

A Study on Financial Statements Analysis using Ratio Analysis in ICICI Bank

¹Dr.D.Pranathi,²Y. Sharon Grace

¹Department Of MBA, Sri Chaitanya Institute Of Technology & Research Ugc Autonomous
Institution Khammam

²Department Of MBA, Sri Chaitanya Institute Of Technology & Research Ugc Autonomous
Institution Khammam

Abstract

Financial statement analysis plays a vital role in evaluating the financial performance, operational efficiency, liquidity position, and profitability of banking institutions. This study focuses on the analysis of financial statements of ICICI Bank using ratio analysis techniques. The research examines various financial ratios such as profitability ratios, liquidity ratios, solvency ratios, efficiency ratios, and turnover ratios to understand the bank's financial health and performance over recent years. Ratio analysis helps investors, management, shareholders, and financial analysts make informed decisions regarding investments and business operations. The study is based on secondary data collected from annual reports, financial statements, journals, and official banking publications. The analysis reveals that ICICI Bank has maintained strong financial growth, improved operational efficiency, and stable profitability despite market fluctuations and economic challenges. The bank has shown significant improvement in asset quality, return on assets, and capital adequacy ratio. The findings indicate that ratio analysis is an effective tool for measuring the financial performance and sustainability of banking organizations. The study concludes that ICICI Bank possesses strong financial stability and competitive market performance in the Indian banking sector.

Keywords: Financial Statement Analysis, Ratio Analysis, ICICI Bank, Financial Performance, Liquidity Ratio, Profitability Ratio, Solvency Ratio, Efficiency Ratio, Capital Adequacy, Banking Sector Analysis.

I. INTRODUCTION

Financial statement analysis is an important process used to evaluate the financial performance and operational efficiency of an organization. In the banking sector, financial analysis helps stakeholders understand the profitability, liquidity, solvency, and overall financial strength of a bank. Ratio analysis is one of the most effective techniques used for interpreting financial statements because it converts raw financial data into meaningful information for decision-making. Banks operate in a highly competitive and regulated environment where maintaining financial stability and profitability is essential for growth and sustainability. ICICI Bank is one of the leading private sector banks in India, providing a wide range of banking and financial services including retail banking, corporate banking, investment banking, insurance, and digital banking solutions. The bank has demonstrated strong financial growth through technological advancements, customer-oriented services, and strategic financial management. This study aims to

analyze the financial statements of ICICI Bank using ratio analysis techniques to understand its financial performance over a specific period. The study evaluates profitability ratios, liquidity ratios, debt-equity ratios, return ratios, and efficiency indicators to identify strengths and weaknesses in the bank's operations. Financial statement analysis also assists investors, creditors, management, and policymakers in assessing the bank's performance and future growth opportunities. Therefore, the study provides valuable insights into the financial position and operational effectiveness of ICICI Bank in the Indian banking industry.

Research Objective:

- To study the concept of financial statement analysis.
- To understand the importance of ratio analysis in banking institutions.

- To analyze the profitability position of ICICI Bank.
- To evaluate the liquidity position of ICICI Bank.
- To examine the solvency and financial stability of the bank.
- To study the operational efficiency of ICICI Bank.
- To compare financial performance using various accounting ratios.
- To identify strengths and weaknesses in the financial performance of the bank.
- To understand the growth trends of ICICI Bank through ratio analysis.
- To provide suggestions for improving financial performance and efficiency.

Research Methodology:

- The study is based on secondary data.
- Data has been collected from annual reports of ICICI Bank.
- Financial statements such as balance sheets and profit & loss accounts were analyzed.
- Information was collected from journals, articles, websites, and banking reports.
- Ratio analysis method was used for financial evaluation.
- Profitability ratios were calculated to measure earning capacity.
- Liquidity ratios were analyzed to evaluate short-term solvency.
- Comparative analysis was used to study financial performance over different years.
- Graphical representation was used for better understanding of data interpretation.
- The study period covers selected recent financial years of ICICI Bank.

II. REVIEW OF LITERATURE

Several researchers have emphasized the importance of financial statement analysis in evaluating organizational performance and decision-making. Ratio analysis has been widely accepted as an effective tool for measuring profitability, liquidity, efficiency, and solvency in financial institutions. Studies conducted on Indian banking organizations reveal that private sector banks have shown significant improvement in operational efficiency and profitability through technological innovation and strategic management practices. Researchers also observed that ratio analysis helps investors and stakeholders compare financial performance among banks and identify growth opportunities. Previous studies on ICICI Bank indicate that the bank has maintained strong capital adequacy, improved asset quality, and increased profitability over the years. Literature further suggests that financial statement analysis assists management in identifying financial risks, improving operational performance, and maintaining long-term sustainability in the competitive banking sector.

III. DATA ANALYSIS & INFERENCES

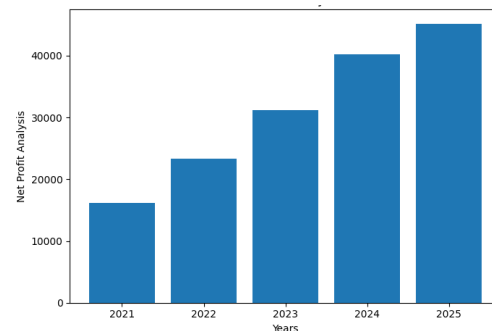


Fig 1: Net Profit Analysis

INTERPRETATION :

The graph shows a steady increase in net profit over the years, indicating improved profitability and operational efficiency of ICICI Bank.

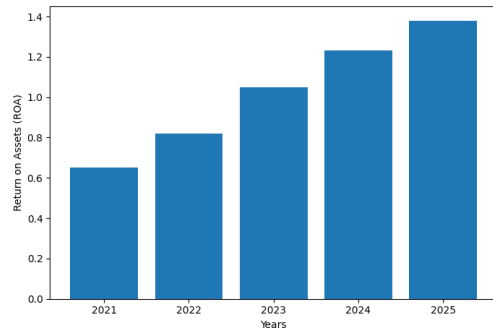


Fig 2: Return On Assets

INTERPRETATION:

The ROA ratio has increased gradually, reflecting efficient utilization of assets for generating profits.

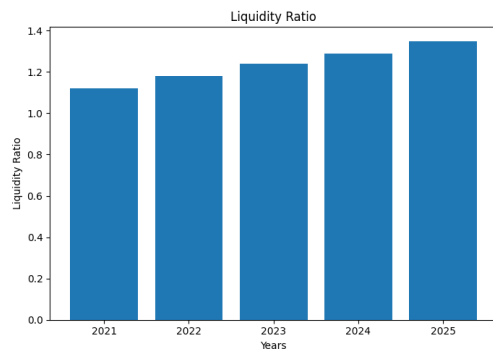


Fig 3: Liquidity Ratio

INTERPRETATION :

The liquidity ratio indicates that the bank maintains sufficient liquid assets to meet short-term obligations.

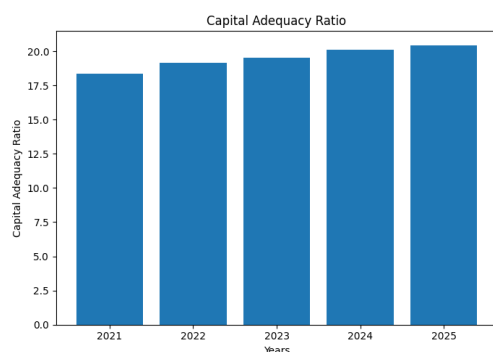


Fig 4: Capital Adequacy Ratio

INTERPRETATION :

The capital adequacy ratio remains strong, showing the bank's ability to manage financial risks effectively.

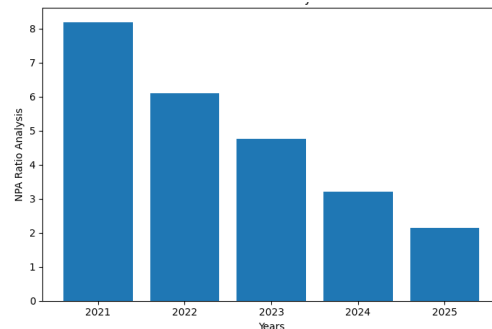


Fig 5: NPA Ration Analysis

INTERPRETATION :

The declining NPA ratio reflects improved asset quality and better credit risk management practices.

IV. FINDINGS

- ICICI Bank has shown steady growth in profitability.
- The bank maintains a satisfactory liquidity position.
- Return on Assets has improved over the study period.
- Capital adequacy ratio indicates strong financial stability.
- Operational efficiency of the bank has increased significantly.
- Asset quality has improved with reduction in NPAs.
- Ratio analysis helps in understanding the financial health of the bank.
- ICICI Bank effectively manages its financial resources.
- The bank has maintained competitive performance in the banking sector.
- Financial statement analysis supports strategic financial decision-making.

V. CONCLUSION

The study concludes that financial statement analysis through ratio analysis is an effective method for evaluating the financial performance of ICICI Bank. The bank has demonstrated strong profitability, stable liquidity, improved asset quality, and sound financial management practices. Ratio analysis provides meaningful insights into operational efficiency and financial stability, helping stakeholders make informed decisions. ICICI Bank continues to maintain

a strong position in the Indian banking industry through effective financial planning and strategic growth initiatives. In the future, this research could be expanded by:

- Ratio analysis simplifies financial statement interpretation.
- ICICI Bank maintains strong profitability performance.
- Liquidity management of the bank is satisfactory.
- Financial stability and solvency are well maintained.
- Asset utilization efficiency has improved consistently.
- Reduction in NPAs reflects better credit management.
- Financial analysis supports future planning and investment decisions.

VI. FUTURE SCOPE

The future scope of the study on financial statement analysis using ratio analysis in ICICI Bank can be expanded by examining the bank's financial performance over a longer period. An extended analysis of balance sheets, profit and loss statements, and cash-flow statements can help identify long-term trends in profitability, liquidity, asset quality, capital strength, and operational efficiency.

Future studies can compare ICICI Bank's financial performance with other leading private and public sector banks in India. Ratios such as net profit margin, return on assets, return on equity, capital adequacy ratio, net interest margin, current ratio, and debt-equity ratio can be used to evaluate the bank's competitive position and financial stability within the Indian banking sector.

The study can also be extended by examining the influence of economic and banking-sector factors on ICICI Bank's financial performance. Variables such as interest rates, inflation, GDP growth, monetary policy, credit growth, non-performing assets, and regulatory changes can be incorporated to understand their impact on the bank's financial results and overall stability.

Another area of future research is the integration of modern analytical techniques with traditional ratio analysis. Statistical

methods, trend forecasting, regression analysis, and data analytics can be used to identify relationships between different financial indicators and predict future financial performance. This can provide more meaningful insights than relying only on individual financial ratios.

Finally, future research can examine the effect of digital banking, fintech adoption, artificial intelligence, cybersecurity investments, and changing customer preferences on ICICI Bank's financial performance. Combining traditional financial statement analysis with technological and operational indicators would provide a more comprehensive assessment of the bank's future growth, efficiency, profitability, and financial sustainability.

VII. REFERENCES

- [1] J. Esha and M. Nagabhaskar, "A study on financial statement analysis of ICICI Bank," *International Journal of Versatile Research and Analysis*, vol. 4, no. 7, pp. h387–h393, 2026, doi: 10.56975/ijvra.v4i7.709236.
- [2] L. Sainath Yada, T. Vara Lakshmi, and K. Anjali, "Financial performance analysis of ICICI Bank using ratio analysis," *International Research Journal on Advanced Engineering and Management*, vol. 2, no. 5, pp. 1691–1693, 2024, doi: 10.47392/IRJAEM.2024.0244.
- [3] K. Banana, V. R. K. R. Chepuri, and V. V. K. Polisetty, "A study on financial performance of ICICI Bank," *IJRDO—Journal of Business Management*, vol. 3, no. 12, pp. 94–106, 2017, doi: 10.53555/bm.v3i12.1717.
- [4] V. A. Almaqtari, E. A. Al-Homaidi, M. I. Tabash, and N. H. Farhan, "The determinants of profitability of Indian commercial banks: A panel data approach," *International Journal of Finance & Economics*, vol. 24, pp. 168–185, 2019, doi: 10.1002/ijfe.1655.
- [5] S. H. Budhedeo and N. Pandya, "Liquidity and business performance: A study of selected Indian banks," *Indian Journal of Finance*, vol. 14, no. 5–7, pp. 7–17, 2020, doi: 10.17010/ijf/2020/v14i5-7/153321.
- [6] P. Gupta and K. K. Jaiswal, "Analysis of financial performance of selected public and private sector banks," *Indian Journal of*

- Finance, vol. 14, no. 1, pp. 45–57, 2020, doi: 10.17010/ijf/2020/v14i1/149856.
- [7] S. Roy, A. K. Misra, P. C. Padhan, and M. R. Rahman, “Interrelationship among liquidity, regulatory capital and profitability—A study on Indian banks,” *Cogent Economics & Finance*, 2019, doi: 10.1080/23322039.2019.1664845.
- [8] A. V. Sidhu, S. Rastogi, R. Gupte, and V. M. Bhimavarapu, “Impact of liquidity coverage ratio on performance of select Indian banks,” *Journal of Risk and Financial Management*, vol. 15, no. 5, p. 226, 2022, doi: 10.3390/jrfm15050226.
- [9] A. A. Janc and Z. Ansari, “Unveiling the financial landscape: Analyzing profitability, productivity, and efficiency of banks in an emerging economy using the CAMELS framework and panel analysis,” *Cogent Business & Management*, 2024, doi: 10.1080/23311975.2024.2399747.
- [10] S. K. Ali, “Analyzing performance of banks in India: A robust regression analysis approach,” *Discrete Dynamics in Nature and Society*, 2022, doi: 10.1155/2022/8103510.
- [11] A. F. Almaqtari, E. A. Al-Homaidi, M. I. Tabash, and N. H. Farhan, “Impact of bank efficiency on the profitability of the banks in India: An empirical analysis using panel data approach,” *International Journal of Financial Studies*, vol. 10, no. 4, p. 93, 2022, doi: 10.3390/ijfs10040093.
- [12] E. T. Lokganathan and T. Christy Cresida, “A study on financial performance of selected public sector banks in India using CAMEL approach,” *ACADEMICIA: An International Multidisciplinary Research Journal*, vol. 9, no. 6, pp. 11–23, 2019, doi: 10.5958/2249-7137.2019.00069.7.
- [13] Y. Singh and R. Milan, “Analysis of financial performance of public sector banks in India: CAMEL,” *Vision: The Journal of Business Perspective*, vol. 22, no. 1, 2023, doi: 10.1177/0976747920966866.
- [14] S. Shukla, “Performance of the Indian banking industry: A comparison of public and private sector banks,” *Indian Journal of Finance*, vol. 10, no. 1, 2016, doi: 10.17010/ijf/2016/v10i1/85843.
- [15] S. Mohanty, “A comparative financial performance of selected public and private sector banks in India,” *Parikalpana: KIIT Journal of Management*, vol. 17, no. 2, pp. 155–174, 2021, doi: 10.23862/kiit-parikalpana/2021/v17/i2/210548.
- [16] D. Chavda, D. Mistry, and S. Deshpande, “Analysis of performance of public and private sector banks in India,” *VIDYA—A Journal of Gujarat University*, vol. 1, no. 1, 2022, doi: 10.47413/vidya.v1i1.80.
- [17] P. Kumari, M. K. Bharat, R. Birau, K. Narendra, R. D. Filip, and S. Kumar, “Analyzing performance of Indian public sector banks using CAMEL approach,” *Annals of ‘Dunarea de Jos’ University of Galati, Fascicle I: Economics and Applied Informatics*, vol. 29, no. 2, 2023, doi: 10.35219/eai15840409334.
- [18] S. G. Parab, S. R. Marathe, L. L. Linson, S. Korgaonkar, and P. Narvekar, “Evaluating key financials of public versus private sector banks in India: An investment perspective,” *Banks and Bank Systems*, vol. 19, no. 4, pp. 274–287, 2024, doi: 10.21511/bbs.19(4).2024.21.
- [19] S. Rajdeep and B. Patra, “Does Basel III—Liquidity Coverage Ratio affect the profitability of Indian public sector banks?” *Vision: The Journal of Business Perspective*, vol. 16, no. 4, 2025, doi: 10.1177/09763996231192027.
- [20] V. Bhatt and M. Arora, “The financial performance appraisal of selected private sector banks in India: An empirical evidence,” *ShodhKosh: Journal of Visual and Performing Arts*, vol. 5, no. 5, 2024, doi: 10.29121/shodhkosh.v5.i5.2024.1872.