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Bank of Maharashtra

December 01, 2022

Initiating coverage on Bank of Maharashtra...



"Significant transformation witnessed across all fronts over the last few years after coming in trouble in FY18; the Bank today has become a name to reckon with and is on track to reach the next level"

Investment recommendation and rationale

At CMP of Rs. 26.45, the stock is valued at a P/BV of 1.52x (Book Value per share as on H1FY23 - Rs. 17.36) which we believe is reasonable and at discount to some of the peer PSU Banks considering the strong fundamentals of the Bank. After strong turnaround and overall transformation in the last few years, we expect the Bank to reach the next orbit in the coming years.

We recommend a **"Buy"** with a target price of Rs. 34.72 (P/BV multiple of 2x at H1FY23 Book Value). We believe the Company deserves a premium in valuation due to the following factors:

- 1) The Bank has improved its performance significantly on all fronts from FY18 when the Bank was under severe pressure and is now consistently reporting good performance in the last few years and several quarters. From Net loss of Rs. 4,784 Crore in FY19 the Bank reported Net profit of Rs. 1,152 Core in FY22 and Rs. 987 Crore in H1FY23.
- 2) CASA share in Total deposits has improved significantly from 48 percent in FY18 to 56.27 percent as on Q2FY23. As a result, NIMs have improved from 2.32 percent in FY18 to 3.41 percent as on Q2FY23.
- 3) Today, Bank of Maharashtra has become, one of the most efficient PSU Bank with Cost/Income ratio of 38.82 percent as on Q2FY23 from 55.24 percent in FY18.
- 4) On the asset quality front, the Bank has improved by leaps and bounds over the past few years after being in pressure in FY18 and FY19. The Bank's Gross NPA ratio has come down to 3.40 percent in Q2FY23 from 19.48 percent in FY18. Net NPAs have come below 1 percent in Q2FY23 from 11.24 percent in FY18. The Bank is well provided for Stressed Book (PCR further improved to 96.06 percent from 58.71 percent in FY18), comfortable credit cost of 1.04% (annualised) for Q2FY23.
- 5) The Bank's Impressive CASA share in total deposits has improved to 56.27 percent as on Q2FY23 from 47.74 percent in FY18.
- 6) In Q2FY23, the Company delivered strong overall performance on various parameters like credit growth, good NII growth, improved treasury performance despite macroeconomic headwinds like rising bond yields etc., good outlook for the future - As per Shri. A.S. Rajeev - Managing Director and Chief Executive Officer of the Bank, the bank aims to maintain NIM in the range of 3.50%, advances growth of 20-22% (upto 25%). The Management expects Credit cost in the range of 1.3 - 1.4 percent for FY23 which is very encouraging. Strong capital adequacy, consistent improvement in RoE and RoA instills confidence in the Bank.

CMP	Rs. 26.45 (Face value: Rs. 10)
Book value	Rs. 17.36 per share as on H1FY23
Recommendation	Buy
Target price	Rs. 34.72
Upside	31.26%
52 Week High/Low	Rs. 30.10 /Rs. 15
Market Cap	Rs. 17,802.16 Crore
NSE/BSE code	MAHABANK/532525
Bloomberg code	BOMH:IN
Government of India holding	90.97%
Price performance	1 month: 27.78%, 3 months: 46.13 %, YTD: 37.76%, 1 Year: 38.12 %, 3 years: 113.13%

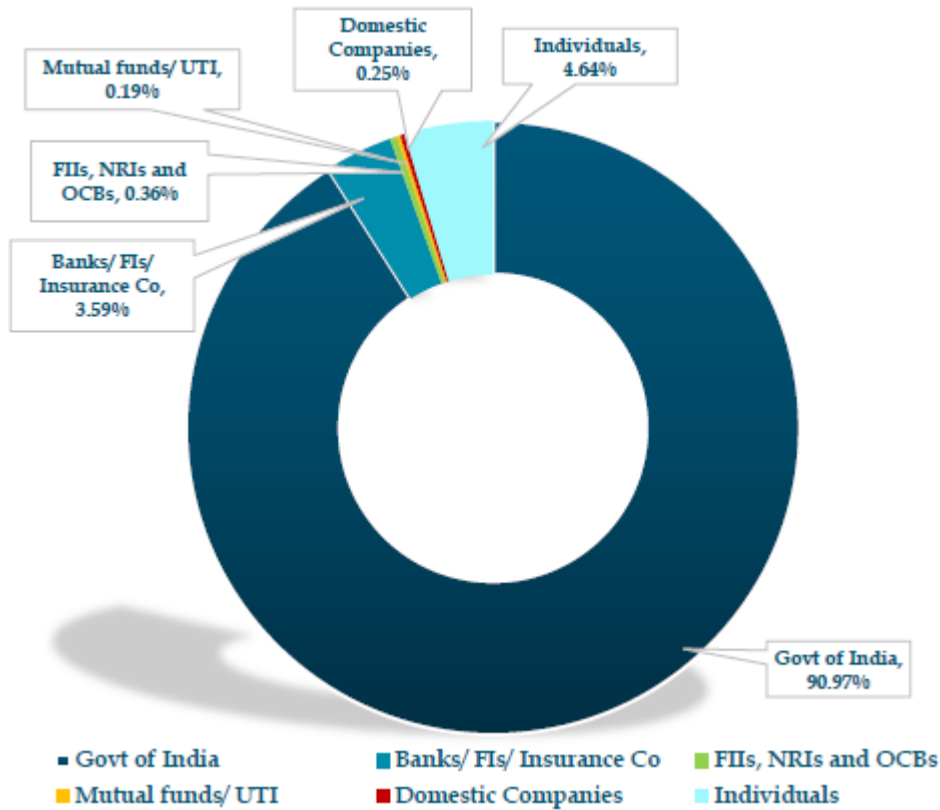
Particulars (₹ Crore)	H1FY23	FY22	FY21	FY20
Total Business	3,44,065	3,37,534	2,81,659	2,44,955
Gross Advances	1,48,216	1,35,240	1,07,654	94,889
Growth	9.59	25.62	13.45	1.52
RAM Advances	86,250	80,699	67,986	54,359
RAM (%)	58.19	60	63	57
Deposits	1,95,849	2,02,294	1,74,006	1,50,066
CASA (%)	56.27	57.85	53.99	50.29
C/D ratio (%)	76#	66.85	61.87	63.23
Net Interest income	3,573	6,044	4,897	4,279
NIM (%)	3.41	3.15	2.84	2.60
Operating profit	2,664	4,848	3,958	2,847
Cost/Income (%)	39.35	44.26	47.39	51.97
Net Profit	987	1,152	550	389
Equity share cap.	6,730.5	6,730.5	6,560	5,824
Networth	11,681.6	10,175.8	8,019.20	
CRAR (%) (Basel II)	16.71~	16.48	14.49	13.52
GNPA (%)	3.40	3.94	7.23	12.81
NNPA (%)	0.68	0.97	2.48	4.77
PCR (%)	96.06	94.79	89.86	83.97
Book value per share(₹)	17.36	15.12	12.22	11.99
RoA (%)	0.87	0.55	0.30	0.23
RoE (%)	16.90	11.45	7.17	6.32

Source: Bank of Maharashtra Q2FY23 Investor presentation, FY22 Annual Report, # denotes as on Q2FY23, ~ as per Basel III

Particulars	Q2FY23	Q1FY22	QoQ (%)	Q2FY22	YoY (%)
Total Income	4,317	3,774	14.39	4,039	6.89
Total Expenses	2,855	2,573	11.00	2,639	8.19
Operating profit	1,462	1,202	21.64	1,400	4.43
Provisions & contingencies Other than taxes	579	548	5.63	938	(38.22)
Profit before tax	883	653	35.09	462	90.98
Tax expense	348	201	72.52	198	75.10
Net Profit	535	452	18.40	264	102.93

Source: Bank of Maharashtra Q2FY23 result press release

Shareholding pattern



Source: Bank of Maharashtra Q2FY23 Investor presentation

Q2FY23 result update

- 1) Net Interest Income (NII) grew by 4.59 percent on QoQ basis to Rs. 1,686 Crore in Q1FY23 as against Rs. 1,612 Crore in Q4FY22. Net interest margin (NIM) improved to 3.55 percent to Q2FY23 as against 3.28 percent in Q1FY23.
- 2) Operating profit registered a good growth of 21.64 percent on QoQ basis to Rs. 1,462 Crore in Q2FY23 as against Rs. 1,202 Crore in Q1FY23.
- 3) Non Interest income improved to Rs. 502 Crore in Q2FY23 as against Rs. 317 Crore in Q1FY23. Fee based income increased to Rs. 306 Crore in Q2FY23 as against Rs. 281 Crore in Q1FY23. Treasury income stood at Rs. 36 Crore in Q2FY23 as against loss of Rs. 92 Crore in Q1FY23.
- 4) With regards to pressure on investment book, the Bank management said that portfolio is protected and there is nothing to worry.
- 5) On a sequential basis, Cost to Income Ratio improved to 38.82 percent in Q2FY23 as against 39.99 percent in Q1FY23.
- 6) Net Profit witnessed a growth of 18.40 percent on QoQ basis to Rs. 535 Crore in Q2FY23 as against Rs. 452 Crore in Q1FY23.
- 7) The Bank's gross Advances witnessed a growth of 5.45 per cent on QoQ basis to Rs. 1,48,216 Crore in Q2FY23 as against Rs.1,40,561 Crore in Q1FY23 led by growth in Retail, MSME and Corporate book.
- 8) The Bank's Managing Director & CEO A. S. Rajeev stated that the bank's growth of 28.62% on YoY basis was much better than the industry growth. He said that the Bank's Q2FY23 results were good in the present economic scenario.

- 9) The Corporate book has witnessed good growth of 5.05 percent on QoQ basis to touch Rs. 61,965 Crore in Q2FY23 as against Rs. 58,986 Crore (42% of Gross advances) in Q1FY23. Earlier, in Q1FY23 analyst concall, the Bank management had said that in the Corporate book, the Bank's exposure is to infrastructure sector with a mix of infrastructure projects like Airports, Affluent Treatment plant - Projects of Namami Gange etc.
- 10) Replying to an analyst's query as to from where the growth will come going forward, the MD & CEO said that it focussing on RAM segment. He further added that Bank expects credit growth in the range of 20-22 per cent for the whole of FY23 & added that the Bank had a 7-8% excess SLR of Rs.14,000-15,000 crore which would be diverted to expand credit in the second half of FY23.

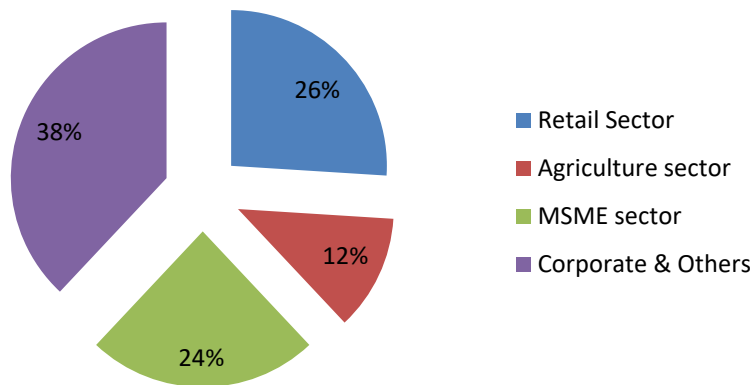
The MD & CEO of the Bank said "The corporate sector may not grow much in future, because they have already utilized the limits and so we are not much going aggressively in the corporate sector. So, as per our board's direction we are targeting mainly RAM sector that was the reason we are concentrated now, yesterday also we have reduced our interest rates in case of housing loans and other retail sector to improve the quality of the credit, and to increase the RAM sector." On the Corporate credit side, the Bank is focusing on sectors like Pharma, good quality infrastructure companies and textile segment.
- 11) The total Government guaranteed exposure including exposure backed by Treasury Deposits of State Governments stood at 19.48 percent (Rs. 13,373 Crore) as against 17.66 percent (Rs. 11,484 Crore) in Q1FY23.
- 12) The Bank's exposure to combined AAA, AA, A rated accounts stood at 59.69 percent of the Total eligible exposure for external rating as on Q2FY23.
- 13) CASA share in total deposits stood at 56.27 percent in Q2FY23 as against 56.08 percent in Q4FY22. The Bank's CASA deposit in terms of 56.27 percent is highest amongst the public sector banks. The Bank enjoys good relationship with various state governments for salary accounts which also presents cross selling opportunity for the Bank.
- 14) Sequentially C/D ratio has improved to 75.68 percent in Q2FY23 as against 71.75 percent in Q1FY23 The Bank has achieved its guidance about improving its C/D ratio. The Bank management said that C/D ratio can go upto 80 percent which instills confidence on the Bank.
- 15) In terms of asset quality, the Bank's Gross NPA declined to 3.74 percent in Q1FY23 from 3.94 percent in Q4FY22. The Net NPA ratio declined to 0.88 percent in Q1FY23 from 0.97 percent in Q4FY22.
- 16) With regards to NARCL, the Bank management said that it has shortlisted 20 accounts worth Rs. 3,000 Crore and by the end of this month it expects 2 accounts to be transferred and recovery would be about Rs. 160 Crore. The recovery amount would be reflected in Profit and Loss account as these are written off accounts.
- 17) Total restructured assets stood at Rs. 4,845 Crore in Q2FY23 as against Rs. 4,942 Crore in Q1FY23. Corporate restructured assets increased to Rs. 796 Crore in Q2FY23 as against Rs. 625 Crore in Q1FY23.
- 18) Recovery + Upgradation stood at Rs. 418 Crore in Q2FY23 as against Rs. 388 Crore in Q1FY23. Fresh Slippages were controlled at Rs. 594 Crore in Q2FY23 as against Rs. 697 Crore in Q4FY22. Recovery and upgradation in H2 of FY23 will be within Rs. 1900 - Rs. 2000 crore.
- 19) Provision Coverage ratio improved to 96.06 percent in Q2FY23 as against 95.04 percent Q1FY23. Earlier, in Q1FY23, an analyst query with regards to taking advantage of COVID-19 provision, the Bank management had said that as and when the restructured portfolio comes down, the Bank will take advantage of it.
- 20) The Bank's Capital adequacy ratio stood at 16.71 percent in Q2FY23 as against 16.15 percent in Q1FY23. The Bank has raised Rs. 710 Crore, Tier-1 Bond from the market in Q2FY23 quarter. The Bank management said that they looking at an equity share issue of Rs. 1,000 Crore in the second half of FY23, depending on market conditions to bring down the Govt stake which stood at 91 percent .
- 21) The Bank's Return on Assets (ROA) improved to 0.92 percent (annualized) in Q2FY23 as against 0.81 percent (annualized) in Q1FY23.

Credit portfolio - Balanced Loan Growth

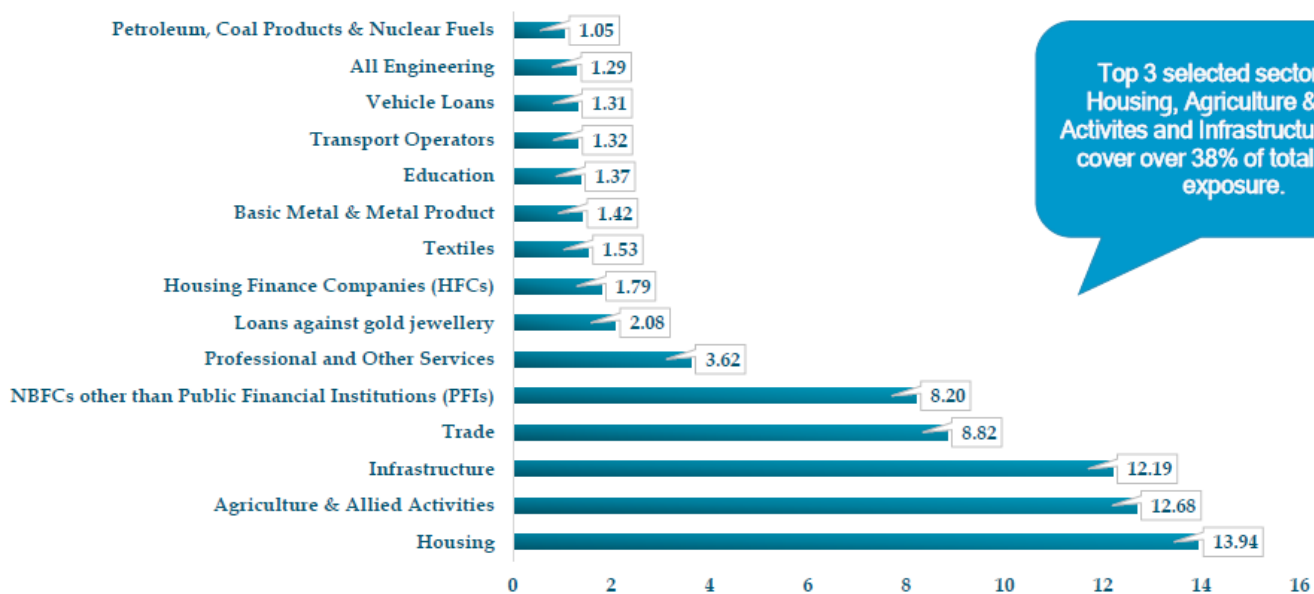
Particulars	Q2FY23	Q1FY23	Q4FY22	YoY (%)
Gross Advances	1,48,216	1,40,561	1,15,236	28.62
<i>Of which</i>				
Retail sector	38,590	36,117	30,480	26.60
Agriculture sector	19,014	19,336	17,040	11.58
MSME sector	28,647	26,121	22,995	24.58
Total of RAM	86,250	81,574	70,515	22.31
RAM % to Gross Advances	58.19	58.03	61.19	
Corporate & Others	61,965	58,986	44,721	38.56

Source: Bank of Maharashtra Q2FY23 Investor presentation

% share in Gross Advances as on Q2FY23



Funded exposure to selected sectors & industries with total exposure (more than 1%) - Sep` 22



Source: Bank of Maharashtra Q2FY23 Investor presentation

Breakup of loan book mix in terms of benchmark

Benchmark	Share
MCLR	57%
External Benchmark Rate	43%
Fixed rate	0%
Total	100%

Bank sanctions pipeline in Retail, Agriculture, MSME, and Corporate

- 1) Bank has envisioned to have an Retail portfolio of Rs. 41,300 Crore by Dec'22 and Rs.44,200 Crore by March'23. Bank is expecting a robust growth of approximate 25% on Y-o-Y basis in Retail book. Bank is currently focusing more on digital lending and STPs for hassle free credit disbursal to growing Retail lending
- 2) In the first half of financial year 2022-23, the Bank has Sanctioned Rs. 3,137 Crore under Priority-Agriculture. These loans will be disbursed within one year as per the progress of the project.
- 3) Bank has envisioned to have an MSME portfolio of Rs. 31,000 Crore by Dec'22 and Rs.33,000 Crore by March'23. Bank is expecting a robust growth 20 to 25% on Y-o-Y basis in MSME book. Bank is focusing on digital lending and STPs for hassle free credit disbursal to growing MSMEs.
- 4) In corporate Credit during, first half, Bank has sanctioned advances around Rs 25,000 Crore. These loans will be disbursed in next two to three year as per the progress of the project. RAM to Corporate Advances is in ratio of 60:40 and same will be maintained in future also.

Sanjay Rudra (CRO) of the Bank in Q2FY23 analyst concall said "We are targeting to grow corporate book by 20% to 22%, on year-on-year basis, we will continue to grow. It is not that we are not targeting the corporate also, but if you want to have a proper mix of RAM and corporate, which is our target to maintain at around 42% to 43% of the corporate and remaining in the RAM sector. So, that way we are growing and we will continue to grow on the corporate side also."

Term deposits and Excess SLR

Shri. A.S. Rajeev Managing Director & Chief Executive Officer in the Bank's Q2FY23 concall said "Term Deposit we have not grown much, the specific reason is because of the cost of deposits. We have not taken any bulk deposits with the differential or we were able to manage with the present level. Of course, we have gone for little borrowing, that borrowing is gone for excess SLR and it's a strategic move as Director Advisory Board, our all Board members are highly qualified people who have good experience in treasury and other areas like LIC also. As per their direction we have switched over through borrowing mode we have gone to excess SLR and through this diversion our CD ratio is gone up from 66% to 76% and this will fetch additional 2% to 2.5% NIM for as against average yield of the investments." He further added, "As far as our excess SLR is already there, excess SLR is Rs. 18,000 crore, so that is sufficient for us to reach that 80% CD ratio"

Shri. V.P. Srivastava (CFO) in the Bank's Q2FY23 concall said "We are holding excess SLR at roughly Rs. 18,000 Crore and out of that, we have taken the borrowing. And if you see the borrowing cost is roughly 5%. And if you want to take the Term deposit at present, they could cost more than 6%. So, we have taken a conscious decision and we have switched to the borrowing and you know that this borrowing is against the SLR securities, and taking on average 5%, giving 8% is giving the NIM more than 3%. So, that was the conscious decision taken by the bank to increase the borrowing."

Impact of higher interest rates on deposits

Bank is closely monitoring the situation of high interest rates. The bank's strategy is not to raise bulk deposit at higher cost. However, looking to the overall situation and loan growth, bank will use all options to raise the fund i.e. by increasing deposit & borrowings through Certificate of Deposits and other options. The bank is maintaining CASA above 50% since March 2020 quarter onwards, Therefore increase in deposit rate will not impact cost of deposit and cost of fund significantly.

Co-Lending

A co-lending model helps traditional banks to give out higher amounts of funds using the Fintech working model for a greater digital reach. While banks have the funds, NBFCs have the reach. A co-lending model thus proves to be symbiotic for both.

Presently, the Bank has partnered with three NBFCs under MSME co-lending model. The Bank has collaborated with LoanTap, LendingKart & MAS Financial Services for MSME financing under Co-Lending model. The co-lending portfolio as of Sep-22 stood at Rs.257 Crore.

Bank has envisioned to on-board at least two more NBFCs by Mar'24 and the co-lending portfolio is targeted to the extent of Rs.500 Crore by FY 23 and Rs.1500 Crore by FY 24 respectively.

Bank is also optimistic about funding to NBFCs for on-lending to SMEs. This is a good model to expand its MSME portfolio with lower delinquency ratio.

Bank is lending to good rated NBFC on case to case basis, Bank is having internal ceiling for Exposure to NBFC, while lending to NBFC, Bank adheres exposure ceiling as prescribed in loan policy of the Bank.

Gold Loan book

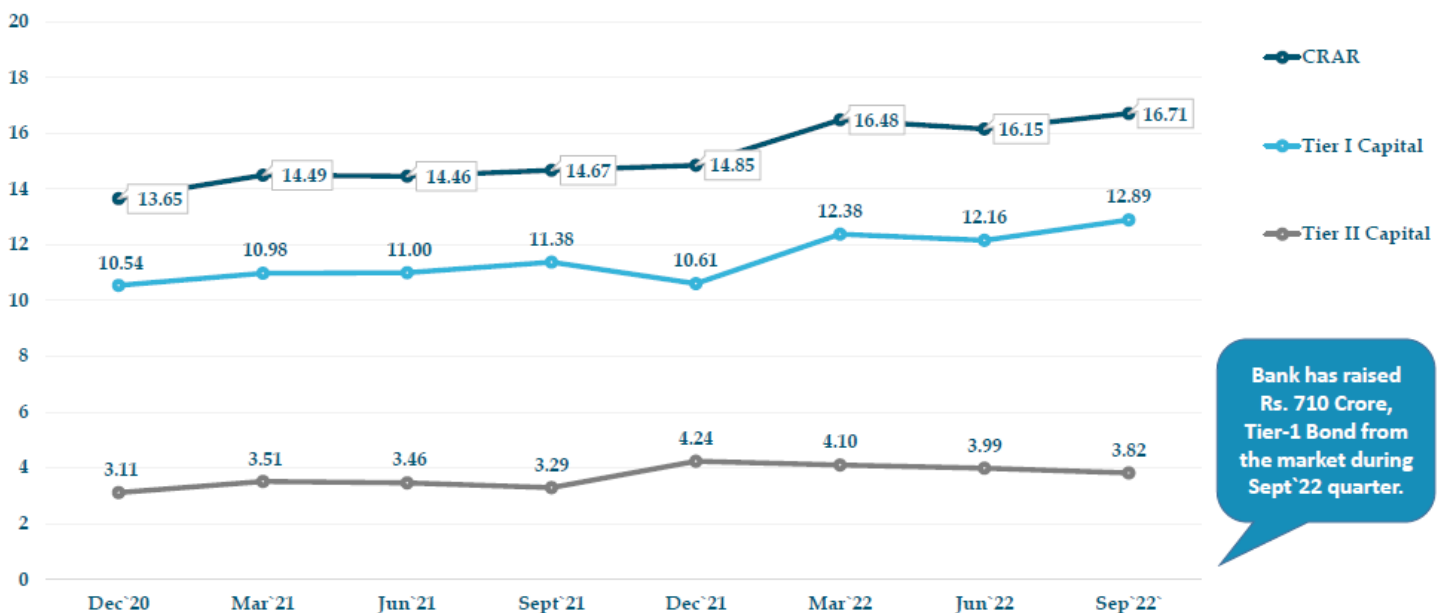
Total Gold Loan Portfolio of the Bank as on Sep 2022 was of Rs. 5751.50 Cr. The bank has shown good growth in last FY as well as in the past two quarters of the current FY where a YTD growth of 17.77% has been seen. Gold Loan segment is one of the Bank's focus area. The Bank envisages a Gold Loan Portfolio of Rs. 10,000 Crore by March, 2023. A sizeable Gold Loan portfolio will improve its profitability further by Capital conservation. It is a risk free advances for the bank. Moreover, Gold Loan is now instrumental in providing immediate liquidity.

Capital Adequacy

The Bank had raised capital in the following manner:

- 1) Rs. 403.70 Crore through QIP in July 2021 at Rs. 23.70 per share.
- 2) Rs. 1,000 Crore - Tier - 2 Bond from LIC in the month of October 2021
- 3) Rs. 290 Crore through Tier I Bond in the month of March 2022

Capital Adequacy (%)



Source: Bank of Maharashtra Q2FY23 Investor presentation

Capital raising plan

The Bank's CRAR position is 16.71% which is at comfortable level. Besides, Bank is going to add profit at year end which will further strengthen the CRAR. If required to support the growth in advances, Bank will resort to raise Tier- I/II Bond in 3rd. or 4th quarter.

NPA management

The Bank has set up "Asset Recovery Cells (ARC)" at all zonal offices to ensure focused efforts for upgradation and NPA recovery.

- Twelve Asset Recovery Branches (ARBs) have also been set up across the Bank's Zones for large NPA a/cs more particularly where legal actions are in progress so as to make focused follow up. Further, Bank has established Stressed Assets Management Vertical by way of a separate dept at HO under which Bank has started 4 (four) Stressed
- Assets Management (SAM) branches in Delhi, Mumbai, Hyderabad and Pune, where NPAs with balance of Rs.5 crore and above are monitored. Focused follow up is undertaken to improve NPA recovery.
- The Loan Tracking Cell has been established where Bank undertakes telephonic follow up on daily basis with borrowers of stressed accounts / slippages and repayment of overdues is insisted. This will result in improving recovery and upgradation of NPAs.
- The Bank has also set up separate Cells at its Head Office for identification of Wilful Defaulters, gearing up the actions under DRT / SARFAESI Acts.

Movement of NPA (Rs. in Crore)

Particulars	Q2FY23	Q1FY23	Q4FY22	Q3FY22	Q2FY22
Opening level of Gross NPAs	5,260	5,327	6,105	6,403	7,022
Total Reductions	880	798	1,574	1,024	1,236
Of which: Recovery + Upgradation	418	388	674	500	645
Gross Addition	659	730	796	726	618
Of which: Variable	65	33	57	149	64
Fresh slippages	594	697	739	577	553
Net Increase/(Decrease)	(221)	(68)	(778)	(298)	(618)
Closing level off Gross NPAs	5,039	5,259	5,327	6,105	6,403

Particulars	FY22	FY21	FY20	FY19	FY18
Opening level of Gross NPAs	7,780	12,152	15,324	18,433	17,189
Total Reductions	4,635	6,575	7,213	7,413	4,490
Of which: Recovery + Upgradation	1,517	1,644	1,515	2,286	2,030
Gross Addition	2,182	2,202	4,041	4,304	5,735
Of which: Variable	133	65	49	131	591
Fresh slippages	2,049	2,138	3,991	4,173	5,144
Net Increase/(Decrease)	(2,452)	(4,372)	(3,172)	(3,109)	1,245
Closing level off Gross NPAs	5,327	7,780	12,152	15,324	18,433

Source: Bank of Maharashtra FY22 Investor presentation

Improved Asset Quality backed by High PCR (Rs. in Crore)

Particulars	Q2FY23	Q1FY23	Q4FY22	Q3FY22	Q2FY22
Standard	1,43,177	1,35,301	1,29,913	1,22,901	1,08,833
Sub-Standard	1,787	1,940	1,986	2,566	2,362
Doubtful	2,951	3,095	3,108	3,100	3,406
Loss	301	224	233	438	635
Total Advances	1,48,216	1,40,561	1,35,240	1,29,006	1,15,236

Special Mention Account * Rs.. 1 Crore and above

Particulars	Q2FY23	Q1FY23	Q4FY22	Q3FY22	Q2FY22
SMA1	371	339	882	1,430	1,335
SMA2	323	230	208	850	590
Total	694	569	1,090	2,279	1,925

Particulars	Q2FY23	Q1FY23	Q4FY22	Q3FY22	Q2FY22
SMA1 (% of Gross Advances)	0.25	0.24	0.65	1.11	1.16
SMA2 (% of Gross Advances)	0.22	0.16	0.15	0.66	0.51

Source: Bank of Maharashtra Q2FY23 Investor presentation

Restructuring of Standard Advances

Particulars	Q2FY23	Q1FY23	Q4FY22	Q3FY22	Q2FY22
Retail - As on date	2,119	2,181	2,162	2,428	2,077
Agriculture - As on date	348	319	345	563	509
MSME - As on date	1,582	1,818	2,257	2,504	2,390
Corporate - As on date	796	625	784	1,117	1,019
Total	4,845	4,942	5,547	6,611	5,996

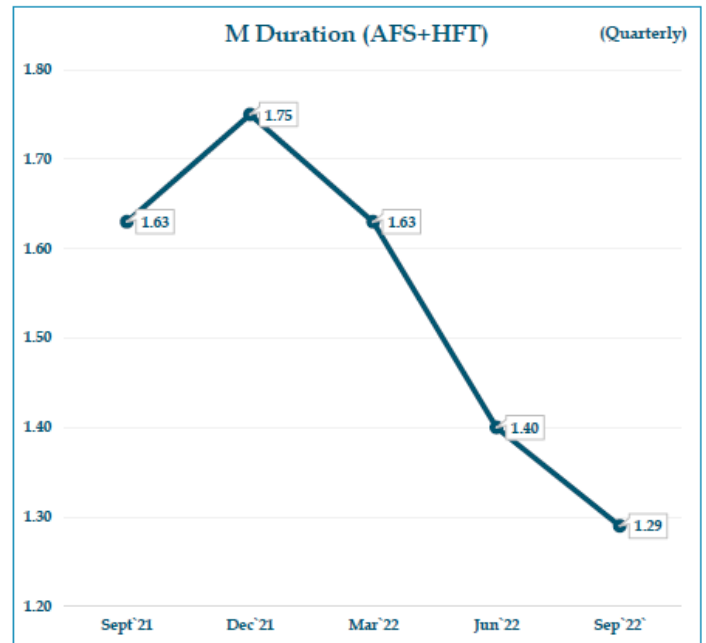
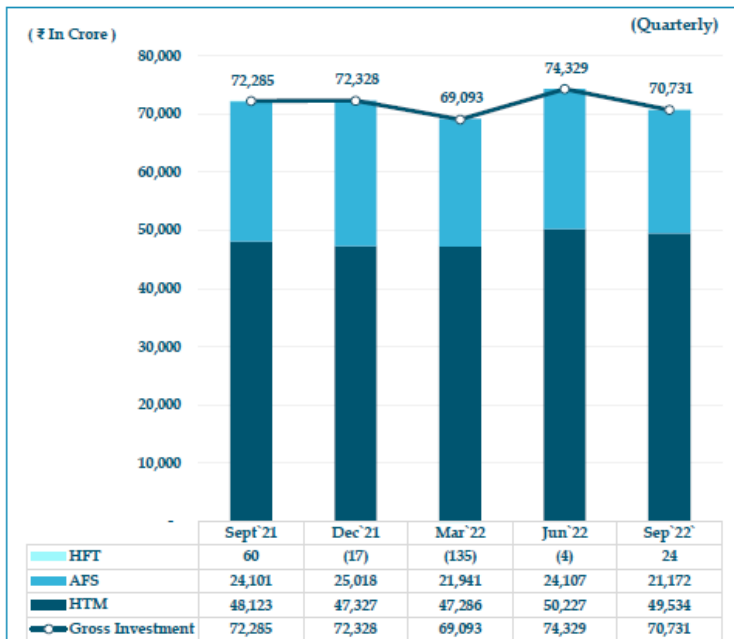
- 1) Bank is having Standard Restructured Advances (Including COVID resolution 1 & 2 CDR, SDR and MSME restructuring) Rs. 4845 crore as on 30.09.2022 reduced from Rs 5996 crore as on 30.09.2021. Based on satisfactory performance of accounts, account is coming out of restructuring. Details of Standard Restructured Advances as on 30.09.2022 is given as under:
 - a) In case of Retail advances the increased interest rate risk is mitigated by tenor adjustment.
 - b) In Corporate Credit, the Bank does not anticipate any slippage from restructured book. According to the Bank management, all the accounts are performing well and there is no stress as such, in few cases advance recovery is also there.
 - c) As far as COVID resolution 1 & 2 are concerned, Bank's MSME restructuring portfolio is only 4.25% of Standard MSME Advances and 0.81% of Bank's gross Standard advances.
 - d) Post COVID regime, most of the MSMEs have sustained the financial predicaments and started restoring their own pace. Additional funding in form of ECLGS has helped these MSMEs to mitigate interim liquidity crunch
 - e) Out of MSME restructuring book, only 4.52% are in acute stress (MSME SMA2) bucket which suggests that, high inflation has not impacted to a great extend to these restructured MSMEs.
 - f) The Bank is not expecting any substantial slippages out of MSME restructuring book.

The Bank holds cumulative Covid-19 provision of Rs. 1,200 crore as on 30th Sept 2022. The Bank will take appropriate decision in near future about utilizing the cumulative covid 19 provision of Rs. 1200 Crore. If it is not used for the purpose intended, the same will be part of profit & reserve.

Recovery from written off accounts

The cumulative write offs during the last 10 years is little over Rs 18,000 Crore. The expected recovery from the written off accounts in the next 2-3 years could be around 11- 14% which translates to Rs. 2,000-Rs. 2,500 crore (as majority of accounts written off are under NCLT and resolutions are at advanced stage). Further, 20 accounts are shortlisted to be assigned to NARCL amounting to Rs. 3000 crore.

Investments - Treasury performance



Commenting on Treasury performance in Q2FY23 analyst concall, the MD & CEO of the Bank said "Profit on sale of investments last year, the profit interest rate was favorable, this year interest rate was moving northward and we could not able to get for profit on sale of investment, though it was Rs. 32 crore profit is booked. But our portfolio is fully protected and modified duration of the HFT as well as AFS is around 1.29%. So, there is nothing to worry with the portfolio of the investments."

He further added, "We have reduced our modified duration of securities to 1.29 and over a period of time we will reduce to 1.10. So, there will not be any additional depreciation from the investment point of view."

Trading Book of the Bank as on Q2FY23 is of Rs 21,172 Crore with M Duration of 1.29. Bank has already made MTM Provision. Further, with the hardening of Bond Yields, the MTM Provision may increase, if the yield hardens from the current level. However, Total Redemption during FY 2022-23 and FY 2023-24 will be approximately of Rs 3600 Crores and Rs 12000 crores respectively. Upon redemption, Bank is having good opportunity to invest this amount at higher yield. Further, for proprietary trading, Bank is availing opportunities from Forex Forward markets also.

Expanding footprints

The Bank has been continuously expanding its presence PAN India

Particul	No. of branches				
	Q2FY23	Q1FY23	Q4FY22	Q3FY22	Q2FY22
Metro	488	484	488	486	482
Urban	431	419	412	405	401
Semi Urban	542	521	511	502	492
Rural	605	605	611	611	610
Total Branches	2,066	2,029	2,022	2,004	1,985

Technology initiatives

During FY 2021-22, Bank has taken multiple initiatives toward service delivery to its customers for convenience:

- MeitY: Digital Score Card:** Ministry of Electronics & Information Technology (MeitY) has set target of 54 crore digital transactions for FY 2021-22 where bank has achieved 63.90 crore digital transaction for FY 2021-22. MeitY monitors the progress of digital payment transactions, merchant acquisitions, UPI and AEPS system resilience on monthly basis and communicates the scores to Banks. The bank has maintained “Good” category performance.
- Development of **Online ‘Jeevan Pramaan Patra’ tool**. This portal has been made available on Bank’s website for pensioners to submit video based online annual Life certificate without visiting the branch.
- WhatsApp Banking and Chatbot Solution** for providing customer services like real-time account balances enquiry, mini statement reports, latest transaction records, real-time alerts, submit cheque book request, branch locator, ATM locator etc. The solution is also enabled for application of loans through digital channels.
- Cardless Cash Withdrawal** along with other enhanced features through its Mobile Banking platform, extending more convenience to its customers.
- Paperless processing of Credit Card** to encourage paperless & fast processing of credit card applications. Under this facility, an SMS is sent to customer with a link to obtain customer’s consent for availing credit card service. On clicking the link, a webpage is displayed to customer where he/she will submit his/her consent for credit card. Based on consent, branch process the credit card request of the customer.
- Bank Debit Card Issuance has reached to **12.26 Million**. Bank’s Mobile Banking and Internet customer base has reached to **1.89 Million** and **1.93 Million** respectively. During FY 2021-22, fresh Debit Card issuance to customers has reached a milestone figure of **2.50 million** & percentage of digital transactions increased to **95.98%**.
- Bank has introduced its own QR code Standy and onboarded more than 1 lakh merchants, which includes more than 5,000 merchants in North East Region

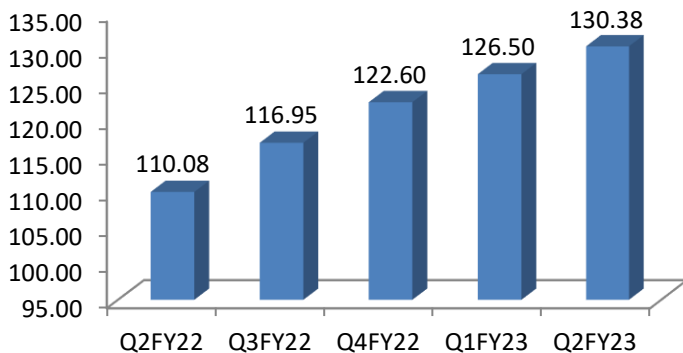
Process Centric Initiatives

- Following process related enhancements have been achieved through introduction of technology:
- Bank has launched rule based **stress account monitoring tool “HawkEye”** developed by its IT department and the same has been launched for the Branches & Zones. The tool has enabled real time monitoring and mitigation efforts by the field functionaries towards improvement of overall asset quality for the bank. This has resulted in substantial reduction in stress assets over the period with ease of monitoring for field functionaries.
- Bank has successfully implemented **LLMS** Pan-India across all its branches for processing of loan proposals within expected TAT. Bank has successfully processed **38,000+** loan proposals through LLMS.
- Digital on-boarding of customers enabling application of loans through Bank’s Corporate Website & WhatsApp links.
- During FY 2021-22, Bank has tied up with many state governments viz, Maharashtra, Madhya Pradesh, Bihar, Jharkhand, Goa as empaneled Agency Bank for Single Nodal Agency Account and other related banking facilities. Bank has also tied up with many Govt Corporations in enabling technology platforms to them for handling their customer transactions, which extended transparency and convenience to the public at large.

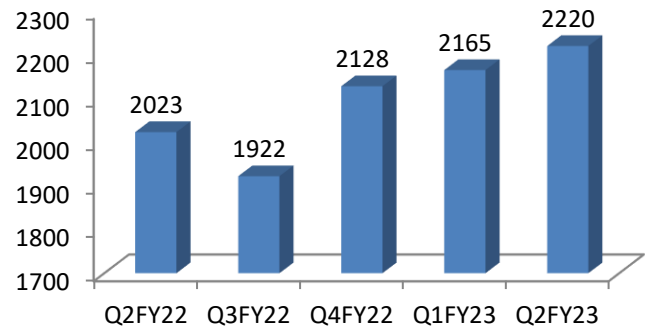
Digital transformation

- Bank has taken various steps to channelize the transaction to Digital Channels. Bank has initiated for Digital Transformation project for digitization of 10-12 key customer journeys across Asset, Liability, Wealth Management and fee income products.
- RFP for appointment of Consultant for Digital Transformation is expected to be floated by 15th November 2022.
- Digital onboarding and significant banking business through online mode will become the new norm for Bank of Maharashtra.
- The bank is concentrating on the three pillars in the technology front, the Digital Journeys, Digital Operations and third is the Digital Compliance. The Bank is trying to cover those initiatives which are yielding to customer convenience, staff convenience that is ease of doing business and the third is cutting cost. The Bank is also reviewing the processes, where the process can be made, more technologically driven, and where the time can be saved, customer convenient can be maintained.
- Shri. Asheesh Pandey - Executive Director of the Bank in the Company's Q2FY23 concall said "Now, if you see our website for last five to six months, there were so many RFPs.. So, one is that related to, you would have seen recently Robotic Process Automation were 50 the Board approved the RFP was floated and it is on the culmination stage. The next is also UPI which is we wanted to scale up at a very large scale. So, that is also now on the conclusion stage. Some five to six on Cybersecurity, because that is also very important today to take care of when you think of digital and technology. So, five to six already the purchase order proper after the RFP and CVC guidelines, the process was done and already the purchased order is issued.

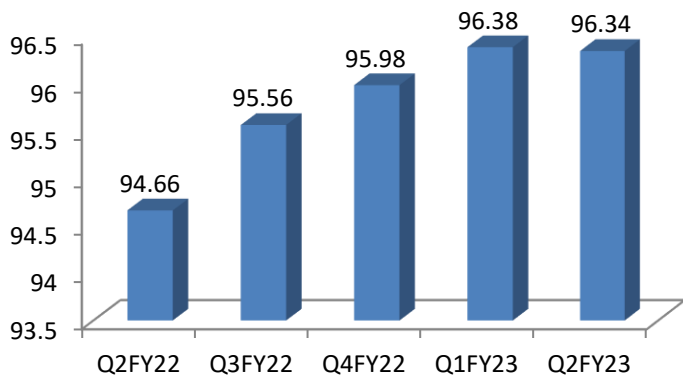
ATM Card Base (Lakhs)



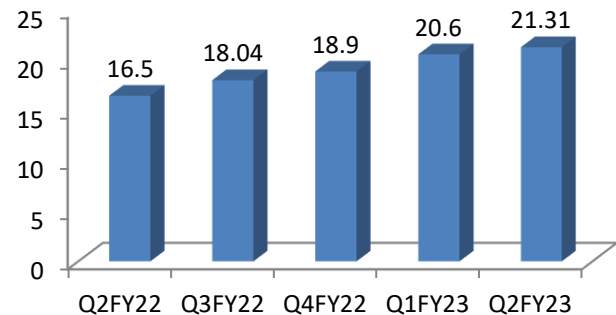
ATM (Actuals)



Digital transaction (%)

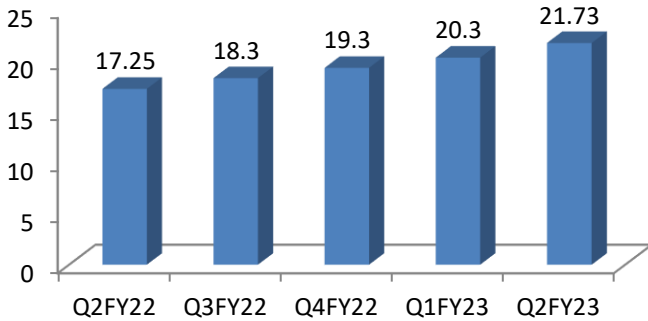


Mobile Banking Users (Lakhs)

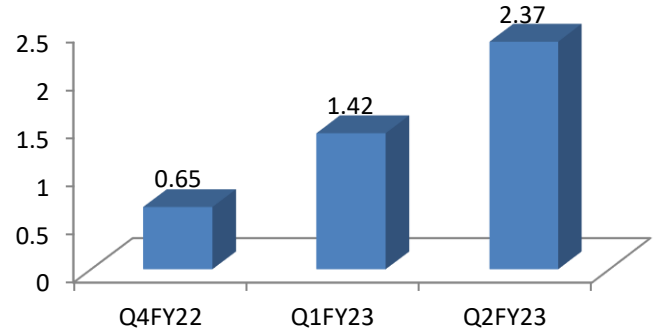


Source: Bank of Maharashtra Q2FY23 Investor presentation

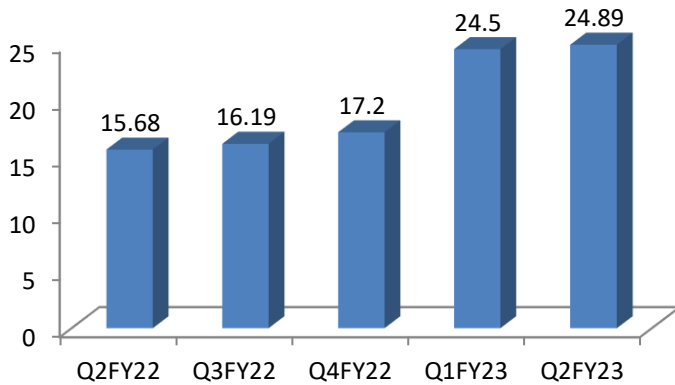
Internet Banking Users (Lakhs)



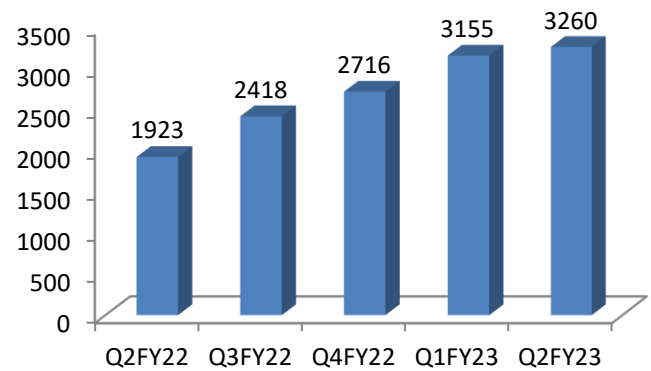
Whats App Onboarding (Lakhs)



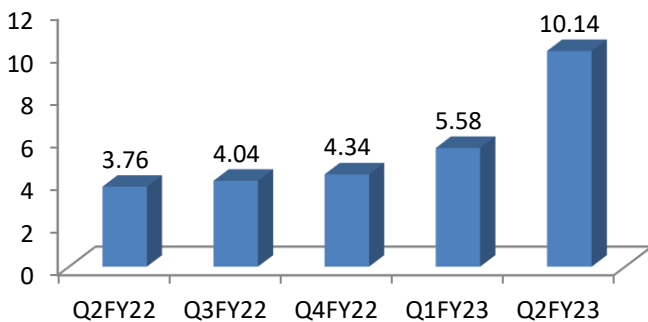
UPI/BHIM Users (Lakhs)



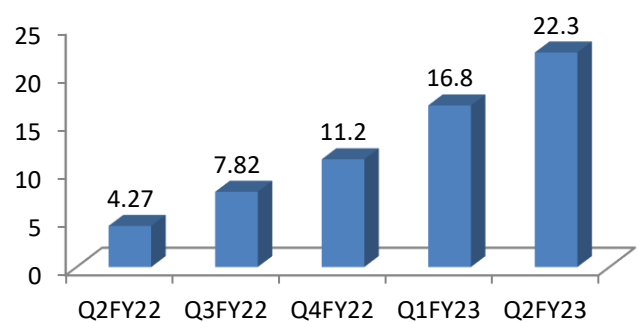
UPI/BHIM Transactions (Lakhs)



QR Merchant OnBoarding (Lakhs)



QR Merchant Transaction (Lakhs)



Source: Bank of Maharashtra Q2FY23 Investor presentation

Leadership



Shri. A.S. Rajeev Managing Director & Chief Executive Officer

Shri. A.S. Rajeev is a qualified Chartered Accountant having over three decades of professional banking experience in three Banks, viz., Syndicate Bank, Vijaya Bank and Indian Bank. Prior to this, he was Executive Director of Indian Bank from 22/10/2016 to 30/11/2018.

He has vast exposure and expertise in all important areas of banking including Corporate Credit, International Banking, Treasury, Risk Management, Credit Monitoring & Supervision, NPA Management etc.



Shri. A.B. Vijayakumar, Executive Director

Shri. Vijayakumar has rich banking experience spanning over three decades across various functional areas like Large Corporate, Retail Banking, Priority sector, Forex Operations, Compliance etc. He started his career from Bank of India and rose to the level of General Manager in the year 2018. Before joining Bank of Maharashtra he worked as the Chief Vigilance officer at Indian Overseas Bank from 1st April 2020.

Shri. Vijayakumar, a graduate in Commerce & Law and a Certified Associate of Indian Institute of Bankers (CAIIB) holds many coveted professional qualification.



Shri. Asheesh Pandey, Executive Director

Shri. Asheesh Pandey has a professional career spanning more than 25 years. Prior to joining Bank of Maharashtra, he was Chief General Manager and Chief Operations Officer at Union Bank of India and has handled a diversified portfolio ranging from Credit, Credit Monitoring, Treasury & Merchant Banking, Foreign transactions and Joint Ventures, Marketing and customer relationships and Banking operations etc.

Shri. Pandey is a Mechanical Engineer (Hons) with Post Graduation in Management (Hons) with specialisation in Finance & Marketing. He is Certified Associate of Indian Institute of Bankers.



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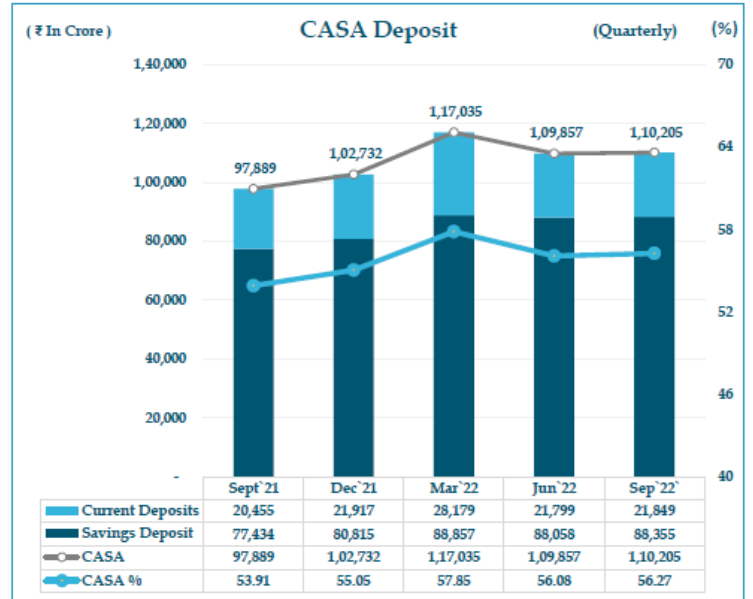
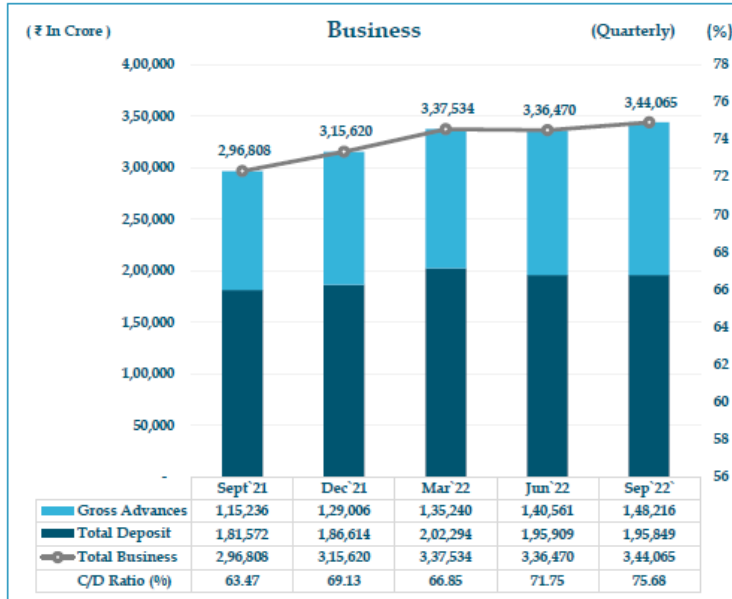
Peer comparison as on Q2FY23 (Rs. in Crore)

Particulars	Bank of Maharashtra	Central Bank of India	Indian Overseas Bank	UCO Bank	Punjab & Sind Bank
CMP (Rs.) as on Nov. 30, 2022	26.45	24.55	22.05	19.78	20.80
FV (Rs.)	10	10	10	10	10
Book value per share as on Q2FY23(Rs.)	17.36	28.09	6.98	10.67	7.93
P/BV (x)	1.52	0.87	3.16	1.85	2.62
Market Cap. as on Nov. 30, 2022	17,802.16	21,311.71	41,679.82	23,648.89	14,097.80
Gross advances	1,48,216	1,97,022	1,72,713	1,42,156	73,739
Total Deposits	1,95,849	3,43,081	2,61,728	2,35,149	1,05,238
CASA (%)	56.27	50.99	42.97		33.36
C/D ratio (%)	75.68	57.64	65.99	60.45	70.07
NIM (%)	3.55	3.44	2.79	2.97 (Domestic)	3.06
Operating profit - Q2FY23	1,462	1,748	1,419	1,190	318
Cost/Income ratio	38.82	52.21	51.62	53.33	65.30
Profit after tax - Q2FY23	535	318	501	505	278
Gross NPA (%)	3.40	9.67	8.53	6.58	9.67
Net NPA (%)	0.68	2.95	2.56	1.99	2.24
Provision Coverage Ratio (%)	96.06	89.20	90.94	92.90	89.16
CRAR (%) - Basel III	16.71	13.56	15.14	14.02	15.68
RoE (%)	18.32	1.31	15.10	9.76	20.99
RoA (%)	0.92	0.35	0.65	0.68	0.84

#denotes annualized

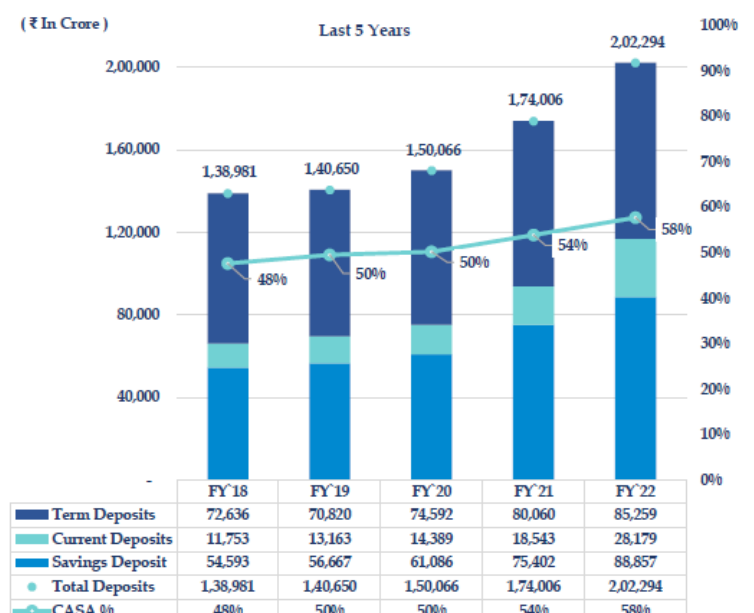
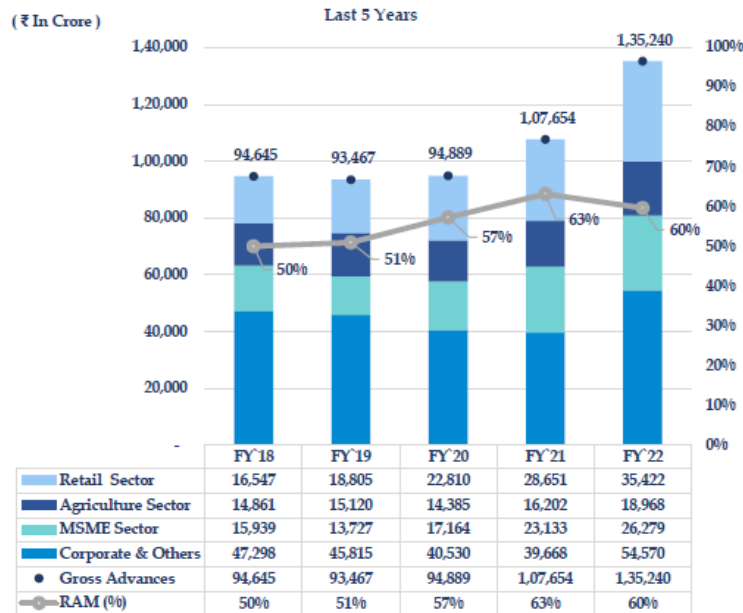
Story in charts...

Gross Advances and Deposits - Quarterly



Source: Bank of Maharashtra Q2FY23 Investor presentation

Gross Advances and Deposits - Last 5 years



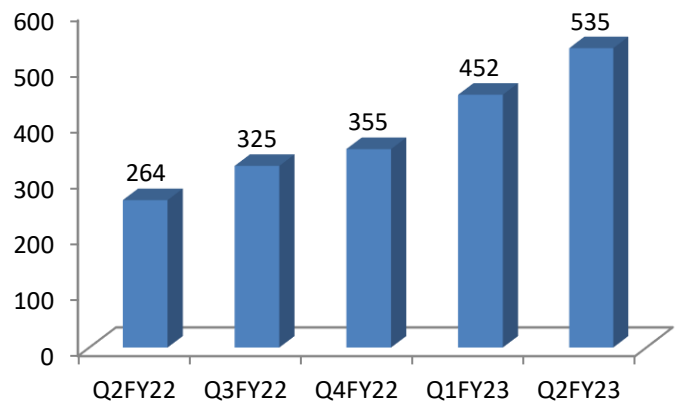
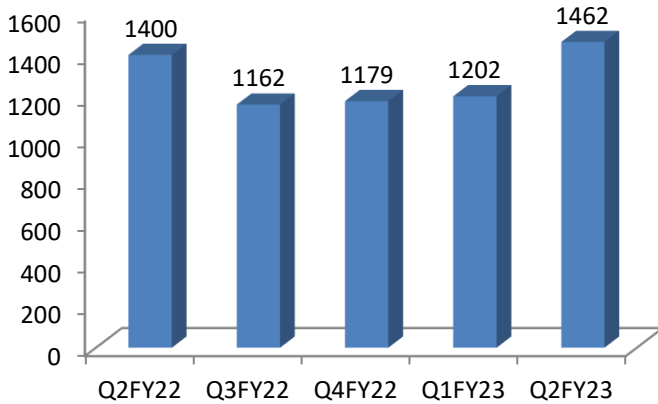
Source: Bank of Maharashtra FY22 Investor presentation



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Operating profit - Quarterly (Rs. in Crore)

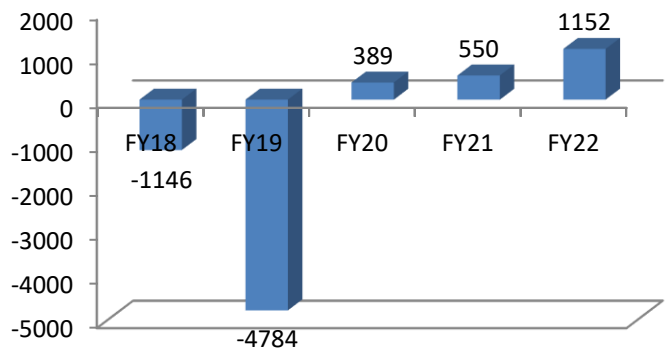
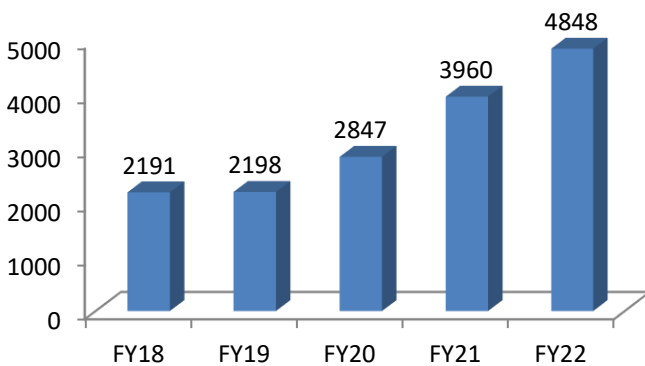
Net profit - Quarterly (Rs. in Crore)



Source: Bank of Maharashtra Q2FY23 Investor presentation

Operating profit - Last 5 years (Rs. in Crore)

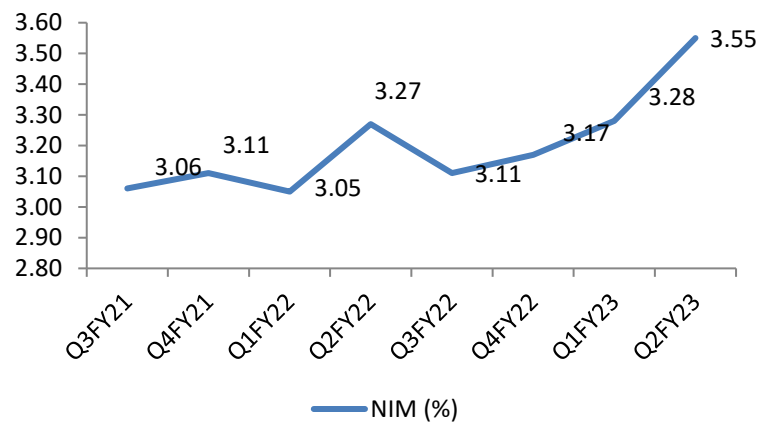
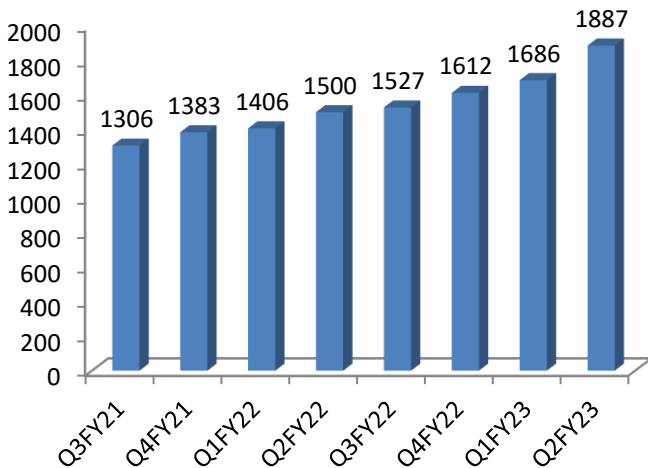
Net profit - Last 5 years (Rs. in Crore)



Source: Bank of Maharashtra FY22 Investor presentation

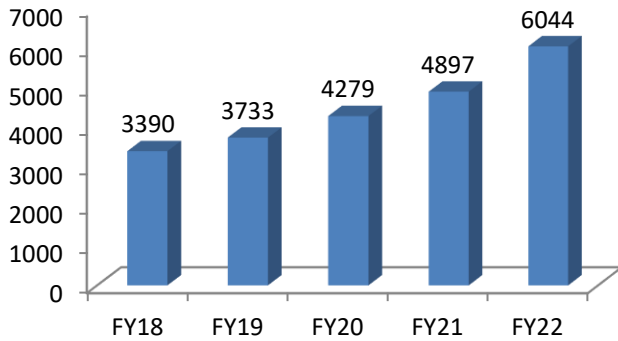
Net Interest Income (Rs. in Crore)

NIM (%)



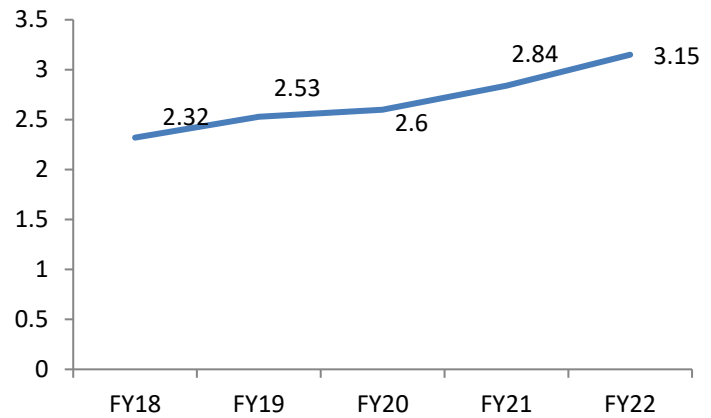
Source: Bank of Maharashtra Q2FY23 Investor presentation

Net Interest Income - Last 5 years (Rs. in Crore)

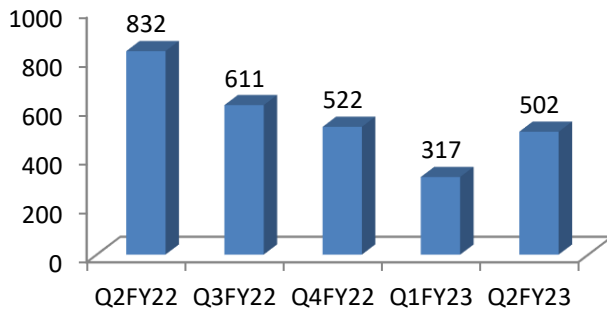


Source: Bank of Maharashtra FY22 Investor presentation

NIM - Last 5 years (%)

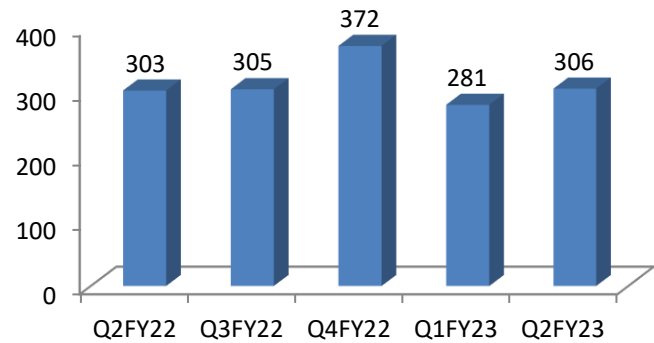


Non Interest Income

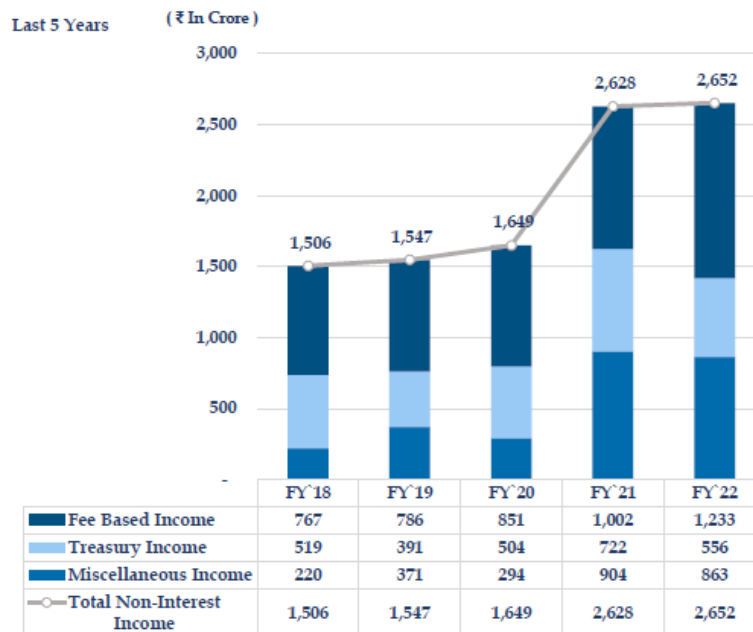


Source: Bank of Maharashtra Q2FY23 Investor presentation

Fee based income (Rs. in Crore)

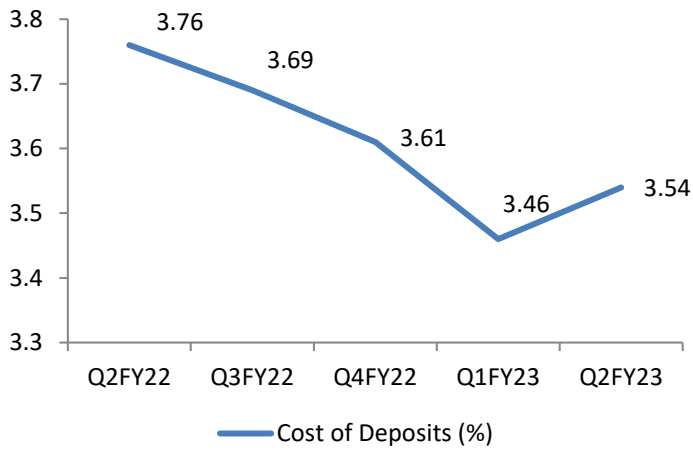


Non Interest Income - Last 5 years

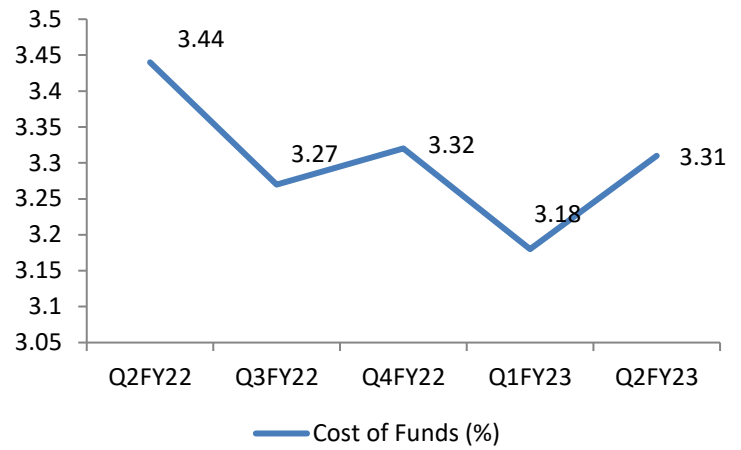


Source: Bank of Maharashtra FY22 Investor presentation

Cost of Deposits (%)

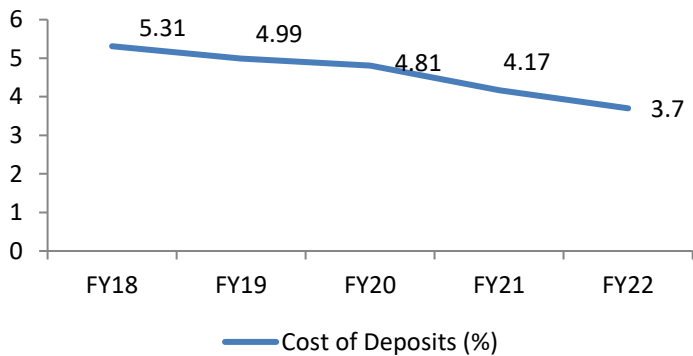


Cost of Funds (%)

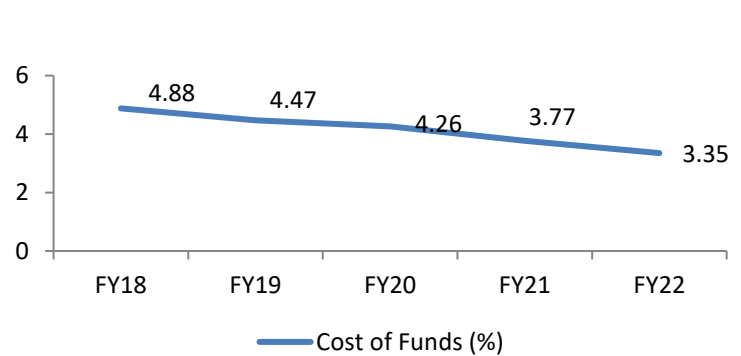


Source: Bank of Maharashtra Q2FY23 Investor presentation

Cost of Deposits (%) - Last 5 years

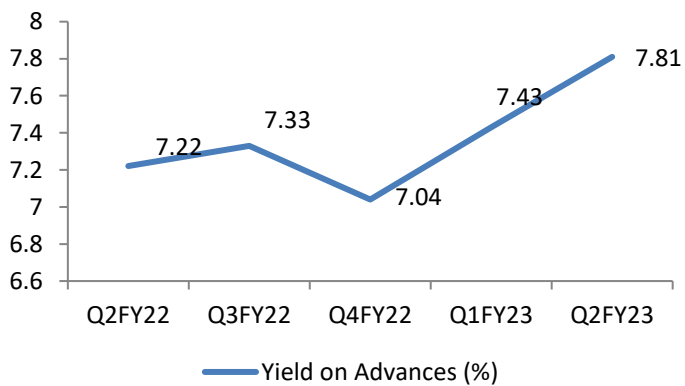


Cost of Funds (%) - Last 5 years

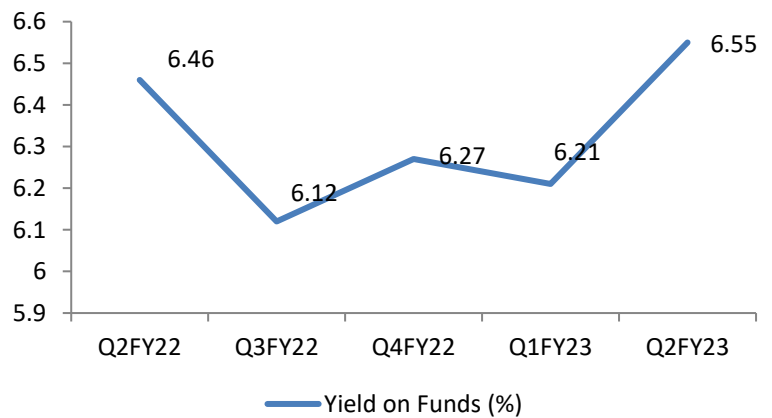


Source: Bank of Maharashtra FY22 Investor presentation

Yield on Advances (%)

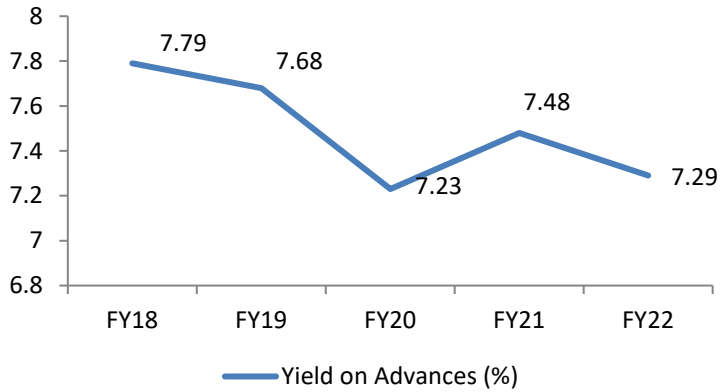


Yield on Funds (%)

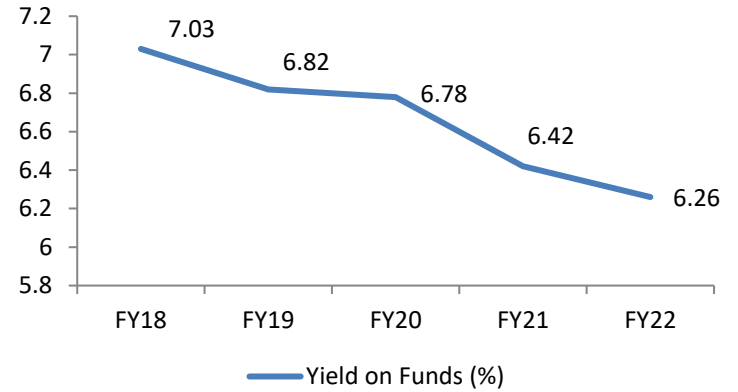


Source: Bank of Maharashtra Q2FY23 Investor presentation

Yield on Advances (%) - Last 5 years

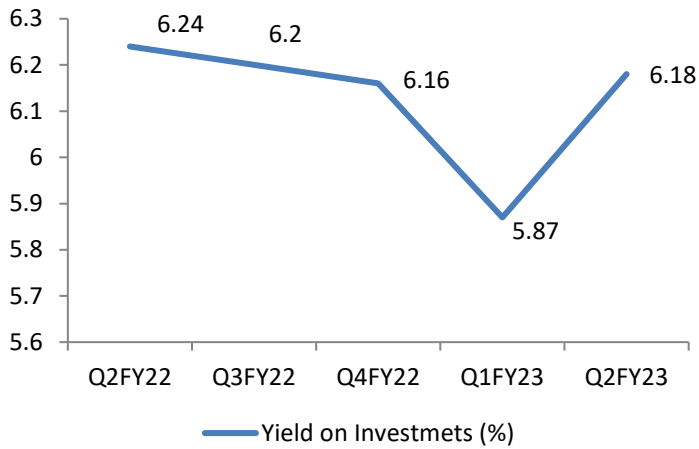


Yield on Funds (%) - Last 5 years

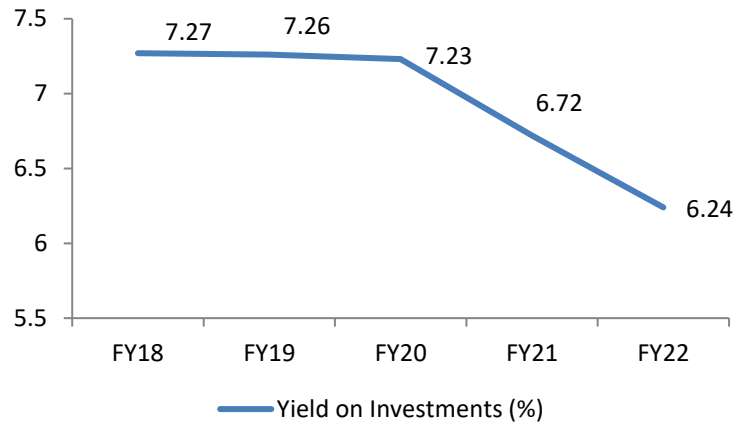


Source: Bank of Maharashtra FY22 Investor presentation

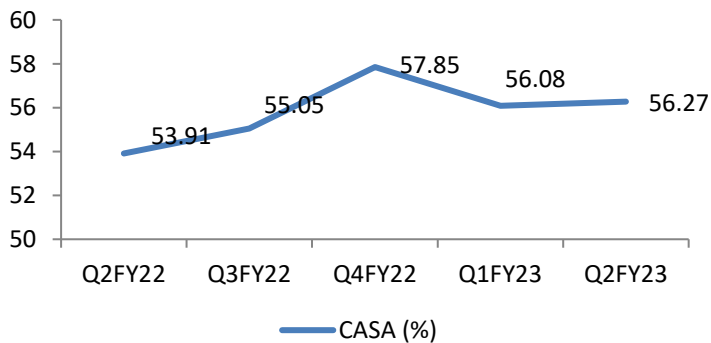
Yield on Investments (%)



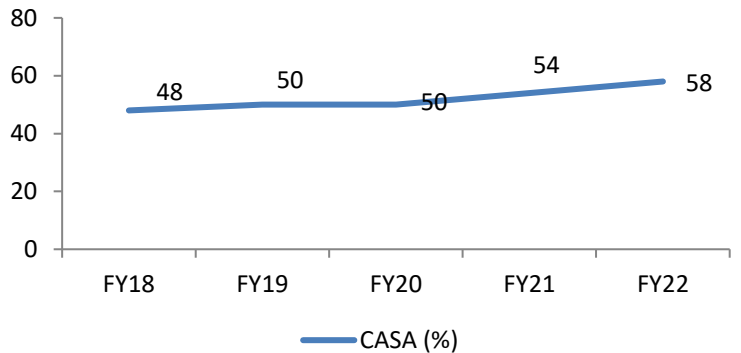
Yield on Investments (%) - Last 5 years



CASA (%)

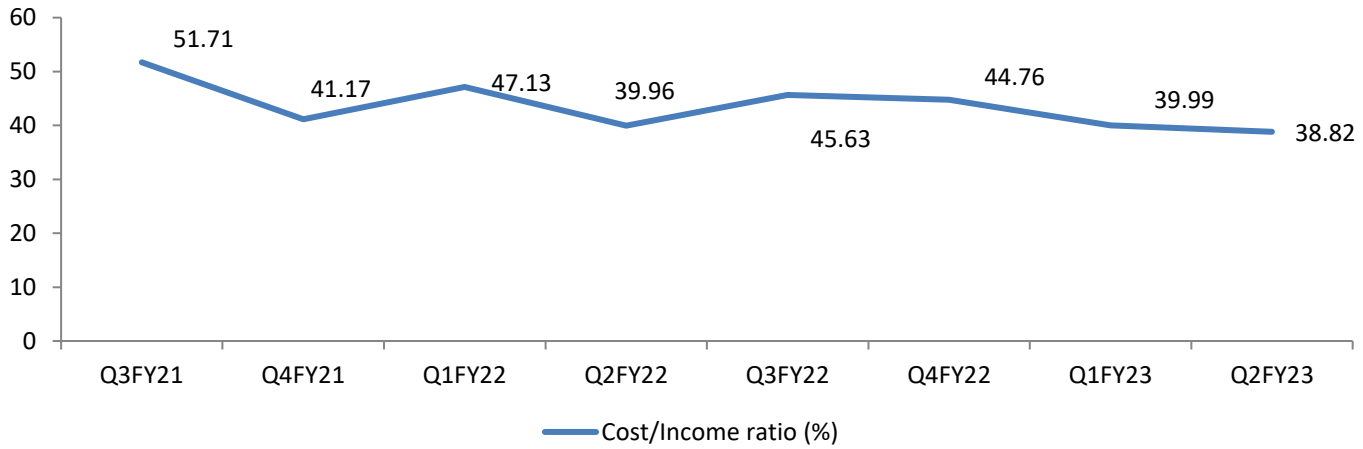


CASA (%) - Last 5 years



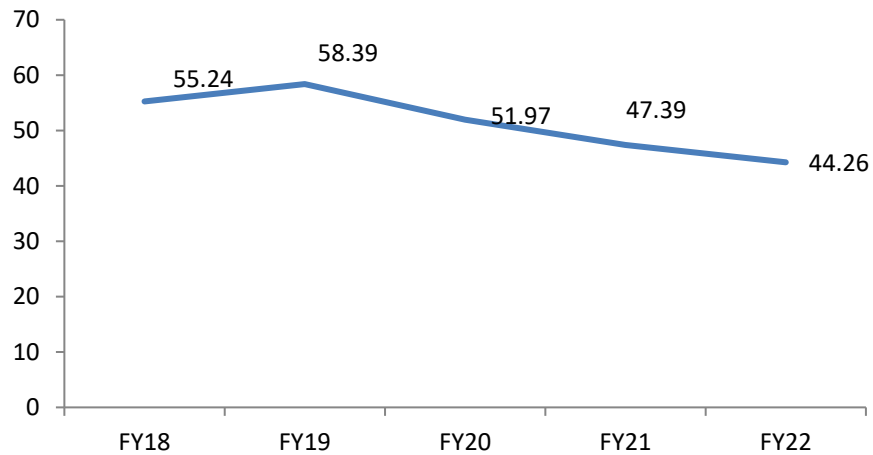
Source: Bank of Maharashtra Q2FY23 and FY22 Investor presentation

Cost/Income ratio (%)

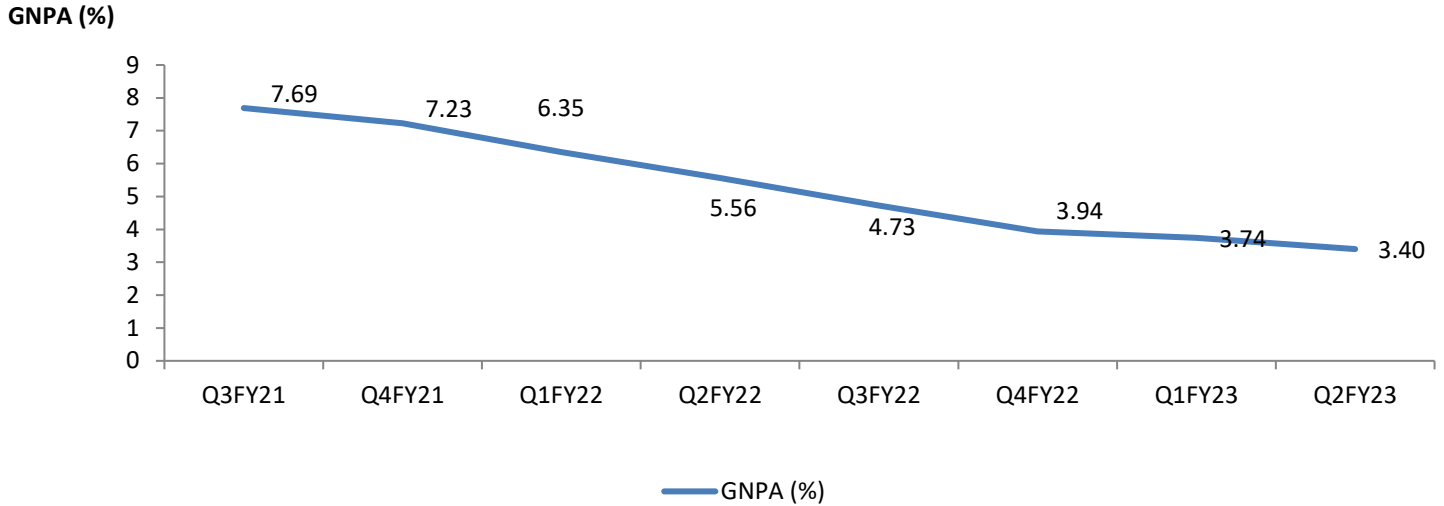


Source: Bank of Maharashtra Q2FY23 Investor presentation

Cost/Income ratio (%) - Last 5 years

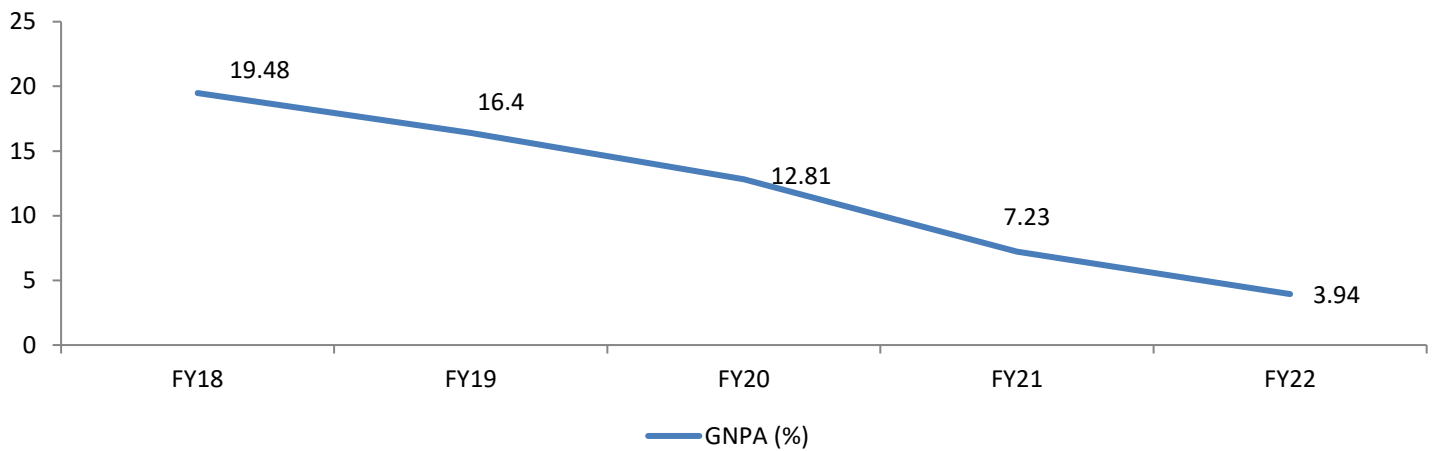


Source: Bank of Maharashtra FY22 Investor presentation

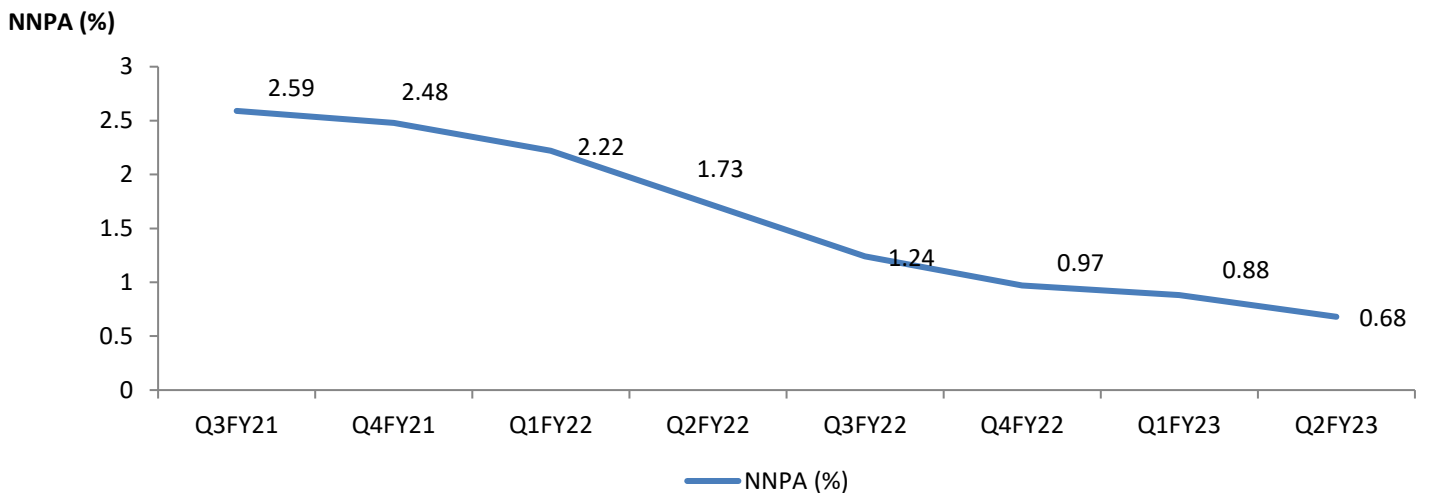


Source: Bank of Maharashtra Q2FY23 Investor presentation

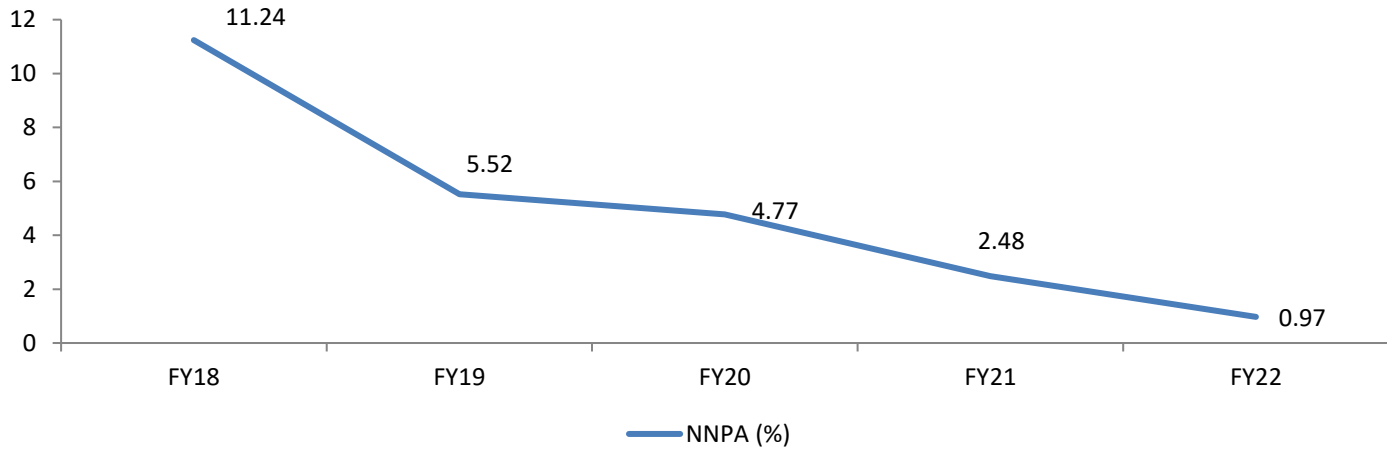
GNPA (%) - Last 5 years



Source: Bank of Maharashtra FY22 Investor presentation

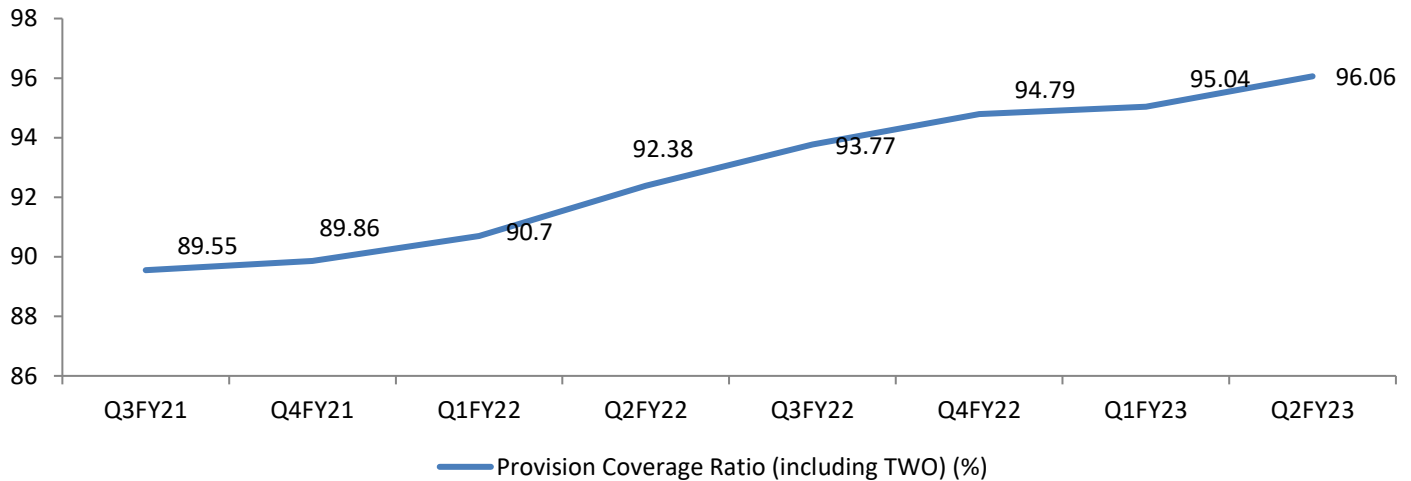


NNPA (%) - Last 5 years



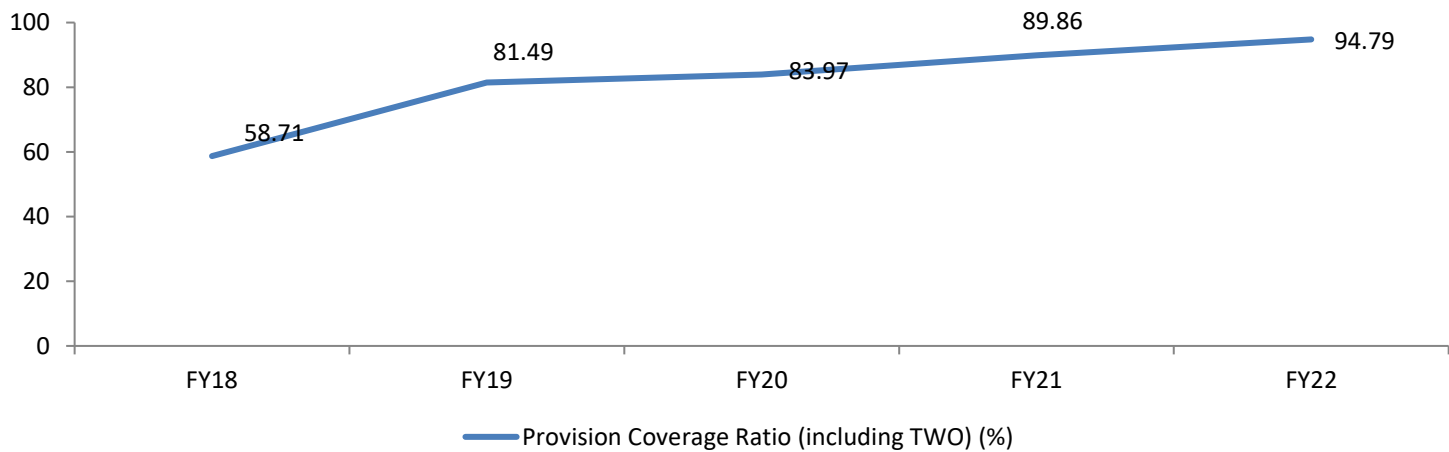
Source: Bank of Maharashtra FY22 Investor presentation

Provision Coverage Ratio (including TWO) (%)



Source: Bank of Maharashtra Q2FY23 Investor presentation

Provision Coverage Ratio (including TWO) (%) - Last 5 years



Source: Bank of Maharashtra FY22 Investor presentation



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Assets & Liabilities - An Overview

Assets	H1FY23	FY22	FY21	FY20	FY19	FY18
Cash & Balance with RBI	14,483	19,722	12,882	10,354	7,920	15,809
Balances with Bank & Call Money	29	194	59	93	1,235	75
Total Investments (Net of Depreciation & Provision)	70,184	68,590	68,112	57,741	59,697	43,623
Total Advances (Net of Provision)	1,44,163	1,31,170	1,02,405	86,872	82,666	85,797
Total Fixed Assets (Net of Depreciation)	2,194	2,242	1,674	1,676	1,776	1,517
Other Assets	7,955	8,693	11,532	12,132	11,242	9,508
Total	2,39,009	2,30,611	1,96,665	1,68,867	1,64,536	1,56,329
Liabilities	H1FY23	FY22	FY21	FY20	FY19	FY18
Capital	6,731	6,731	6,560	5,824	2,753	2,598
Reserves & Surplus	8,141	7,154	5,573	4,931	2,986	7,346
Deposits	1,95,849	2,02,294	1,74,006	1,50,066	1,40,650	1,38,981
Borrowings	22,911	7,747	4,239	3,670	10,149	4,064
Other Liabilities & Provisions	5,377	6,349	6,287	4,375	7,997	3,340
Total	2,39,009	2,30,611	1,96,665	1,68,867	1,64,536	1,56,329

Source: Bank of Maharashtra FY22 an Q2FY23 Investor presentation



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One year price movement chart



Source: Moneycontrol



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10)	Research Analyst or Ajcon Global Services Limited has been engaged in market making activity for the subject company(ies)	No

Recommendation parameters for fundamental reports:

Buy – Absolute return of 20% and above

Accumulate – Absolute return between 15% and above

Book profits: On achieving the price target given in the research report for a particular Company or on a occurrence of a specific event leading to change in fundamentals of the Company recommended

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For research related queries contact:

Mr. Akash Jain – Vice President (Research) at research@ajcon.net, akash@ajcon.net

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Research Analyst - Akash Jain, MBA (Financial Markets), Vice – President Research



Registered and Corporate office

408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062, Email: ajcon@ajcon.net