



EVALUATION OF FINANCIAL PERFORMANCE OF PUNJAB NATIONAL BANK THROUGH FINANCIAL RATIO ANALYSIS

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ABSTRACT: This study employs a comprehensive ratio analysis to assess the financial performance of Punjab National Bank, emphasizing its operational efficacy, liquidity, profitability, and solvency. A thorough analysis of essential financial indicators, including the capital adequacy ratio, non-performing assets ratio, return on assets, and net profit margin, uncovers the strengths and weaknesses of the bank's financial administration. The research adeptly examines trends and performance indicators utilizing data from the bank's historical annual reports. The research highlights the significance of ratio analysis as a resource for managers, investors, and policymakers to make educated choices. Furthermore, the examination illustrates how quantitative financial metrics reflect an organization's comprehensive sustainability and well-being. In public sector banking, offering a clear financial summary promotes responsibility and openness. This research enhances comprehension of Punjab National Bank's prospects and obstacles inside the present economic landscape.

KEYWORDS: *Financial Performance, Ratio Analysis, Liquidity, Profitability, Solvency, Capital Adequacy Ratio, Non-Performing Assets (NPAs), Return on Assets (ROA), Net Profit Margin, Financial Management, Public Sector Banks.*

1. INTRODUCTION

Ratio analysis is a financial technique used to evaluate a company's financial position by examining its income statement and balance sheet. It helps assess profitability, liquidity, solvency, and operational efficiency.

By analysing different financial ratios, investors and analysts can understand a company's performance, compare it with competitors, and identify changes in its financial condition over time. Since financial statements are publicly available, ratio analysis is also useful for external stakeholders who want to understand a company's financial health.

Ratio analysis is particularly important for public sector banks (PSBs) because it provides insights into their financial stability and operational performance. It helps evaluate key areas such as liquidity, profitability, asset quality, and capital adequacy. Comparing financial ratios across different periods and banks enables stakeholders to identify strengths and weaknesses and make informed decisions. For public sector banks such as Punjab National Bank (PNB), ratio analysis provides a systematic way to assess financial performance and operational efficiency. By examining the relationship between the income statement and balance sheet, management, investors, and



regulators can evaluate the bank's financial condition and compare its performance with industry standards. This analysis also helps identify areas that require improvement.

Public sector banks play an important role in economic development by accepting deposits, providing loans, and supporting government initiatives. Therefore, evaluating their financial performance is essential. Ratio analysis helps assess how effectively these banks manage risks, utilise resources, and generate profits. It also supports transparency, accountability, and the early identification of potential financial problems, contributing to the long-term stability and sustainable growth of the banking sector.

2. REVIEW OF LITERATURE

Kumar S. S. and Ahmed (2026) examined the financial performance of public sector banks using ratio analysis. Their study focused on profitability, liquidity, asset quality, solvency, and operational efficiency. The findings highlighted the importance of financial ratios in evaluating bank performance and supporting managerial decisions.

Shrivastav and Pandya (2026) assessed the financial strength of selected public sector banks using the CAMEL framework. The study examined capital adequacy, asset quality, management efficiency, earnings, and liquidity. This approach helps identify financial weaknesses, evaluate risk, and compare the performance of banks such as Punjab National Bank (PNB).

Sharma (2025) analysed the financial performance of major Indian public sector banks using financial ratios. The study highlighted changes in profitability,

liquidity, and asset quality following the COVID-19 pandemic. It also emphasised the impact of non-performing assets (NPAs) and the importance of regulatory compliance in maintaining financial stability.

Verma (2025) studied the relationship between financial ratios, profitability, and operational efficiency in Indian public sector banks. The analysis covered liquidity, return on assets (ROA), return on equity (ROE), leverage, and cost efficiency. The study highlighted the role of effective cost management and financial ratio analysis in improving performance and supporting strategic decisions.

Rao (2024) evaluated selected public sector banks based on profitability, liquidity, and operational efficiency. The study used financial ratios to assess short-term financial stability, asset quality, and managerial performance. The findings highlighted the usefulness of ratio analysis in comparing banks and developing financial strategies.

Kumar (2024) examined the financial performance of selected public sector banks, focusing on capital adequacy and risk management. The study considered liquidity, profitability, NPAs, and operational efficiency. It emphasised the importance of asset recovery, regulatory compliance, and financial ratio analysis in improving banking performance.

Reddy (2023) analysed the financial ratios of Indian public sector banks, focusing on profitability, liquidity, and operational efficiency. The study highlighted the importance of effective cash management, loan recovery, and cost control. It also identified NPAs as a major concern affecting financial performance and



stressed the value of ratio analysis in strategic planning.

Nair (2023) investigated the financial performance of selected Indian public sector banks using profitability, liquidity, and efficiency ratios. The study examined cash management, interest income, operating expenses, and asset quality. The findings highlighted the role of ratio analysis in identifying financial risks, comparing bank performance, and planning future strategies.

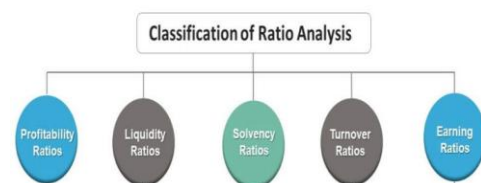
Menon (2023) evaluated the financial and operational performance of selected public sector banks through ratio analysis. The study examined liquidity, profitability, NPAs, leverage, and cost efficiency. It emphasised that monitoring financial ratios and complying with regulatory requirements are important for maintaining stability and supporting managerial decisions.

Choudhary (2023) assessed the financial health of selected Indian public sector banks using profitability, liquidity, and efficiency indicators. The study examined the effects of operating costs, interest income, NPAs, and financial leverage. The findings highlighted the importance of comparative analysis and regular financial monitoring for improving bank performance.

Singh (2022) studied the financial condition and operational efficiency of public sector banks using ratio analysis. The study focused on liquidity management, profitability, asset utilisation, and NPAs. It concluded that financial ratios are useful for evaluating banking performance, identifying risks, and supporting lending and investment decisions.

Iyer (2022) examined the profitability, liquidity, and solvency of Indian public sector banks. The study used financial ratios to evaluate short-term obligations, financial leverage, asset quality, and operational efficiency. The findings emphasised the importance of ratio analysis in comparing banks, monitoring financial trends, and making informed financial decisions.

3. CLASSIFICATIONS OF RATIO ANALYSIS



PROFITABILITY RATIOS

Profitability ratios evaluate a company's earnings in relation to its expenses and other relevant expenditures. In order to evaluate the efficiency of a company's resource allocation in generating profits, investors require profitability ratios. Enterprises that exhibit robust profitability metrics are frequently considered to be attractive investment opportunities.

Gross Profit Margin: The gross profit margin ratio evaluates a company's profitability by indicating the percentage of revenue that exceeds the cost of goods sold. A more effective production methodology or enhanced pricing authority are indicated by an elevated gross margin.

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

Net Profit Margin: It represents the percentage of revenue that is converted into earnings after all expenses, including taxes and interest, have been deducted. An



increased net profit margin indicates enhanced cost management and operational efficiency. It is calculated by dividing revenue by net profit.

$$\text{Net Profit Margin} = \frac{\text{Net Profit After Tax}}{\text{Net Sales}} \times 100$$

Return on Equity (ROE): demonstrates the extent to which an organization can generate revenue by utilizing the capital of its proprietors. The effective deployment of equity is typically indicated by an elevated return on equity (ROE). The efficient utilization of equity capital to generate returns for owners is indicated by an elevated return on equity (ROE).

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

Return on Assets (ROA): Assesses the efficiency of a company in utilizing its resources to generate revenue.

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

LIQUIDITY RATIOS

The liquidity ratios, which are indicators of a company's financial adaptability and liquidity, are used to assess its capacity to satisfy immediate obligations. Enterprises that maintain favorable liquidity ratios are more capable of managing unexpected expenses and weathering economic downturns. A company's ability to address unexpected financial obligations or economic downturns without requiring external funding sources is assessed by liquidity ratios. Financial stability is significantly influenced by a robust liquidity position.

Current Ratio: A company's ability to leverage its short-term assets to satisfy its short-term obligations is evaluated by this ratio. The company's ability to fulfill its obligations is indicated by a ratio that

exceeds 1. Investors frequently favor a ratio that falls within the range of 1.5 to 3, which indicates a strong equilibrium between assets and liabilities.

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

Quick Ratio (Acid-Test Ratio): The fast ratio, which evaluates a company's ability to utilize its most liquid assets to satisfy short-term liabilities, is calculated by subtracting inventory from current assets. It provides a more prudent perspective by omitting inventory. It is an exhaustive liquidity evaluation that evaluates the current financial stability of an organization.

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

SOLVENCY RATIOS

Solvency ratios are financial indicators that assess a company's ability to satisfy its long-term obligations. These ratios demonstrate a company's ability to sustain operations over time by evaluating the extent to which its assets exceed its liabilities. The probability of an economic downturn or an increase in interest rates may be increased by elevated debt levels. Investors can ascertain whether firms are more well-positioned for long-term financial health and debt oversight by examining solvency ratios within a sector or relative to rivals.

Debt-to-Equity Ratio: Determines the proportion of a company's assets that are financed through debt and equity. A potential increase in risk and liabilities is indicated by elevated ratios. The financial robustness of a company is less susceptible to the risks associated with debt commitments when the debt-to-equity ratio decreases.



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

Interest Coverage Ratio: demonstrates an organization's ability to satisfy its extant liabilities' interest obligations. It evaluates the extent to which a company can utilize earnings before interest and taxes (EBIT) to satisfy its interest obligations. A greater capacity to satisfy interest obligations is suggested by elevated ratios. A firm's financial stability may be indicated by a high interest coverage ratio, which indicates a reduced risk of debt obligations. A reduced TIE ratio suggests a higher level of risk, as the company may encounter challenges in utilizing operational earnings to satisfy interest obligations.

$$\text{Interest Coverage Ratio} = \frac{\text{Earnings Before Interest and Taxes (EBIT)}}{\text{Interest Expense}}$$

TURNOVER RATIOS

Turnover ratios are financial metrics that evaluate a company's efficiency in generating income or sales by examining the utilization of its assets or resources. During a particular accounting period, the ratios demonstrate the efficiency and velocity with which a company can convert its assets—including inventories, accounts receivable, and fixed assets—into cash or sales.

Inventory Turnover Ratio: Evaluates the frequency with which a company sells and replenishes its inventory over a specified timeframe.

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Inventory}}$$

Accounts Receivable Turnover Ratio: assesses the efficiency of a company in recovering funds from its credit customers.

$$\text{Accounts Receivable Turnover Ratio} = \frac{\text{Net Credit Sales}}{\text{Average Accounts Receivable}}$$

Accounts Payable Turnover Ratio: assesses the rate at which a company pays its vendors.

$$\text{Accounts Payable Turnover Ratio} = \frac{\text{Net Credit Purchases}}{\text{Average Accounts Payable}}$$

Asset Turnover Ratio: Assesses the efficiency of a company in generating revenue by utilizing its entire asset base.

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

Fixed Asset Turnover Ratio: assesses the efficiency of a company in generating revenue through the utilization of its tangible assets, including equipment and facilities.

$$\text{Fixed Asset Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Net Fixed Assets}}$$

EARNING RATIOS

Investors utilize earnings ratios to evaluate the profitability of their assets. Investors and shareholders are provided with information regarding their interest income through the use of these ratios. In order to anticipate its future performance, fundamental business analysis is evaluated.

Earnings per share (EPS): This ratio is used to determine the earnings per share that equity shareholders can receive. Furthermore, it includes earnings per share outstanding. Convertible debt is accounted for in diluted earnings per share.

$$\text{EPS} = \frac{\text{Net Profit After Tax} - \text{Preference Dividend}}{\text{Number of Equity Shares Outstanding}}$$

Dividends payout ratio: It investigates the relationship between equity investors' profits and dividend distributions. It would be impossible to select a ratio that deviates from 30% to 50%.



$$\text{Dividend Payout Ratio} = \frac{\text{Dividend per Share (DPS)}}{\text{Earnings per Share (EPS)}} \times 100$$

Dividend per share (DPS): The ratio of outstanding shares to dividend disbursements is determined.

$$\text{DPS} = \frac{\text{Total Dividends Paid to Equity Shareholders}}{\text{Number of Equity Shares Outstanding}}$$

3. ROLE OF RATIO ANALYSIS IN PUBLIC SECTOR BANKS

1. Assessment of Financial Performance

Ratio analysis helps evaluate the overall financial performance of public sector banks by examining their income statements and balance sheets. Indicators such as Return on Equity (ROE) and Return on Assets (ROA) show how effectively a bank uses its resources to generate profits. Analysing these ratios also helps identify financial trends and assess the bank's long-term sustainability.

2. Measurement of Operational Efficiency

Operational efficiency is important for public sector banks because they manage large deposit portfolios and extensive branch networks. Ratios such as the credit-deposit ratio and advances-to-deposits ratio help assess how effectively deposits are utilised for lending. Expense ratios also indicate how well a bank controls its operating costs, helping management identify opportunities to improve efficiency.

3. Creditworthiness and Risk Evaluation

Ratio analysis helps assess the financial risks faced by public sector banks. The Capital Adequacy Ratio (CAR) indicates

the bank's ability to absorb financial losses, while Non-Performing Asset (NPA) ratios provide information about the quality of its loans. Examining these indicators helps management, investors, and regulators understand the bank's financial strength and identify potential risks.

4. Comparative Analysis

Ratio analysis enables public sector banks to compare their financial performance with other public, private, and foreign banks. By examining industry benchmarks and financial indicators, banks can identify areas where their performance is strong or requires improvement. Such comparisons also support decisions related to organisational reforms, modernisation, and operational development.

5. Regulatory Compliance

Public sector banks must comply with financial regulations established by the Reserve Bank of India (RBI) and applicable Basel standards. Ratios such as the Capital to Risk-Weighted Assets Ratio (CRAR) and Liquidity Coverage Ratio (LCR) help evaluate capital strength and short-term liquidity. Regular monitoring of these indicators supports regulatory compliance and helps maintain the stability of banking operations.

6. Profitability Measurement

Profitability analysis helps determine how effectively a bank generates income from its assets, capital, and lending activities. Measures such as ROA, ROE, and Net Interest Margin (NIM) provide insights into the bank's earning capacity and resource utilisation. Monitoring these ratios helps management identify changes in profitability and develop strategies for sustainable financial growth.



7. Liquidity Management

Liquidity management ensures that public sector banks have sufficient funds to meet withdrawal demands and short-term financial obligations. Liquidity indicators help assess the availability of funds and the bank's ability to meet its commitments when required. Effective liquidity management is essential for maintaining depositor confidence and reducing the risk of financial difficulties.

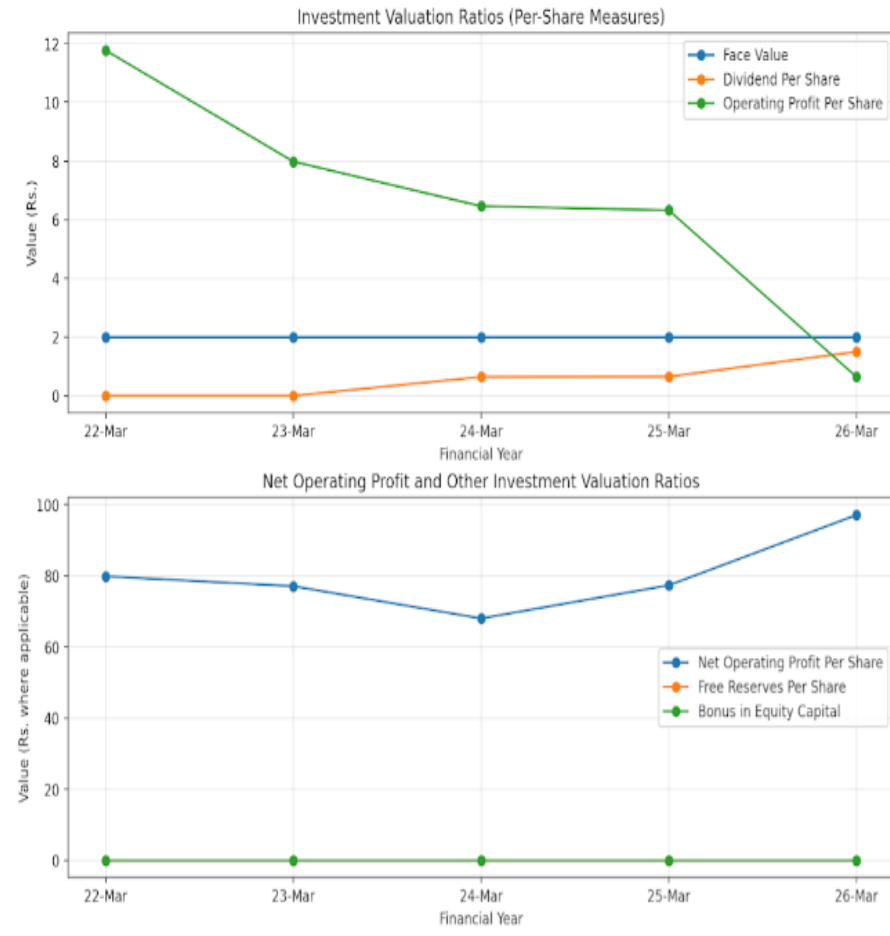
Public sector banks are accountable to various stakeholders, including the government, investors, depositors, and the public. Financial ratios provide useful information about a bank's profitability, liquidity, solvency, and overall financial position. Strong financial indicators can improve stakeholder confidence, while regular financial evaluation promotes transparency and supports informed decision-making.

8. Investor and Stakeholder Confidence

4. DATA ANALYSIS

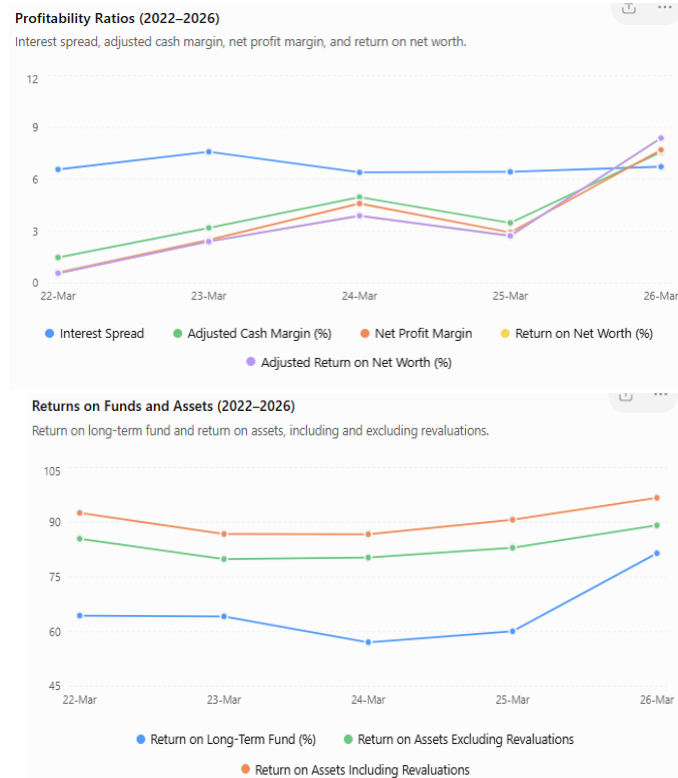
Investment Valuation Ratios

Investment Valuation Ratios	26-Mar	25-Mar	24-Mar	23-Mar	22-Mar
Face Value	2	2	2	2	2
Dividend Per Share	1.5	0.65	0.64	0	0
Operating Profit Per Share (Rs)	0.64	-6.32	-6.46	-7.98	-11.77
Net Operating Profit Per Share (Rs)	97.09	77.33	68	77.07	79.85
Free Reserves Per Share (Rs)	0	0	0	0	0
Bonus in Equity Capital	0	0	0	0	0



Profitability Ratios

Profitability Ratios	26-Mar	25-Mar	24-Mar	23-Mar	22-Mar
Interest Spread	6.74	6.44	6.41	7.6	6.58
Adjusted Cash Margin(%)	7.59	3.49	4.98	3.2	1.49
Net Profit Margin	7.71	2.94	4.61	2.5	0.62
Return on Long Term Fund(%)	81.5	60.1	57.1	64.19	64.41
Return on Net Worth(%)	8.39	2.74	3.9	2.41	0.58
Adjusted Return on Net Worth(%)	8.39	2.74	3.9	2.41	0.58
Return on Assets Excluding Revaluations	89.16	83.01	80.32	79.92	85.49
Return on Assets Including Revaluations	96.7	90.69	86.72	86.79	92.55



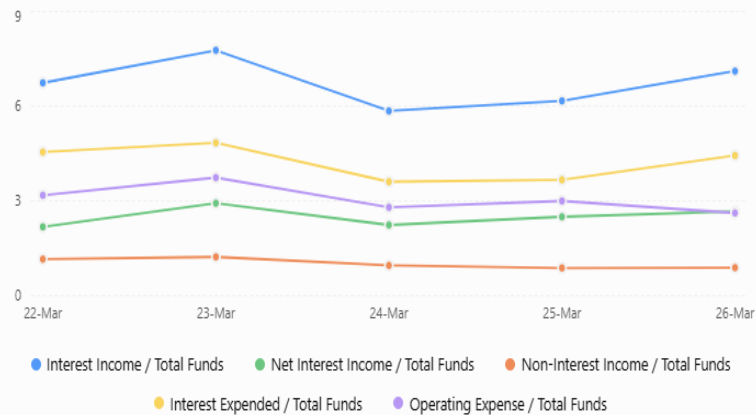
Management Efficiency Ratios

Management Efficiency Ratios	26-Mar	25-Mar	24-Mar	23-Mar	22-Mar
Interest Income / Total Funds	7.11	6.17	5.85	7.77	6.74
Net Interest Income / Total Funds	2.67	2.5	2.24	2.93	2.18
Non Interest Income / Total Funds	0.89	0.88	0.96	1.23	1.16
Interest Expended / Total Funds	4.44	3.67	3.61	4.84	4.55
Operating Expense / Total Funds	2.62	3	2.8	3.74	3.18
Profit Before Provisions / Total Funds	0.88	0.31	0.34	0.33	0.09
Net Profit / Total Funds	-0.23	-1.14	-1.01	-1.68	-1.71
Loans Turnover	0.12	0.11	0.11	0.14	0.12
Total Income / Capital Employed(%)	8	7.05	6.81	9	7.9
Interest Expended / Capital Employed(%)	4.44	3.67	3.61	4.84	4.55
Total Assets Turnover Ratios	0.07	0.06	0.06	0.08	0.07
Asset Turnover Ratio	0.07	0.06	0.06	0.08	0.07



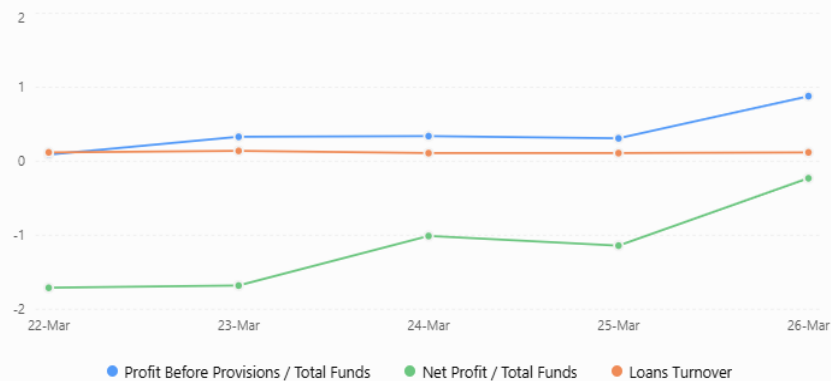
Income and Expenditure Ratios

Management efficiency ratios from March 2022 to March 2026.



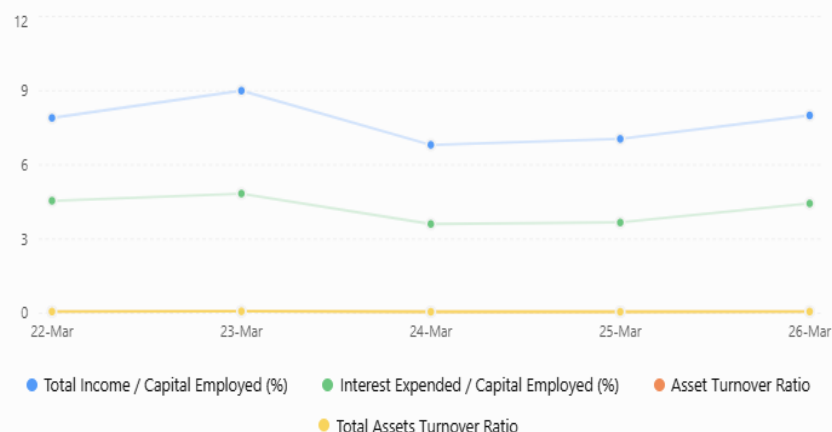
Profitability and Turnover Ratios

Profit before provisions, net profit and loan turnover.



Capital Employed and Asset Turnover Ratios

Total income and interest expended relative to capital employed, along with asset turnover.



Profit And Loss Account Ratios

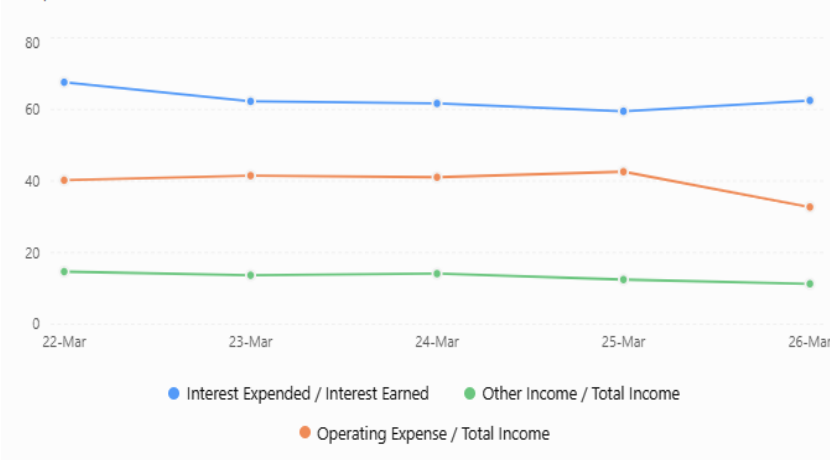




Profit And Loss Account Ratios	26-Mar	25-Mar	24-Mar	23-Mar	22-Mar
Interest Expended / Interest Earned	62.5	59.49	61.68	62.26	67.59
Other Income / Total Income	11.13	12.48	14.13	13.69	14.7
Operating Expense / Total Income	32.74	42.61	41.07	41.51	40.22
Selling Distribution Cost Composition	0.08	0.11	0.11	0.06	0.14

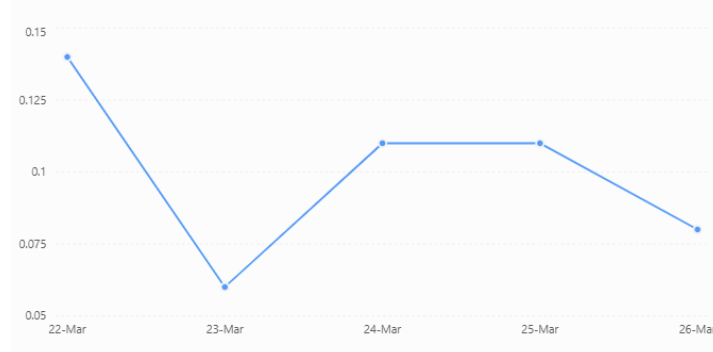
Profit and Loss Account Ratios

Comparison of three ratios from March 2022 to March 2026.



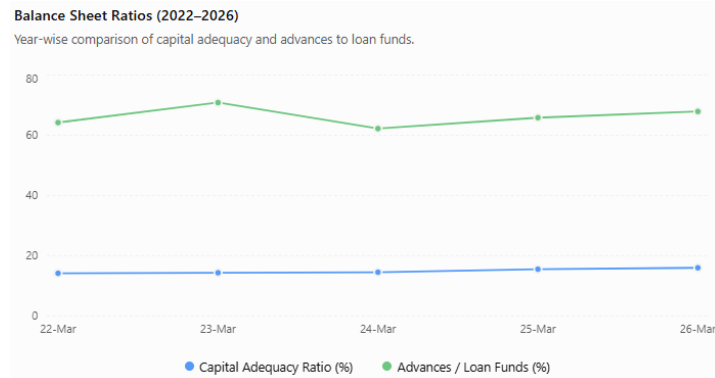
Selling Distribution Cost Composition

Year-wise trend from March 2022 to March 2026.



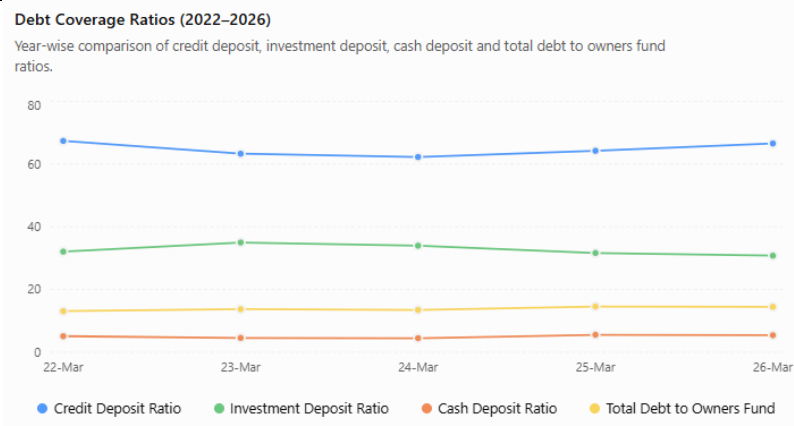
Balance Sheet Ratios

Balance Sheet Ratios	26-Mar	25-Mar	24-Mar	23-Mar	22-Mar
Capital Adequacy Ratio	15.97	15.5	14.5	14.32	14.14
Advances / Loans Funds (%)	67.89	65.83	62.21	70.85	64.22



Debt Coverage Ratios

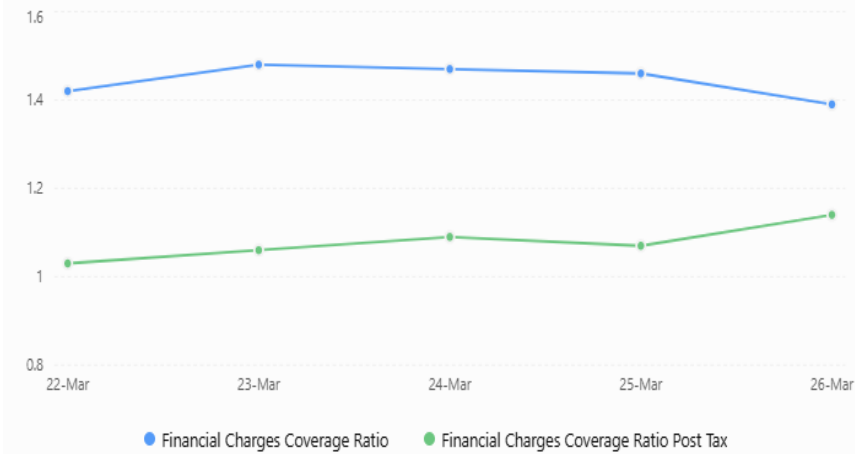
Debt Coverage Ratios	26-Mar	25-Mar	24-Mar	23-Mar	22-Mar
Credit Deposit Ratio	66.59	64.23	62.26	63.31	67.4
Investment Deposit Ratio	30.79	31.65	33.97	34.99	32.07
Cash Deposit Ratio	5.4	5.55	4.47	4.55	5.11
Total Debt to Owners Fund	14.47	14.58	13.48	13.72	13.09
Financial Charges Coverage Ratio	1.39	1.46	1.47	1.48	1.42
Financial Charges Coverage Ratio Post Tax	1.14	1.07	1.09	1.06	1.03





Financial Charges Coverage Ratios (2022–2026)

Comparison of financial charges coverage ratio before and after tax.

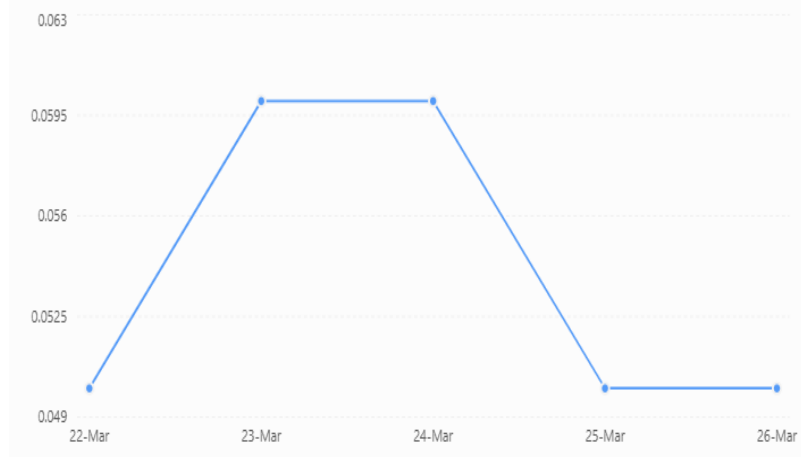


Leverage Ratios

Leverage Ratios	26-Mar	25-Mar	24-Mar	23-Mar	22-Mar
Current Ratio	0.05	0.05	0.06	0.06	0.05
Quick Ratio	30.25	33.09	31.22	38.46	38.31

Current Ratio (2022–2026)

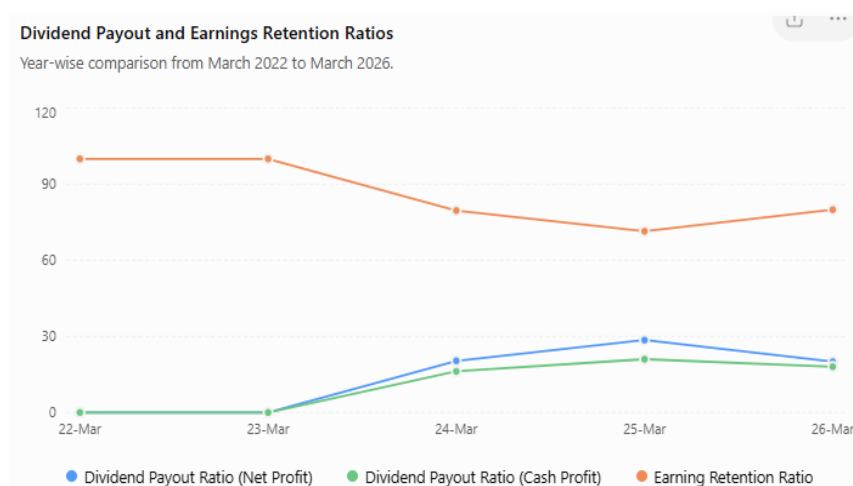
Year-wise trend in the current ratio.





Cash Flow Indicator Ratios

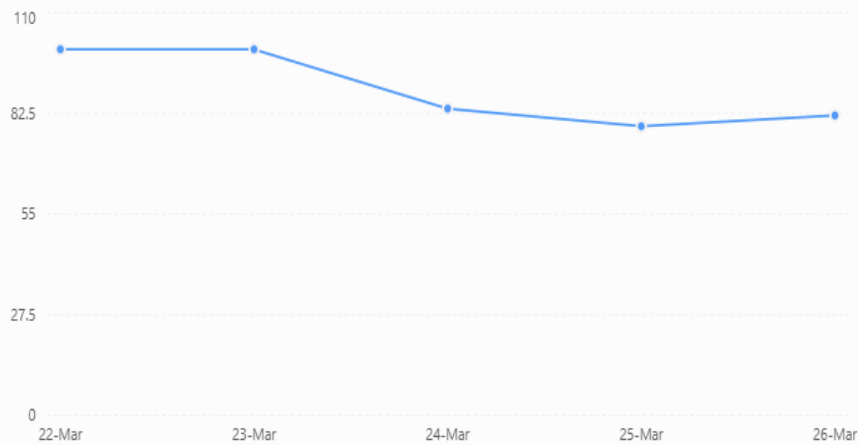
Cash Flow Indicator Ratios	26-Mar	25-Mar	24-Mar	23-Mar	22-Mar
Dividend Payout Ratio Net Profit	20.03	28.54	20.38	0	0
Dividend Payout Ratio Cash Profit	18.07	21.02	16.21	0	0
Earning Retention Ratio	79.97	71.46	79.62	100	100
Cash Earning Retention Ratio	81.93	78.98	83.79	100	100
Adjusted Cash Flow Times	149.86	376.4	263.77	369.2	745.7





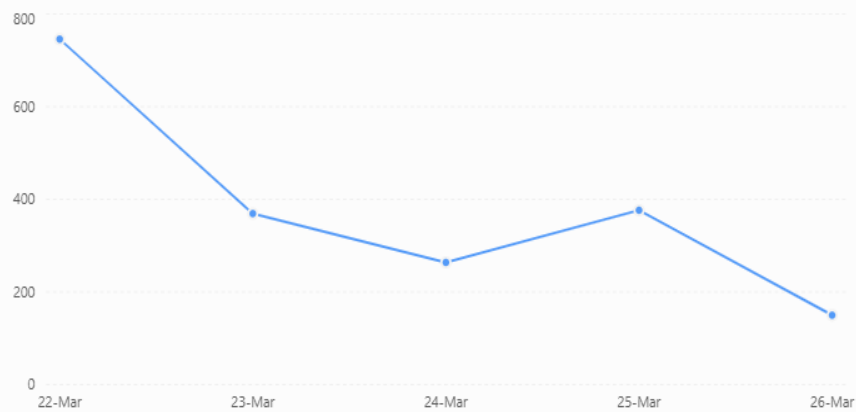
Cash Earning Retention Ratio (2022–2026)

Year-wise cash earning retention ratio.



Adjusted Cash Flow Times (2022–2026)

Year-wise adjusted cash flow times.



Balance Sheet of Punjab National Bank (in Rs. Cr.)

Balance Sheet of Punjab National Bank (in Rs. Cr.)	26-Mar	25-Mar	24-Mar	23-Mar	22-Mar
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	2,298.59	2,202.20	2,202.20	2,202.20	2,095.54
Total Share Capital	2,298.59	2,202.20	2,202.20	2,202.20	2,095.54



Revaluation Reserve	0	8,305.63	8,455.13	7,048.62	7,200.41
Reserves and Surplus	125,063.66	95,968.74	89,198.33	86,236.07	81,641.36
Total Reserves and Surplus	125,063.66	104,274.37	97,653.46	93,284.69	88,841.77
Total Share Holders Funds	127,362.25	106,476.57	99,855.66	95,486.90	90,937.31
Deposits	1,566,623.28	1,369,712.81	1,281,163.10	1,146,218.45	1,106,332.47
Borrowings	83,776.71	50,429.85	51,291.73	45,681.41	42,840.31
Other Liabilities and Provisions	40,408.49	35,215.77	29,520.87	27,418.27	20,522.52
Total Capital and Liabilities	1,818,170.73	1,561,835.01	1,461,831.36	1,314,805.02	1,260,632.62
ASSETS					
Cash and Balances with Reserve Bank of India	64,304.61	65,032.91	78,176.58	56,636.12	43,958.83
Balances with Banks Money at Call and Short Notice	84,415.23	64,071.67	76,932.23	76,010.66	67,390.88
Investments	497,311.25	420,318.21	395,996.72	372,167.76	392,983.25
Advances	1,077,474.57	934,430.59	830,833.98	728,185.68	674,230.08
Fixed Assets	13,053.39	12,318.77	12,051.07	10,673.61	11,020.90
Other Assets	81,611.68	65,662.85	67,840.78	71,131.20	71,048.68
Total Assets	1,818,170.73	1,561,835.01	1,461,831.36	1,314,805.02	1,260,632.62

Description:

1. Investment Valuation Ratios: PNB's nominal value remained at ₹2 throughout the study period. Net operating profit per share increased from ₹79.85 in March 2022 to ₹97.09 in March 2026, while operating profit per share declined.

2. Profitability Ratios: PNB's net profit margin increased from 0.62% to 7.71%, and return on net worth rose from 0.58% to 8.39%. These changes indicate improvement in several profitability indicators.

3. Management Efficiency Ratios: Net interest income as a percentage of total assets increased from 2.18 to 2.67. Operating expenses relative to total assets declined, suggesting improved cost efficiency.

4. Profit and Loss Account Ratios: The operating expense-to-total-income ratio decreased from 42.61 in March 2025 to 32.74 in March 2026. However, the interest expenditure-to-income ratio increased to 62.50.

5. Balance Sheet Ratios: PNB's capital adequacy ratio improved from 14.14% in March 2022 to 15.97% in March 2026. The advances-to-loan-funds ratio fluctuated during the study period.

6. Debt Coverage Ratios: The credit-deposit ratio increased to 66.59 in March 2026. Other indicators, including the investment-deposit ratio and financial charge coverage, showed variations over the period.

7. Leverage Ratios: The current ratio remained between 0.05 and 0.06, while the quick ratio declined from 38.31 to 30.25. These figures require interpretation in the context of banking operations.

8. Cash Flow Indicator Ratios: The earnings retention ratio increased to 79.97 in March 2026, while the cash profit retention ratio declined to 81.93. The changes reflect variations in profit retention and dividend distribution.

5. CONCLUSION

In conclusion, ratio analysis is a critical instrument for public sector banks, as it offers a comprehensive framework for assessing their financial health, operational efficiency, and long-term stability. The most important things for banks to evaluate are their liquidity, profitability, capital sufficiency, and asset quality. This allows them to see where they stand and what needs fixing quickly. Management may make well-informed decisions and maintain a competitive edge by continuous monitoring, trend analysis, and comparison with industry standards. Ratio analysis is now more predictive and accurate because to data analytics and technological advancements, allowing for better risk management and strategy planning. Consistent progress is guaranteed when ratio targets are in line with long-term objectives including increasing operational efficiency, expanding access to financial services, and enhancing the quality of assets. Staff training on a regular

basis and transparent reporting on progress make ratio findings more useful and increase accountability. By including non-financial variables such as technological adoption and client contentment, a more comprehensive picture of banking success can be obtained. In conclusion, public sector banks play a crucial role in the economy, and they are able to do this through improving resource allocation, increasing profitability, decreasing risks, and maintaining financial stability through rigorous and systematic ratio analysis.

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