



# FINANCIAL PERFORMANCE OF INDIAN OVERSEAS BANK IN TIRUCHIRAPPALLI CITY

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**ABSTRACT:** This research endeavor focuses on evaluating the financial performance of the Indian Overseas Bank's branch in Tiruchirappalli, with a specific emphasis on analyzing its financial trajectory over a designated timeframe. Through the application of financial ratios, common size analysis, and trend analysis, the study aims to provide a comprehensive assessment of the bank's financial standing. Furthermore, it seeks to pinpoint the areas of strength and weakness that underlie the bank's financial performance, ultimately offering recommendations for enhancement. By doing so, this investigation intends to yield informative findings that will be of considerable benefit to various stakeholders, including bank administrators, scholars, academics, and policymakers, thereby shedding light on the overall financial well-being and operational efficiency of the Indian Overseas Bank.

**Key Words:** Financial Performance, Ratio Analysis, Common Size Balance sheet

## I. INTRODUCTION

The banking sector is very important for a country's economic growth. It helps gather savings, supports investments, and encourages financial stability. Banks serve as middlemen for people who save money and those who need to borrow it, playing an important role in helping the economy grow and develop. In India, public sector banks have always been important in offering banking services to different groups of people, especially in rural and semi-urban areas. They help support government programs and encourage everyone to have access to financial services. Indian Overseas Bank (IOB), founded in 1937, is one of the top public banks in India. It has many branches throughout the country and also operates in other countries. The bank provides different financial services including savings and checking accounts, loans, investment options, online banking, and other financial products to serve the various needs of its customers. Over the years, the bank has faced both chances to grow and challenges. This is because of stronger competition, new technology, changes in rules, and shifts in the economy. Analysing a bank's financial performance is important for understanding how well it operates, how much money it makes, and its ability to pay off debts. It shows how well a bank uses its resources, handles risks, and keeps its finances stable in a competitive market. Assessing financial performance also assists stakeholders like investors, customers, management, and policymakers in making smart choices. Tiruchirappalli is a key business and learning hub in Tamil Nadu, where the need for banking and financial services is on the rise. Indian Overseas Bank has many branches in this area that serve people and businesses.

### Theoretical Framework for Ratio Analysis

Ratio analysis is a widely used financial analysis tool that helps in evaluating the financial performance, efficiency, liquidity, profitability, and solvency of an organization by establishing relationships between various financial statement items. It provides meaningful insights into the operational and financial health of an institution by converting raw financial data into interpretable information. In the banking sector, ratio analysis plays a crucial role in assessing performance, risk management, and resource utilization. The theoretical foundation of ratio analysis is based on financial statement analysis principles, which emphasize

comparing numerical relationships over time or across institutions to identify trends, strengths, and weaknesses. Ratios are derived mainly from the balance sheet and income statement and are classified into different categories depending on the purpose of analysis.

1. **Liquidity Ratios:** Liquidity ratios measure the ability of an organization to meet its short-term obligations using its current assets. In banking institutions, liquidity is essential to maintain customer confidence and ensure smooth operations. Examples include current ratio, liquid assets ratio, and cash ratio.
2. **Profitability Ratios:** Profitability ratios evaluate the earning capacity and overall financial performance of an organization. These ratios help in understanding how efficiently a bank generates profit from its assets and equity. Common examples include Return on Assets (ROA), Return on Equity (ROE), Net Profit Ratio, and Operating Profit Ratio.
3. **Solvency Ratios:** Solvency ratios measure the long-term financial stability of an organization and its ability to meet long-term obligations. These ratios are particularly important in banking to assess capital adequacy and risk-bearing capacity. Examples include Debt–Equity Ratio, Capital Adequacy Ratio, and Leverage Ratio.
4. **Efficiency Ratios:** Efficiency ratios analyse how effectively an organization utilizes its assets and resources to generate revenue. In the banking sector, these ratios indicate operational efficiency and management effectiveness. Examples include Asset Turnover Ratio, Advances to Deposits Ratio, and Investment to Assets Ratio.
5. **Growth Ratios:** Growth ratios measure the expansion of financial indicators such as deposits, advances, income, and assets over a period of time. These ratios help in understanding the development and progress of the organization.

### Ratio Analysis Formulas

#### 1. Liquidity Ratios

Liquidity ratios measure the ability of a firm to meet its short-term obligations.

(a) **Current Ratio:** Indicates the company's ability to pay current liabilities using current assets.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

(b) **Quick Ratio (Acid Test Ratio):** Measures immediate short-term liquidity excluding inventory.

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

(c) **Cash Ratio:** Shows the company's ability to pay liabilities with available cash.

$$\text{Cash Ratio} = \frac{\text{Cash} + \text{Marketable Securities}}{\text{Current Liabilities}}$$

#### 2. Profitability Ratios

Profitability ratios evaluate the earning capacity of the firm.

(a) **Gross Profit Ratio**

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$$

(b) **Net Profit Ratio**

$$\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} \times 100$$

(c) **Return on Assets (ROA)**

$$\text{ROA} = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100$$

(d) **Return on Equity (ROE)**

$$\text{ROE} = \frac{\text{Net Profit After Tax}}{\text{Shareholders' Equity}} \times 100$$

#### 3. Solvency Ratios (Leverage Ratios)

Solvency ratios measure the long-term financial stability and debt-paying ability.

(a) **Debt-Equity Ratio**

$$\text{Debt Equity Ratio} = \frac{\text{Total Debt}}{\text{Shareholders' Equity}}$$

(b) **Proprietary Ratio**

$$\text{Proprietary Ratio} = \frac{\text{Shareholders' Funds}}{\text{Total Assets}}$$

(c) **Interest Coverage Ratio**

$$\text{Interest Coverage Ratio} = \frac{\text{EBIT}}{\text{Interest Expense}}$$

#### 4. Activity Ratios (Efficiency Ratios)

These ratios measure how efficiently the company uses its assets.

(a) **Inventory Turnover Ratio**

$$\text{Inventory Turnover} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

(b) Debtors Turnover Ratio

$$\text{Debtors Turnover} = \frac{\text{Net Credit Sales}}{\text{Average Debtors}}$$

(c) Total Asset Turnover Ratio

$$\text{Total Asset Turnover} = \frac{\text{Net Sales}}{\text{Total Assets}}$$

(d) Working Capital Turnover Ratio

$$\text{Working Capital Turnover} = \frac{\text{Net Sales}}{\text{Working Capital}}$$

## II. REVIEW OF LITERATURE

**Madhavan S (2025) "A Study on Financial Performance Analysis of Indian Overseas Bank Using Camel Model"**

Banks play a vital role in economic development by mobilizing savings and allocating financial resources to productive sectors. In India, commercial banks operate in a dynamic regulatory environment driven by technological advancement, globalization, and economic reforms. Evaluating bank performance is essential for regulators, investors, depositors, and policymakers. Among various performance evaluation tools, the CAMEL model is recognized globally for assessing the financial health of banks using five critical indicators.

**Ms. Malathi (2025) "A Study on Financial Statement Analysis of Indian Overseas Bank"** The financial sector serves as the backbone of any economy, ensuring the smooth functioning of trade, industry, agriculture, and services by facilitating the flow of funds. Banks, especially public sector banks in India, play a pivotal role in this system by mobilizing savings and channeling them into productive investments. They offer a wide range of financial services such as deposit mobilization, lending, investment advisory, remittances, and foreign exchange services, thereby acting as financial intermediaries between savers and borrowers.

## III. OBJECTIVES OF THE STUDY

The objectives of the study is to related on the financial performance include in Indian overseas bank are as follow.

1. To analyse the overall financial performance of Indian Overseas Bank during the selected period using financial statements and key performance indicators.
2. To examine the profitability position of the bank by applying profitability ratios such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Ratio.
3. To evaluate the liquidity and solvency position of the bank through liquidity ratios and capital adequacy measures.

## IV. STATEMENT OF THE PROBLEM

The statement of the problems in related to study from financial performance are as follow.

The banking sector is important for a country's economic growth because it collects savings and directs money into useful investments. Indian Overseas Bank is one of the top public banks in India. It offers many financial services to people in both cities and rural areas, including those in Tiruchirappalli. Financial performance shows how well a bank operates. It indicates how efficient the bank is, how much profit it makes, its ability to pay its debts, and its overall financial health.

## IV. SCOPE OF THE STUDY

The Scope the Study is base on the following ways of financial performance.

This study focuses on examining how well the Indian Overseas Bank is doing financially, specifically looking at its activities in the city of Tiruchirappalli. The study mainly looks at how strong the bank is financially, how well it operates, and how much it has grown during the chosen time frame. It uses information gathered from annual reports, financial statements, and other published sources. The study focuses on Tiruchirappalli city, where Indian Overseas Bank has several branches. The bank serves a wide range of customers, including people, businesses, and organizations.

## V. RESERCH METHODOLOGY

- ✓ The study is guided by the following research methods. The Financial Performance of Indian Overseas Bank in Tiruchirappalli City.
- ✓ The research design for this study is both analytical and descriptive.
- ✓ This study looks at how well Indian Overseas Bank is doing financially in the city of Tiruchirappalli by using financial ratios and comparing its performance.

- ✓ The research seeks to analyse financial information in an organized way to understand how well the bank operates and how stable its finances are. Sure! Please provide the text you'd like me to paraphrase, and I'll be happy to help. The study focuses on the city of Tiruchirappalli in Tamil Nadu.
- ✓ We will analyse certain branches of the Indian Overseas Bank that are located in the city.
- ✓ Data Sources: The research uses both primary and secondary information.
- ✓ Primary data can be gathered by using organized questionnaires, talking with bank employees, and having conversations with customers to learn about how the bank operates and the services it provides.
- ✓ Secondary data comes from sources like annual reports of the Indian Overseas Bank, financial statements, reports from the Reserve Bank of India (RBI), journals, books, official websites, and other important publications.
- ✓ The study examines the tools used for analysis, focusing on Ratio Analysis and Common Size Balance Sheets. Please provide the text you would like me to paraphrase. The study takes place over a span of five years.

## VII. LIMITATION OF THE STUDY

1. The study is limited only to Tiruchirappalli city.
2. The analysis depends mainly on secondary financial data available in annual reports.
3. Time constraints and limited access to internal bank information may affect the depth of analysis.
4. Financial performance is influenced by external economic factors which are beyond the scope of the study.

## VIII. DATA ANALYSIS AND INTERPRETATION

### 1. RATIO ANALYSIS

Table - 1

CAPITAL ADEQUACY RATIO (SHAREHOLDERS' FUNDS TO TOTAL ASSETS)

Formula:

$$\text{Capital Adequacy Ratio} = \frac{\text{Shareholders' Funds}}{\text{Total Assets}} \times 100$$

Year	Shareholders' Funds (₹ Cr)	Total Assets (₹ Cr)	Ratio (%)
2021	451.89	274,229.33	0.16
2022	4,115.69	299,656.41	1.37
2023	5,973.63	313,449.90	1.91
2024	5,936.40	351,869.32	1.69
2025	9,603.79	394,707.97	2.43

Source: Secondary Data

Analysis:

The capital adequacy ratio shows an improving trend over the years, indicating strengthening financial stability and improved capacity to absorb risks. The significant increase in 2025 suggests capital infusion and improved retained earnings.

Table - 2

DEBT-EQUITY RATIO (BORROWINGS TO SHAREHOLDERS' FUNDS)

Formula:

$$\text{Debt-Equity Ratio} = \frac{\text{Borrowings}}{\text{Shareholders' Funds}}$$

Year	Borrowings (₹ Cr)	Shareholders' Funds (₹ Cr)	Ratio
2021	3,671.58	451.89	8.12
2022	3,070.64	4,115.69	0.75
2023	20,803.77	5,973.63	3.48
2024	30,387.17	5,936.40	5.12
2025	42,227.66	9,603.79	4.40

Source: Secondary Data

Analysis:

The ratio fluctuates due to changes in borrowings and capital base. A high ratio indicates dependence on external funds, which is common in banking; however, the improvement in 2025 reflects stronger equity support.

**Table - 3**  
**ADVANCES TO DEPOSITS RATIO (CREDIT-DEPOSIT RATIO)**

**Formula:**

$$\text{CD Ratio} = \frac{\text{Advances}}{\text{Deposits}} \times 100$$

Year	Advances (₹ Cr)	Deposits (₹ Cr)	Ratio (%)
2021	127,741.42	240,352.78	53.14
2022	144,253.56	262,213.76	55.01
2023	178,067.68	260,973.59	68.24
2024	213,330.13	286,121.48	74.57
2025	245,555.17	311,938.82	78.73

**Source: Secondary Data**

**Analysis:**

The increasing credit-deposit ratio indicates improved lending performance and better utilization of deposits for income-generating activities. The bank shows strong credit growth after 2022.

**Table - 4**  
**INVESTMENT TO TOTAL ASSETS RATIO**

**Formula:**

$$\text{Investment Ratio} = \frac{\text{Investments}}{\text{Total Assets}} \times 100$$

Year	Investments (₹ Cr)	Total Assets (₹ Cr)	Ratio (%)
2021	95,484.88	274,229.33	34.81
2022	98,267.22	299,656.41	32.79
2023	93,642.52	313,449.90	29.87
2024	99,193.92	351,869.32	28.19
2025	110,587.97	394,707.97	28.03

**Source: Secondary Data**

**Analysis**

The declining proportion indicates a strategic shift from investments to advances, suggesting a focus on core banking operations and higher interest income.

**Table - 5**  
**LIQUID ASSETS TO TOTAL ASSETS RATIO**

**Formula:**

$$\text{Liquidity Ratio} = \frac{\text{Cash} + \text{Balances with RBI} + \text{Banks}}{\text{Total Assets}} \times 100$$

Year	Liquid Assets (₹ Cr)	Total Assets (₹ Cr)	Ratio (%)
2021	30,982.44	274,229.33	11.29
2022	36,951.26	299,656.41	12.33
2023	20,820.83	313,449.90	6.64
2024	18,814.90	351,869.32	5.35
2025	21,219.63	394,707.97	5.38

**Source: Secondary Data**

**Analysis:**

Liquidity declined after 2022, indicating funds were redirected toward lending activities. While moderate liquidity is acceptable, excessive decline may increase short-term risk exposure.

**Overall Interpretation**

The ratio analysis reveals that the bank has experienced substantial growth in assets, advances, and deposits during the study period. Capital strength improved significantly in recent years, indicating better financial resilience. The rising credit-deposit ratio reflects effective deployment of funds into productive lending activities, which can enhance profitability. However, declining liquidity ratios suggest the need for careful liquidity management to avoid short-term financial stress. Overall, the financial performance shows a positive trajectory with strengthening capital structure and improved operational efficiency.

## COMMON SIZE BALANCE SHEET ANALYSIS WITH INTERPRETATION Based on Financial Data of Indian Overseas Bank

A common size balance sheet expresses each item as a percentage of total assets (or total liabilities). This helps in understanding the structural composition and changes in financial position over time. The data used for analysis is taken from the consolidated balance sheet for the period 2021–2025.

**Table - 1**  
**COMMON SIZE BALANCE SHEET – LIABILITIES (PERCENTAGE TO TOTAL)**

Particulars	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)
Shareholders' Funds	0.16	1.37	1.91	1.69	2.43
Deposits	87.64	87.51	83.26	81.32	79.02
Borrowings	1.34	1.02	6.64	8.64	10.70
Other Liabilities	4.78	3.72	2.17	2.22	2.11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Secondary Data

### Inference:

The common size analysis shows that deposits constitute the major portion of total liabilities throughout the study period, reflecting the bank's dependence on customer deposits as the primary source of funds. However, the proportion of deposits has gradually declined from 87.64% in 2021 to 79.02% in 2025, indicating diversification of funding sources. Shareholders' funds have increased significantly from 0.16% in 2021 to 2.43% in 2025, which indicates strengthening capital base and improved financial stability. Borrowings have also increased during the period, particularly after 2023, suggesting increased reliance on external funds to support business expansion. Other liabilities show a declining trend, indicating better liability management.

**Table - 2**  
**COMMON SIZE BALANCE SHEET – ASSETS (PERCENTAGE TO TOTAL)**

Particulars	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)
Cash & Balances with RBI	4.44	5.57	5.47	4.81	4.59
Balances with Banks	6.85	6.76	1.17	0.54	0.79
Investments	34.81	32.79	29.87	28.19	28.03
Advances	46.58	48.14	56.80	60.63	62.19
Fixed Assets	1.06	1.12	1.18	1.06	1.18
Other Assets	6.23	5.62	5.49	4.77	3.21
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Secondary Data

### Inference:

On the assets side, advances represent the largest proportion of total assets, increasing from 46.58% in 2021 to 62.19% in 2025. This indicates strong growth in lending activities and improved utilization of funds for income-generating purposes. Investments as a percentage of total assets show a declining trend over the period, suggesting a strategic shift from investments toward advances to enhance profitability. Cash and balances with RBI remain relatively stable, ensuring adequate liquidity position. Balances with banks have significantly decreased after 2022, which indicates that surplus funds were redirected toward lending operations. Fixed assets remain constant with a very small proportion, which is typical for banking institutions. Other assets show a gradual decline, reflecting efficient asset utilization and management.

## IX. SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

### FINDINGS

#### Findings from Ratio Analysis:

- The significant increase in 2025 suggests capital infusion and improved retained earnings.
- A high ratio indicates dependence on external funds, which is common in banking; however, the improvement in 2025 reflects stronger equity support.
- Improved lending performance and better utilization of deposits for income-generating activities.
- redirected toward lending activities. While moderate liquidity is acceptable, excessive decline may increase short-term risk exposure.

#### Findings from Common Size Balance sheet:

- suggesting increased reliance on external funds to support business expansion. Other liabilities show a declining trend, indicating better liability management.
- Fixed assets remain constant with a very small proportion, which is typical for banking institutions. Other assets show a gradual decline, reflecting efficient asset utilization and management.

**X SUGGESTIONS:**

The financial performance of the study is conducted by the following's suggestion are as follow. The bank should strengthen its credit monitoring system and adopt effective recovery measures to reduce non-performing assets (NPAs). Proper borrower evaluation and follow-up mechanisms will improve asset quality. The bank should expand digital banking facilities such as mobile banking, internet banking, and cashless transaction services to attract younger customers and improve service efficiency. Maintaining strong relationships with customers through personalized services, quick grievance redressal, and awareness programs can increase customer satisfaction and loyalty. Increasing the number of branches and ATMs in semi-urban and rural areas of Tiruchirappalli can help the bank reach more customers and improve deposit mobilization. Regular training programs should be conducted for employees to improve their technical skills, customer handling ability, and knowledge of modern banking practices.

**XI. CONCLUSION**

This research undertook a comprehensive examination of the financial health of Indian Overseas Bank, focusing specifically on its operations in Tiruchirappalli city. By scrutinizing crucial financial metrics, including deposit levels, lending activities, investment portfolios, and the bank's overall financial standing over a designated timeframe, the study aimed to gauge the bank's performance. The findings suggest a steady upward trajectory in the bank's primary banking functions, marked by notable advancements in deposit accumulation and loan disbursements. This uptrend underscores enhanced operational efficacy and bolstered customer trust. A detailed analysis of trends and financial ratios reveals the bank's resilience in maintaining financial stability, notwithstanding the challenges prevalent in the banking industry.

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