.21 crores, or 29.81%—than ICICI Bank, which has investments of Rs. 281286.54, or 22.86%. SBI has larger investment proportions in comparison. SBI has total advances of Rs. 2449497.79 crores, whereas ICICI bank has total advances of Rs. 733729.09 crores. In comparison, ICICI bank has more advances than SBI, with 59.63% of total advances. Both banking institutions have a healthy level of liquidity. SBI's cash and balances with the RBI total Rs. 213201.54 crores (4.7%), whereas ICICI's are Rs. 46031.19 crores (3.74%).Bills for Collection and Contingent Liabilities, with 37.64% and 4.44%, respectively, are included in SBI and ICICI's contingent liabilities and commitments.

According to the overall analysis, ICICI Bank displays a higher percentage of borrowings and investments, whilst SBI Bank looks to have a more conservative capital structure with a greater reliance on shareholder money and deposits. Differences in business objectives are also reflected in the asset mix, with ICICI Bank allocating more to investments and SBI concentrating more on advances. A more thorough investigation is necessary to determine the causes of ICICI Bank's comparatively high contingent liabilities in relation to its overall capital and liabilities, given the notable disparity in contingent liabilities percentages between the two banks.

**Table 2 Comparative Balance Sheet of SBI and ICICI Bank for the year 2022**

| EQUITIES AND LIABILITIES | SBI BANK | | ICICI BANK | |
|---|---|---|---|---|
| | (Rs. In Cr) | % | (Rs. In Cr) | % |
| SHAREHOLDER'S FUNDS | | | | |
| Equity Share Capital | 892.46 | 0.02 | 1,389.97 | 0.1 |
| **Total Share Capital** | 892.46 | 0.02 | 1,389.97 | 0.1 |
| Revaluation Reserve | 23377.87 | 0.47 | 3,195.66 | 0.23 |
| Reserves and Surplus | 255817.73 | 5.13 | 1,65,659.93 | 11.74 |
| **Total Reserves and Surplus** | 279195.6 | 5.6 | 1,68,855.59 | 11.96 |
| **Total Shareholder's Funds** | 280088.06 | 5.62 | 1,70,511.97 | 12.08 |
| Deposits | 4051534.12 | 81.23 | 10,64,571.61 | 75.43 |
| Borrowings | 4,26,043.38 | 8.54 | 1,07,231.36 | 7.6 |
| Other Liabilities and Provisions | 2,29,931.84 | 4.61 | 68,982.79 | 4.89 |
| **Total Capital and Liabilities** | **49,87,597.41** | **100** | **14,11,297.74** | **100** |

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| | | | | |
|---|---|---|---|---|
| | | | | |
| **ASSETS** | | | | |
| Cash and balance with RBI | 2,57,859.21 | 5.17 | 60,120.82 | 4.26 |
| Balance with Bank Money at Call and Short Notice | 136693.11 | 2.74 | 107701.54 | 7.63 |
| Investments | 14,81,445.47 | 29.7 | 3,10,241.00 | 21.98 |
| Advances | 27,33,966.59 | 54.82 | 8,59,020.44 | 60.87 |
| Fixed Assets | 37,708.16 | 0.76 | 9,373.82 | 0.66 |
| Other Assets | 3,39,924.86 | 6.82 | 64,840.12 | 4.59 |
| **Total Assets** | **49,87,597.41** | **100** | **14,11,297.74** | **100** |
| | | | | |
| **CONTIGENT LIABILITIES, COMMITMENTS** | | | | |
| Bills for Collection | 77,730.12 | 1.56 | 75,150.83 | 5.32 |
| Contingent Liabilities | 20,07,083.44 | 40.24 | 38,67,675.87 | 274.05 |

***Source: www.moneycontrol.com***

The Consolidated Balance Sheet of SBI and ICICI Bank for 2022 is shown in Table 2. The total amount of shareholder funds was 12.08% in the case of ICICI Bank and 5.62% in the case of SBI, with a combined value of Rs. 1,70,511.97 crores and Rs. 279195.6 crores. In contrast, the high level of shareholder funds at ICICI Bank shows that the bank has a larger percentage of cash from reserves and surplus whereas SBI depends more on equity capital from its shareholders. With a proportion of 81.23%, SBI has a higher percentage of deposits worth Rs. 40,51,534.12 crores than ICICI Bank, which has deposits worth Rs. 10,64,571.61 crores, or 75.43%. This indicates that SBI is heavily dependent on client deposits for funding. In contrast, SBI's reserves and surplus amounted to Rs. 279195.6 crores, or a percentage of Rs. 5.6%, while ICICI Bank's reserves and surplus, valued at Rs. 1,68,855.59 crores, have a larger proportion of 11.96%. SBI borrowed Rs. 4,26,043.38 crores with an 8.54% score, while ICICI borrowed Rs. 1,07,231.36 crores with a 7.6% percentage, suggesting that the two banks may have used distinct capital structure strategies. SBI has total capital and liabilities of Rs. 49,87,597.41, whereas ICICI has total capital and liabilities of Rs. 14,11,297.74 crores. In contrast, the SBI half has more liabilities and total capital.

Cash and balances with the RBI, balances with bank money on call and short notice, investments, advances, fixed assets, and other assets are all included in the overall assets when discussing assets. SBI has a bigger percentage of investments—14,81,445.47 crores, or 29.7%—than ICICI Bank, which has investments of Rs. 3,10,241.00, or 21.98%. SBI has larger investment proportions in comparison. SBI has total advances of Rs. 27,33,966.59 crores, whereas ICICI bank has total advances of Rs. 8,59,020.44 crores. In comparison, ICICI bank has more advances than SBI, with 60.87% of total advances. Both banking institutions have a healthy level of liquidity. The amount of cash and balances that SBI has with the RBI is Rs. 2,57,859.21 crores (5.17%), whereas ICICI's is Rs. 60,120.82 crores (4.26%).Bills for Collection and Contingent Liabilities with 1.56% and 5.32% and 40.24 and 274.05 correspondingly, are included in the contingent liabilities and commitments for SBI and ICICI.

Overall, the comparative research shows that SBI Bank and ICICI Bank differ from one another in terms of capital structure, funding sources, asset allocation, and contingent liabilities. Comparing ICICI Bank to SBI Bank, the former exhibits a larger percentage of equity capital from shareholders and a decreased dependency on deposits. Whereas ICICI Bank concentrates more on investments, SBI Bank devotes a bigger percentage of its assets to advances. Concerns are raised by ICICI Bank's noticeably larger contingent liabilities proportion, which calls for further investigation to determine the causes of this discrepancy.

**Table 3 Comparative Balance Sheet of SBI and ICICI Bank for the year 2023**

| EQUITIES AND LIABILITIES | SBI BANK | | ICICI BANK | |
|---|---|---|---|---|
| | (Rs. In Cr) | % | (Rs. In Cr) | % |
| **SHAREHOLDER'S FUNDS** | | | | |
| Equity Share Capital | 892.46 | 0.02 | 1,396.78 | 0.09 |
| **Total Share Capital** | 892.46 | 0.02 | 1,396.78 | 0.09 |
| Revaluation Reserve | 27,756.26 | 0.5 | 3,062.46 | 0.19 |
| Reserves and Surplus | 2,98,959.73 | 5.42 | 1,95,495.25 | 12.34 |
| **Total Reserves and Surplus** | 3,26,715.99 | 5.92 | 1,98,557.72 | 12.53 |
| **Total Shareholder's Funds** | 3,27,608.45 | 5.94 | 2,00,715.38 | 12.67 |
| Deposits | 44,23,777.78 | 80.18 | 11,80,840.70 | 74.54 |
| Borrowings | 4,93,135.16 | 8.94 | 1,19,325.49 | 7.53 |
| Other Liabilities and Provisions | 2,72,457.15 | 4.94 | 83,325.08 | 5.26 |
| **Total Capital and Liabilities** | **55,16,978.53** | **100** | **15,84,206.65** | **100** |
| | | | | |
| **ASSETS** | | | | |
| Cash and balance with RBI | 2,47,087.58 | 4.48 | 68,526.17 | 4.33 |
| Balance with Bank Money at Call and Short Notice | 60812.04 | 1.1 | 50912.1 | 3.21 |
| Investments | 15,70,366.23 | 28.46 | 3,62,329.74 | 22.87 |
| Advances | 31,99,269.30 | 0.58 | 10,19,638.31 | 64.36 |
| Fixed Assets | 42,381.80 | 0.77 | 9,599.84 | 0.61 |
| Other Assets | 3,97,061.58 | 7.2 | 73,200.50 | 4.62 |
| **Total Assets** | **55,16,978.53** | **100** | **15,84,206.65** | **100** |


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| | | | | |
|---|---|---|---|---|
| CONTIGENT LIABILITIES, COMMITMENTS | | | | |
| Bills for Collection | 64,531.08 | 1.17 | 86,454.77 | 5.46 |
| Contingent Liabilities | 18,26,574.12 | 33.11 | 42,83,165.45 | 270.37 |

***Source: www.moneycontrol.com***

The Consolidated Balance Sheet of SBI and ICICI Bank for 2023 is shown in Table 3. For SBI, the total shareholder funds were 5.94%, valued at Rs. 3,27,608.45 crores, while for ICICI Bank, they were 12.67%, valued at Rs. 11,80,840.70 crores. In contrast to ICICI Bank, which has a larger percentage of funds from reserves and surplus, SBI Bank has relatively high shareholder funds, indicating that SBI depends more on equity capital from shareholders. ICICI Bank has a percentage of 74.54% with the value of Rs. 11,80,840.74 crores, while SBI has a higher percentage of deposits worth Rs. 44,23,777.78 crores, or 80.18%. This indicates that SBI is heavily dependent on client deposits for funding. SBI borrowed Rs. 4,93,135.16 crores, scoring 8.94%, whereas ICICI borrowed Rs. 1,19,325.49 crores, scoring 7.53%. This difference could point to the use of a distinct capital structure approach. SBI and ICICI have respective total capital and liabilities of Rs. 55,16,978.53 and Rs. 15,84,206.65 crores. In contrast, the SBI half has more liabilities and total capital.

Cash and balances with the RBI, balances with bank money on call and short notice, investments, advances, fixed assets, and other assets are all included in the overall assets when discussing assets. In that regard, SBI has more investments than ICICI Bank, with Rs. 3,62,329.74, or 22.87%, and Rs. 15,70,366.23 crores, or 28.46%. SBI has larger investment proportions in comparison. SBI and ICICI banks have different total amounts of advances—Rs. 31,99,269.30 and Rs. 10,19,638.31, respectively. SBI has more advances than ICICI, at 0.58%. Both banking institutions have a healthy level of liquidity. The amount of cash and balances that SBI has with the RBI is Rs. 2,47,087.58 crores (4.48%), whereas ICICI's is Rs. 68,526.17 crores (4.33%). Bills for Collection and Contingent Liabilities with 1.17% and 5.46% and 33.11% and 270.37%, respectively, are included in the contingent liabilities and commitments for SBI and ICICI.

The comparison study underscores the distinctions between SBI Bank and ICICI Bank about their capital structure, funding sources, asset allocation, and contingent liabilities. Comparing ICICI Bank to SBI Bank, the former exhibits a larger percentage of equity capital from shareholders and a decreased dependency on deposits. Whereas ICICI Bank concentrates more on investments, SBI Bank devotes a bigger percentage of its assets to advances. Concerns are raised by ICICI Bank's noticeably larger contingent liabilities proportion, which calls for further investigation to determine the causes of this discrepancy. For each of the three years, the financial performances of SBI and ICICI Bank have been fairly strong. In terms of profitability, liquidity, solvency, and efficiency, State Bank of India performs far better than ICICI Bank.

### *B. Ratio Analysis*

**Table 4 Key Financial Ratios of SBI Bank (Rs. In Cr.)**

| Financial Ratios | 2023 | 2022 | 2021 |
|---|---|---|---|
| Basic EPS (₹) | 62.35 | 39.64 | 25.11 |
| Book values [excl. reval res.] / share (₹) | 371.08 | 316.22 | 282.35 |
| Operating revenue per share | 393.12 | 324.91 | 311.63 |
| Net profit / share (₹) | 63.37 | 40.74 | 27.21 |

***Source: www. https://sbi.co.in/***

The financial ratios for State Bank of India (SBI) are highlighted in the above table, which shows a positive trend for all major measures between 2021 and 2023. From ₹25.11 in 2021 to ₹62.35 in 2023, the Basic EPS (Earnings Per Share) climbed dramatically, demonstrating better profitability and earnings production per outstanding share. Similar to this, an increase in shareholders' equity and net asset value per share was reflected in the Book Value per Share, excluding revaluation reserves, which increased from ₹282.35 in 2021 to ₹371.08 in 2023. Operating Revenue per Share increased as well, rising from ₹311.63 in 2021 to ₹393.12 in 2023, demonstrating an enhanced capacity for generating revenue. In addition, Net Profit per Share rose from ₹27.21 in 2021 to ₹63.37 in 2023, indicating improved profitability and effective cost control. Overall, these trends suggest strong financial performance and growth for SBI over the anlayzed period.

**Table 5 Key Financial Ratios of SBI Bank (Rs. In Cr.)**

| Performance Ratios | 2023 | 2022 | 2021 |
|---|---|---|---|
| ROCE (%) | 1.74 | 1.57 | 1.77 |
| Net profit margin (%) | 16.12 | 12.53 | 8.73 |
| Return on assets (%) | 0.93 | 0.65 | 0.46 |
| Return on equity / Net worth (%) | 16.8 | 12.53 | 8.89 |

***Source: www. https://sbi.co.in/***

The performance ratios for State Bank of India (SBI) are shown in Table 5, which shows a mixed pattern from 2021 to 2023. From 1.77% in 2021 to 1.74% in 2023, the bank's ROCE (Return on Capital Employed) somewhat declined, indicating a drop in its efficiency in making money from its capital investments. Nonetheless, the Net Profit Margin shown a noteworthy enhancement, rising from 8.73% in 2021 to 16.12% in 2023, signifying improved profitability and efficient cost control. The Return on Equity

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(ROE) and Return on Assets (ROA) also showed encouraging developments, with ROE/Net worth rising from 8.89% in 2021 to 16.8% in 2023 and ROA rising from 0.46% in 2021 to 0.93% in 2023. Better use of equity and assets is reflected in these advancements, which boost shareholder returns. Overall, even if there are still certain areas that might be improved, including ROCE, the higher profitability and returns on equity and assets indicate that SBI's financial performance and managerial effectiveness were enhanced throughout the time under study.

**Table 6 Key Financial Ratios of ICICI Bank (Rs. In Cr.)**

| Financial Ratios | 2023 | 2022 | 2021 |
|---|---|---|---|
| Basic EPS (₹) | 48.86 | 36.21 | 27.26 |
| Book values [excl. reval res.] / share (₹) | 302.71 | 257.31 | 223.31 |
| Operating revenue per share | 173.35 | 137.28 | 128.9 |
| Net profit / share (₹) | 49.35 | 37.1 | 29.23 |

***Source: www. icici.com***

The financial statistics for ICICI Bank that show a favourable trend across important indicators between 2021 and 2023 are shown in Table 6. From ₹27.26 in 2021 to ₹48.86 in 2023, the Basic EPS (Earnings Per Share) increased steadily, demonstrating increased profitability and earnings per outstanding share. Similar to the net asset value per share and shareholders' equity, the book value per share (excluding revaluation reserves) also demonstrated an upward trend, increasing from ₹223.31 in 2021 to ₹302.71 in 2023. Additionally, operating revenue per share showed growth, rising from ₹128.9 in 2021 to ₹173.35 in 2023 as a result of enhanced operational efficiency and capacity for revenue creation. Furthermore, from ₹29.23 in 2021 to ₹49.35 in 2023, the Net Profit per Share rose, indicating improved profitability and effective cost control. Together, these patterns show that ICICI Bank has had excellent financial performance and growth during the examined period, with increases in earnings, asset value, operational effectiveness, and profitability.

**Table 7 Key Financial Ratios of ICICI Bank (Rs. In Cr.)**

| Performance Ratios | 2023 | 2022 | 2021 |
|---|---|---|---|
| ROCE (%) | 2.86 | 2.58 | 2.86 |
| Net profit margin (%) | 28.46 | 27.02 | 22.67 |
| Return on assets (%) | 1.73 | 1.43 | 1.16 |
| Return on equity / Net worth (%) | 16.1 | 14.04 | 11.9 |

***Source: www. icici.com***

The performance ratios for ICICI Bank are displayed in the above table, which indicates a mixed trend for key measures between 2021 and 2023. With a minor increase from 2.58% in 2022 to 2.86% in 2023, the ROCE (Return on Capital Employed) stayed comparatively steady, demonstrating a steady degree of efficiency in making profits from its capital inputs. Nonetheless, there was an upward trend in the Net Profit Margin, which increased from 22.67% in 2021 to 28.46% in 2023 as a result of increased profitability and efficient cost control. The Return on Equity (ROE)/Net worth and Return on Assets (ROA)/Net worth also demonstrated strong development, with ROE/Net worth going from 11.9% in 2021 to 16.1% in 2023 and ROA rising from 1.16% in 2021 to 1.73% in 2023. These enhancements show improved use of equity and assets, which boosts ICICI Bank's financial performance and increases returns to shareholders. While some metrics, such ROCE, have remained stable overall, ICICI Bank's profitability and returns on equity have increased, indicating better financial performance and managerial effectiveness over the studied period.

## V. FINDINGS OF THE STUDY

1. SBI demonstrated a conservative approach with lesser Shareholder's Funds of 5.6% in 2021 compared to ICICI Bank (11.99%), as per the Comparative Balance Sheet analysis, indicating ICICI Bank's greater reliance on equity capital.

2. SBI continuously maintained a higher percentage of deposits—roughly 80%—than ICICI Bank, which maintained a lower percentage—roughly 79%—demonstrating a reliance on client deposits for funding.

3. ICICI Bank continuously had a greater ratio of borrowings (7.45%) than SBI (9.2%), suggesting that the two banks had different capital structure plans.

4. SBI placed more of an emphasis on loans and advances than ICICI Bank did, allocating 54% of assets to advances as opposed to 60% for ICICI Bank.

5. In 2021, both SBI and ICICI Bank had sizeable contingent liabilities; however, ICICI Bank's exceptionally substantial contingent liabilities, which accounted for 215.26% of its total capital and liabilities, call for additional research. Consistent patterns were noted in 2022 and 2023, indicating the need for ongoing examination of ICICI Bank's contingent liabilities.

6. SBI Bank's Basic EPS increased steadily from 25.11 in 2021 to 62.35 in 2023, while ICICI Bank's Basic EPS increased gradually from 27.26 in 2021 to 48.86 in 2023, based on ratio analysis. Over time, the earnings per share of both institutions saw improvements.

7. The net profit margin (%) of ICICI Bank rose from 22.67% in 2021 to 28.46% in 2023, whereas the net profit margin (%) of SBI Bank increased from 8.73% in 2021 to

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16.12% in 2023. Both banks showed increased profitability as well as efficient cost control.

8. SBI Bank's return on assets (%) increased significantly between 2021 and 2023, rising from 0.46% to 0.93%, and ICICI Bank's return on assets (%) climbed gradually between 2021 and 2023, rising from 1.16% to 1.73%. Both banks showed increased profitability and asset utilisation.

9. While ICICI Bank's Return on Equity / Net Worth (%) increased from 11.9% in 2021 to 16.1% in 2023, SBI Bank's improved from 8.89% in 2021 to 16.8% in 2023. Increased returns on shareholders' equity were demonstrated by both banks.

10. Operating revenue per share increased for both SBI Bank and ICICI Bank over time, a sign of improved operational performance and efficiency. Over the course of the three-year period, both banks' ROCE (%) remained reasonably stable with only minor swings, showing sustained capital efficiency and return on capital used.

## VI. SUGGESTIONS

- ❖ Increasing Shareholder's Funds is the key to lowering dependence on borrowing and improving financial stability for SBI Bank. This might be accomplished by employing tactics like keeping larger earnings or issuing additional stock shares.
- ❖ ICICI Bank ought to focus on minimising its debt and refining its capital structure in order to decrease interest expenses and enhance its profitability. Investigating different funding sources would be advantageous.
- ❖ By diversifying their investment portfolios and maximising the proportion of investments to loans and advances, both banks can improve their asset allocation strategies. In keeping with ICICI Bank's strategy, SBI Bank may want to increase its investment allocation, and ICICI Bank may want to concentrate more on loans and advances in order to balance returns and risk.
- ❖ It is recommended that both banks take proactive measures to control and minimise contingent liabilities, particularly for ICICI Bank, as these liabilities were atypically high.

## VII. CONCLUSION

As an essential intermediary between savers and borrowers, the banking industry facilitates investments, contributes significantly to the whole financial ecosystem, and drives economic growth and stability. Several significant findings that provide light on the operational dynamics and strategic positioning of State Bank of India (SBI) and ICICI Bank within the banking industry are revealed in the context of this "Comparative study on the financial performance of SBI and ICICI Bank." SBI takes a conservative but stable approach, depending more on equity capital and client deposits, while ICICI Bank takes a more dynamic approach, utilising a combination of borrowings and investments, according to an analysis of their financial performance from 2021 to 2023. Key performance indicators such as asset utilisation, profitability ratios, and earnings per share (EPS) have improved for both banks, indicating a dedication to both operational efficiency and shareholder value. While ICICI Bank should concentrate on risk management and optimal asset allocation, SBI should diversify its funding sources. All things considered, these banks are essential to generating value and bolstering the expansion and stability of India's banking industry.

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