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Bank of Maharashtra – "Buy", Upside: 26.70 %

Nov. 29, 2023

We had initiated coverage on "Bank of Maharashtra" on Dec. 01, 2022 at Rs. 26.45 with a target price of Rs. 34.72 which was achieved and later got revised from time to time based on the quarterly & yearly performance of the Bank (the last was based on Q1FY24 performance) with the target price of Rs. 49 which was achieved. We continue our coverage on the Bank post its Q2FY24 result and revise our price target to Rs. 56 per share and hereby present the updated research report post its Q2FY24 result and Management discussion.

Bank of Maharashtra

- ❖ *Significant transformation witnessed across all fronts over the last few years after coming in trouble in FY18..*
- ❖ *The most efficient PSU Bank with Cost/Income ratio of 37.65 % as on H1FY24, Net NPA of 0.23 %, PCR (incl. TWO) of 98.40 %, High CASA ratio of 50.71 % as on H1FY24, Credit growth of 23.55 % on YoY basis in Q2FY24 & strong on all other parameters..*
- ❖ *Strong return profile with RoA (annualized): 1.37 %, RoE (annualized): 23.25 % in Q2FY24..*
- ❖ *The Bank has transformed itself into a next generation Bank, has become a name to reckon with and is on track to reach the next level competing with even best of the Private Sector banks on several parameters..*
- ❖ *The Bank expects credit growth of 20-21 percent and deposit growth of 12 -15 percent and total business of target is to cross Rs. 5 Lakh Crore for FY24..*
- ❖ *The bank expects a recovery of 5-7 percent from Written off accounts in FY24..*

Investment recommendation and rationale

At CMP of Rs. 44.20, the stock is valued at a P/BV of 1.98x (Book Value per share as on Q2FY24: Rs. 22.34). We recommend a "Buy" with a target price of Rs. 56 (P/BV multiple of 2.5x at Q2FY24 Book Value of Rs. 22.34 per equity share). After a strong turnaround and overall transformation in the last few years, we expect the Bank to continue its good performance witnessed in the last few quarters. We believe the Bank's performance can be compared to some of the well managed Banks of similar size and scale. We believe the Bank deserves a premium in valuations considering its strong consistent performance and due to the following factors:

The Bank has delivered strong overall performance in H1FY24 with strong credit growth, good NII growth, one the most efficient PSU Bank with Cost/Income ratio of 37.65 percent as on H1FY24, impressive CASA share in total deposits which stood at 50.71 percent, further improvement in asset quality with Gross NPAs at 2.19 percent and Net NPAs at 0.23 percent (one of the lowest in the entire banking sector), well provided for Stressed Book (PCR further improved to 98.40 percent), strong capital adequacy, consistent improvement in RoE and RoA. We like the fact that the Management has achieved its previous guidance on major fronts and seem confident of achieving high credit growth and good recovery in FY24.

The Bank is consistently achieving / surpassing its previous guidance/targets on all the major fronts and seems confident in achieving high credit growth and good recovery in FY24. The Bank's treasury performance is also expected to be good and was evident in this quarter too.

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 after the incumbent MD & CEO Shri. A.S.Rajeev took the office in December, 2018 joined by 2 most experienced bankers as the Executive Directors later.

The CASA share in Total deposits has improved from 48 percent in FY18 to 50.71 percent in H1FY24. As a result, NIMs have improved from 2.32 percent in FY18 to 3.88 percent as on H1FY24. Today, Bank of Maharashtra has become the most efficient PSU Bank with Cost/Income ratio of 37.65 percent in H1FY24 from 55.24 percent in FY18.

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 2.19 percent in Q2FY24 from 19.48 percent in FY18. Net NPA ratio has come down to 0.23 percent in Q2FY24 from 11.24 percent in FY18. The Bank is well provided for Stressed Book (PCR further improved to 98.40 percent in Q2FY24 from 58.71 percent in FY18).

What impressed us the most is the confidence level of top management during our interaction with led by MD & CEO Shri A S Rajeev, EDs *Shri A.B. Vijayakumar (ceased to be the Executive Director of the Bank w.e.f. close of working hours on 31st October, 2023) & Shri. Asheesh Pandey along with General Managers in Q2FY24 analyst concall. As per the MD & CEO, the bank has implemented several welfare schemes for its staff keeping their morals high with a great loyalty & making them Karmayogi from Karmachari. We believe that the Bank is set to reach the next level as it has all ingredients in place for re-rating.

CMP	Rs. 44.20 (Face value: Rs. 10)
Book value	Rs. 22.34 per share as on Q2FY24
Recommendation	Buy
Target price	Rs. 56
Upside	26.70 %
52 Week High/Low	Rs. 51.90 /Rs. 22.80
Market Cap.	Rs. 31,300 Crore
NSE/BSE code	MAHABANK/532525
Bloomberg code	BOMH:IN
Government of India holding	86.46 %
Price performance	1 month: 4.48%, 3 months: 13.30 %, YTD: 44.77%, 1 Year: 64.77%, 3 years: 263.11 %

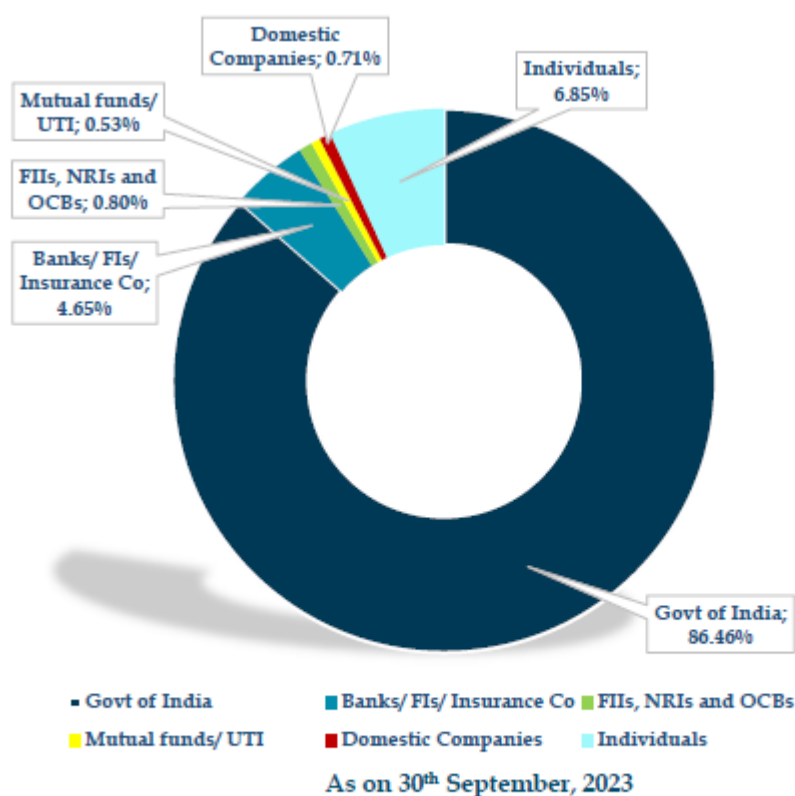
Particulars (₹ Crore)	H1FY24	FY23	FY22	FY21
Total Business	4,22,420	4,09,202	3,37,534	2,81,659
Gross Advances	1,83,122	1,75,120	1,35,240	1,07,654
Growth	4.57	29.49	25.62	13.45
RAM Advances	1,07,278	1,00,077	80,699	67,986
RAM (%)	58.58	57.15	59.65	63.15
Deposits	2,39,298	2,34,083	2,02,294	1,74,006
CASA (%)	50.71	53.38	57.85	53.99
C/D ratio (%)	76.52	74.81	66.85	61.87
Net Interest income	4,772	7,741	6,044	4,897
NIM (%)	3.88	3.56	3.15	2.84
Operating profit	3,784	6,099	4,848	3,960
Cost/Income (%)	37.65	39.14	44.26	47.39
Net Profit	1,802	2,602	1,152	550
Equity share cap.	7,081.4	6,730.5	6,730.5	6,560
Networth	18,412	12,765	10,176	8,019
Capital Adequacy (%)	17.61	18.14	16.48	14.49
GNPA (%)	2.19	2.47	3.94	7.23
NNPA (%)	0.23	0.25	0.97	2.48
PCR (incl. TWO) (%)	98.40	98.28	94.79	89.86
Book value per share(₹)	22.34	18.97	15.12	12.22
RoA (%)	1.37*	1.10	0.55	0.30
RoE (%)	23.25*	20.38	11.45	7.17

Source: Bank of Maharashtra Q2FY24 Investor presentation, * as on Q2FY24

Particulars	Q2FY24	Q1FY24	QoQ (%)	Q2FY23	YoY (%)
Total Income	5,736	5,417	11.44	4,317	33
Total Expenses	3,815	3,554	7.34	2,855	34
Operating profit	1,920	1,863	3.05	1,462	31
Prov.&Cont. Other than taxes	985	776	26.93	579	70
Profit before tax	936	1,087	(13.8)	883	6
Tax expense	16	205	(92.19)	348	(95)
Net Profit	920	882	4.3	535	72

Source: Bank of Maharashtra Q2FY24 press release

Shareholding pattern as on Q2FY24



GOI Holding reduced from 90.97% to 86.46% as Bank raised Rs. 1000 crore via QIP which was oversubscribed.

Source: Bank of Maharashtra Q2FY24 Investor Presentation

Strong performance in Q2FY24 and H1FY24

- 1) Net Interest Income increased by 28.88 percent on YoY basis and grew by 3.93 percent on QoQ basis to Rs. 2,432 Crore in Q2FY24 (Rs. 1,887 Crore in Q2FY23) as against Rs. 2,340 Crore in Q1FY24. For the half year, Net interest income grew by 34 percent on a YoY basis to Rs. 4,772 Crore for H1FY24 as against Rs. 3,573 Crore for H1FY23.
- 2) NIM improved to 3.89 percent in Q2FY24 (3.55 percent in Q2FY23) from 3.86 percent in Q1FY24. Cost of deposits has gone up to 4.29 percent in Q2FY24 (3.54 percent in Q2FY23) from 4.06 percent in Q1FY24. Cost of Funds has gone up to 3.93 percent in Q2FY24 (3.31 percent in Q2FY23) from 3.70 percent in Q1FY24. Yield on Advances has gone up to 8.93 percent in Q2FY24 (7.81 percent in Q2FY23) from 8.62 percent in Q1FY24. The Bank's Managing Director and CEO Shri. A.S. Rajeev was of the view that the Bank would try to protect NIMs at 3.5 percent.
- 3) Total Non Interest Income increased by 33 percent on YoY basis and grew by 6.20 percent on QoQ basis to Rs. 668 Crore in Q2FY24 (Rs. 502 Crore in Q2FY23) as against Rs. 629 Crore in Q1FY24. On a quarterly basis, Fee based income increased by 23.85 percent on YoY basis and grew by 15.55 percent on QoQ basis to Rs. 379 Crore in Q2FY24 (Rs. 306 Crore in Q2FY23) as against Rs. 328 Crore in Q1FY24. Recoveries in written off accounts stood at Rs. 216 Crore in Q2FY24 (Rs. 148 Crore in Q2FY23) as against Rs. 231 Crore in Q1FY24. Treasury income increased by 77 percent on YoY basis and grew by 1.61 percent on QoQ basis to Rs. 63 Crore in Q2FY24 (Rs. 36 Crore in Q2FY23) as against Rs. 61 Crore in Q1FY24.



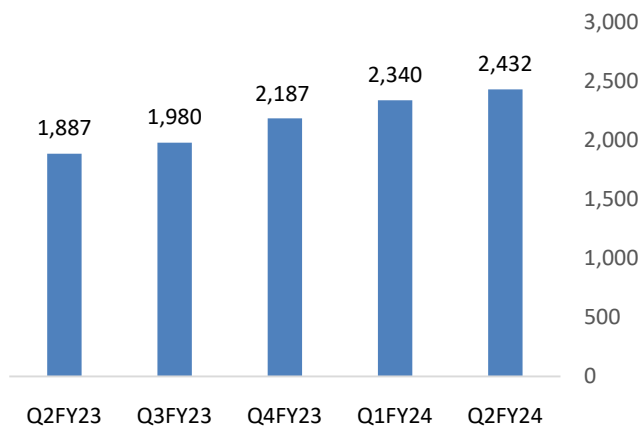
- 4) For the half year, Total Non Interest increased by 58 percent on YoY basis to Rs. 1,296 Crore in H1FY24 as against Rs. 819 Crore in H1FY23. Fee-based income has grown by 20 percent on YoY basis to Rs. 707 Crore in H1FY24 as against Rs. 587 Crore in H1FY23. Recovery in Written off accounts booked in P&L increased to Rs. 447 Crore in H1FY24 as against Rs. 266 Crore in H1FY23. Treasury Income stood at Rs. 125 Crore in H1FY24 as against loss of Rs. 56 Crore in H1FY23.
- 5) Cost/Income ratio inched up on QoQ basis to 38.04 percent in Q2FY24 (38.82 percent in Q2FY23) as against 37.23 percent in Q1FY24. We like the fact that the Management is focusing on Robotic Process Automation directly supervised by ED Asheesh Pandey, which will augur well for reducing repetitive tasks, assist in reconciliation tasks, improve customer service and cost optimization. The Bank's focus on Machine Learning to cross sell products will augur well in the long run.
- 6) Operating profit increased by 31.37 percent on YoY basis and grew by 3.06 percent on QoQ basis to Rs. 1,920 Crore in Q2FY24 (Rs. 1,462 Crore in Q2FY23) as against Rs. 1,863 Crore in Q1FY24. For the half year, Operating profit grew by 42 percent on YoY basis to Rs. 3,784 Crore in H1FY24 as against Rs. 2,664 Crore for H1FY23.
- 7) Net Profit grew by 71.90 percent on YoY basis and clocked a growth of 4.31 percent on QoQ basis to Rs. 920 Crore in Q2FY24 (Rs. 535 Crore in Q2FY23) as against Rs. 882 Crore in Q1FY24. For the half year, Net profit increased by 83 percent on YoY basis to Rs. 1,802 Crore in H1FY24 as against INR 987 crore for H1FY23.
- 8) Provision & Contingencies (other than taxes) for the half year increased by 56 percent on YoY basis to Rs. 1,761 Crore in H1FY24 as against Rs. 1,128 Crore in H1FY23.
- 9) For the half year, Provision for Taxes (Net of DTA) declined by 60 percent on YoY basis to Rs. 221 Crore in H1FY24 as against Rs. 549 Crore in H1FY23.
- 10) With regards to normalization of tax rates, the Bank's management said that the tax item appearing in P&L account is DTA reversal and further added that it has Direct Tax Asset (DTA) of around Rs. 4,000 Crore. The Bank management informed that the Bank has carried forward losses of around Rs. 8,000 crore – benefits of which will accrue upto FY25.
- 11) ROE also improved to 23.31 percent for H1FY24 as against 16.90 percent for H1FY23. Return on assets improved to 1.35 percent for H1FY24 as against 0.87 percent for H1FY23.
- 12) During the half year ended 30th September 2023, the Bank has raised equity capital of Rs. 1,000 Crore through QIP and Tier 2 capital of Rs. 515 Crore.



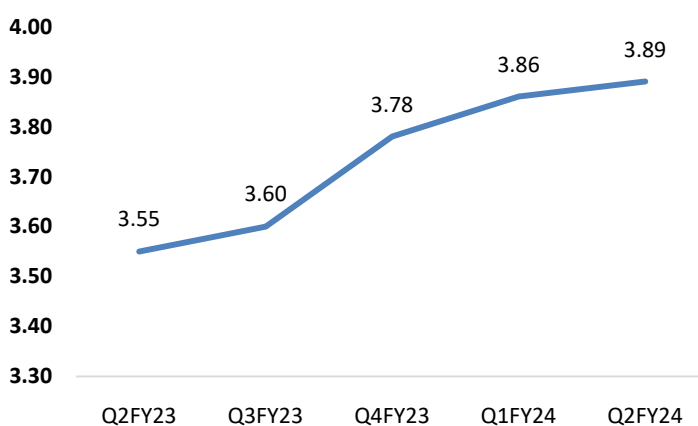
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Strong performance across different parameters

Net Interest Income - Quarterly (Rs. in Crore)

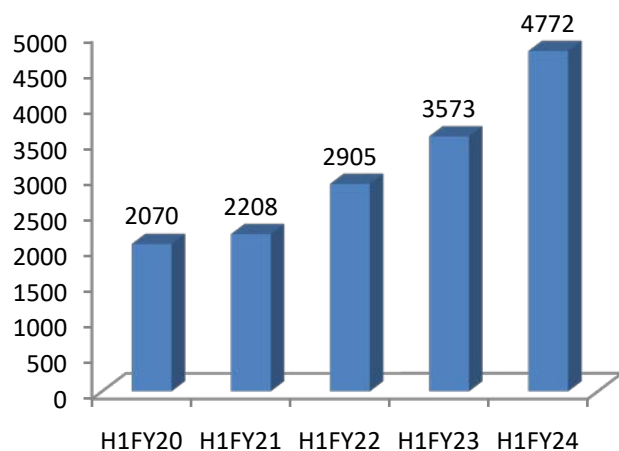


NIM (%) - Quarterly

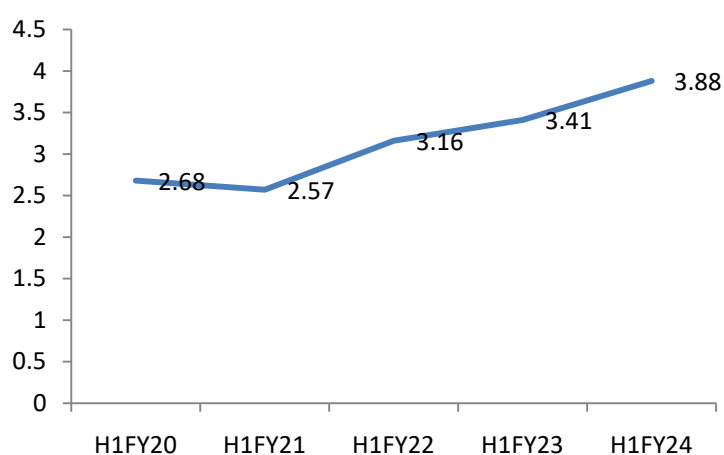


Source: Bank of Maharashtra Q2FY24 Investor presentation

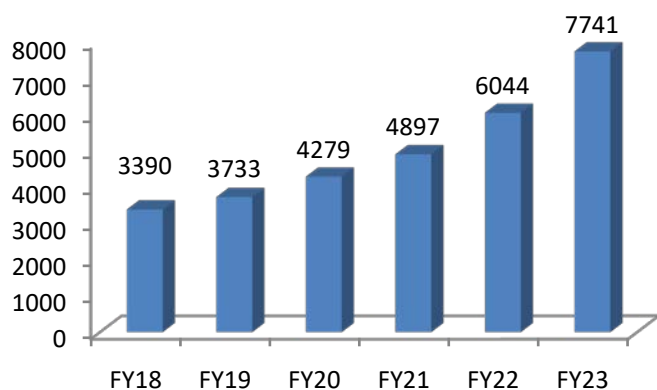
Net Interest Income – Half Yearly (Rs. in Crore)



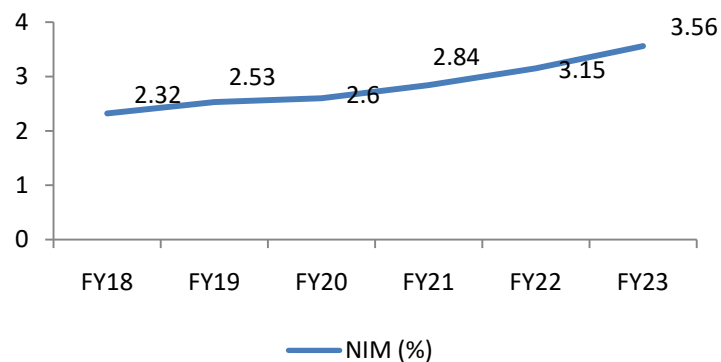
NIM - (%) – Half Yearly



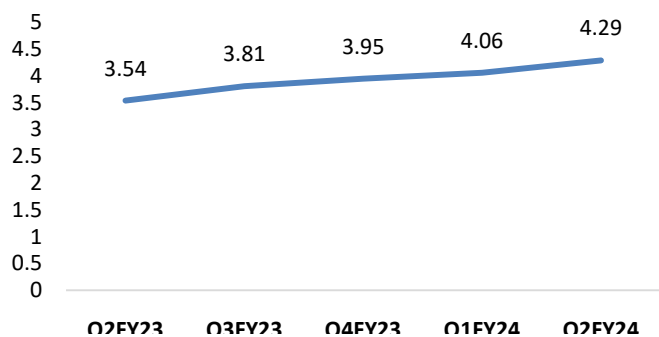
Net Interest Income - Yearly (Rs. in Crore)



NIM - (%) - Yearly

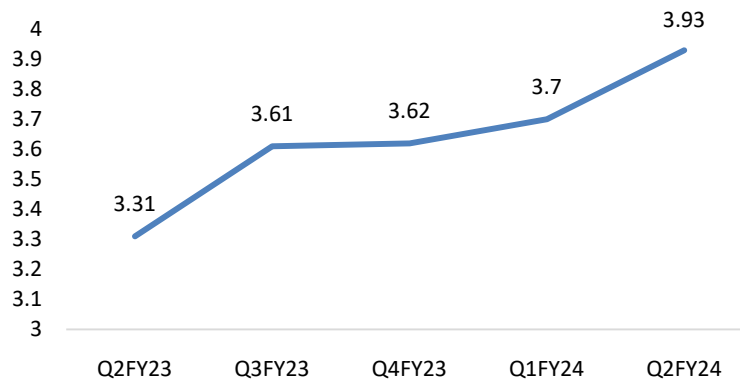


Cost of Deposits (%) - Quarterly

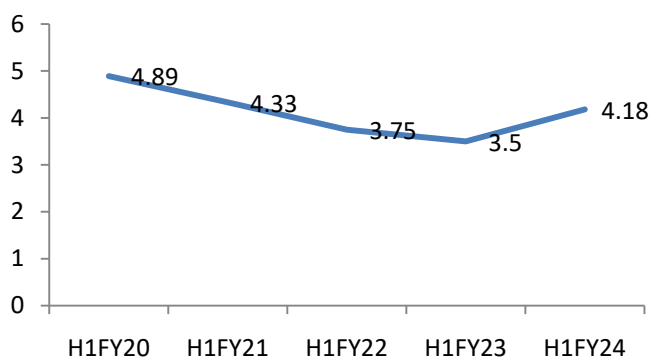


Source: Bank of Maharashtra Q2FY24 Investor presentation

Cost of Funds (%) - Quarterly

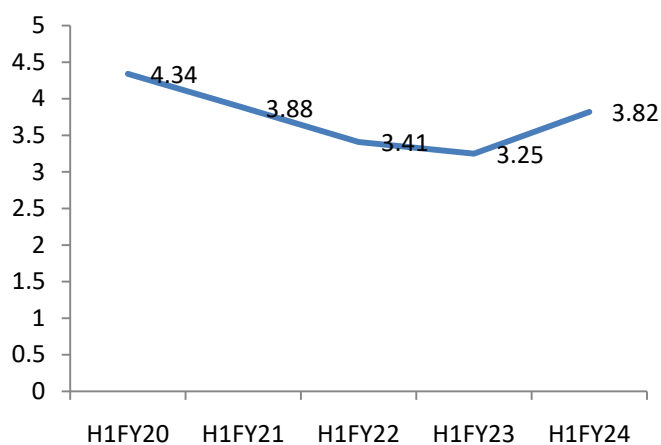


Cost of Deposits (%) – Half Yearly

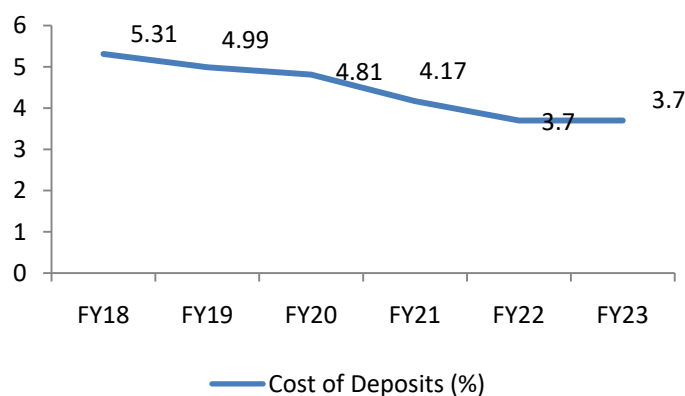


Source: Bank of Maharashtra Q2FY24 Investor presentation

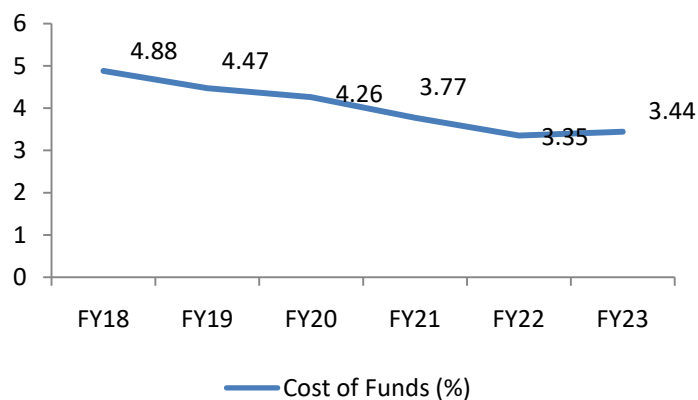
Cost of Funds (%) – Half Yearly



Cost of Deposits (%) - Yearly

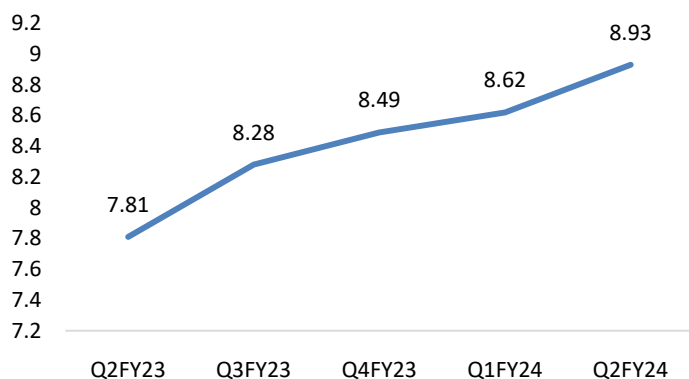


Cost of Funds (%) - Yearly

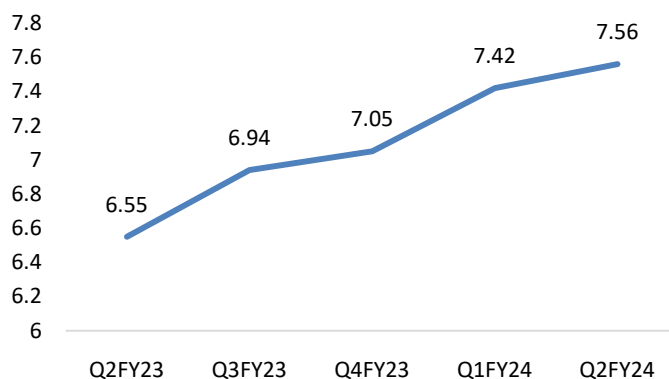


Source: Bank of Maharashtra Q4FY23 investor presentation

Yield on Advances (%) - Quarterly

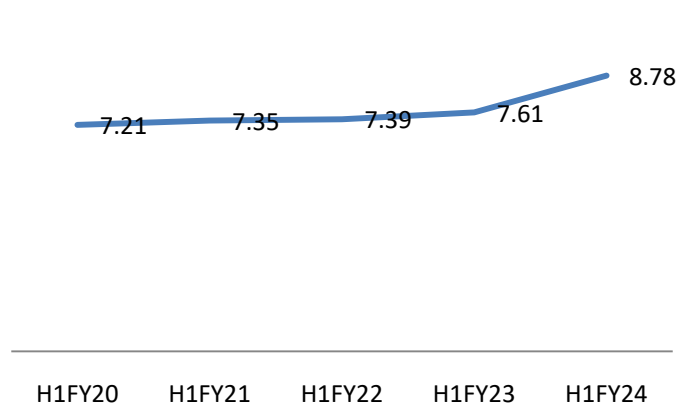


Yield on Funds (%) - Quarterly

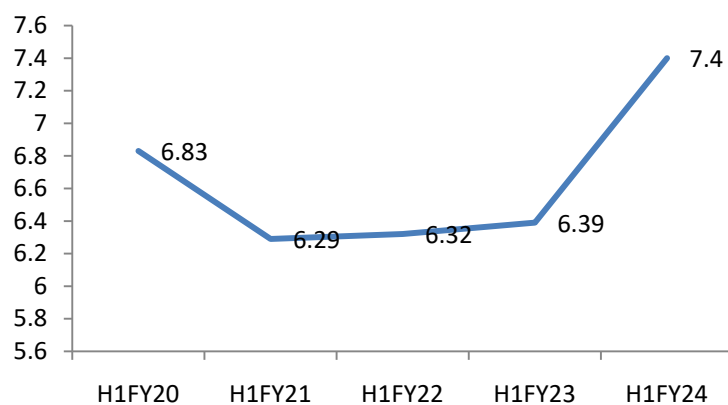


Source: Bank of Maharashtra Q2FY24 investor presentation

Yield on Advances (%) – Half Yearly

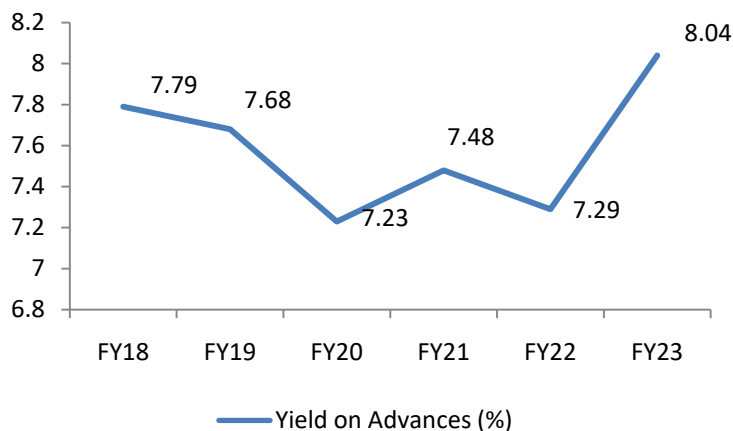


Yield on Funds (%) – Half Yearly

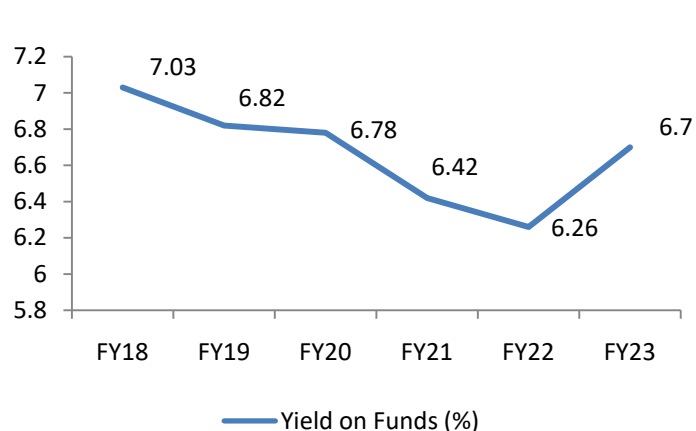


Source: Bank of Maharashtra – Q2FY24 Investor presentation

Yield on Advances (%) - Yearly



Yield on Funds (%) - Yearly

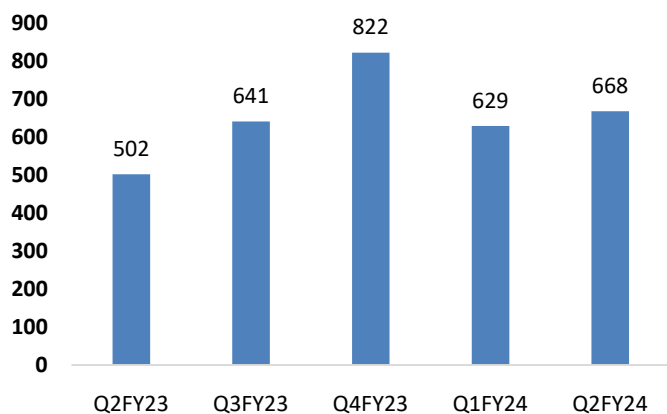


Source: Bank of Maharashtra - Q4FY23 Investor presentation

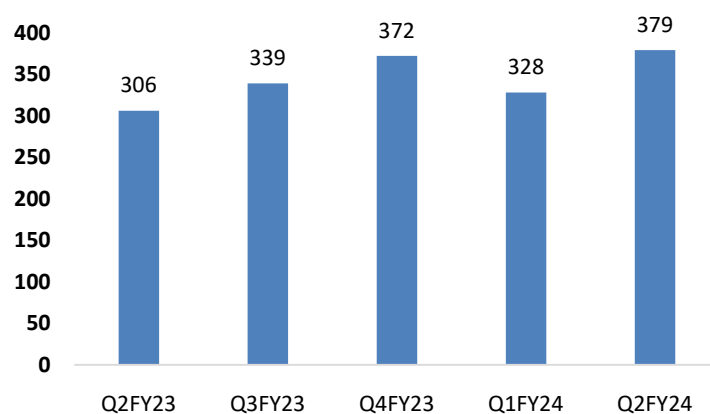


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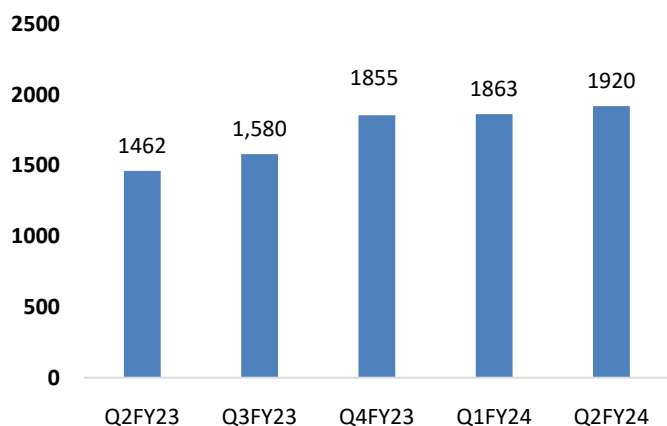
Non - Interest Income (Rs. in Crore) - Quarterly



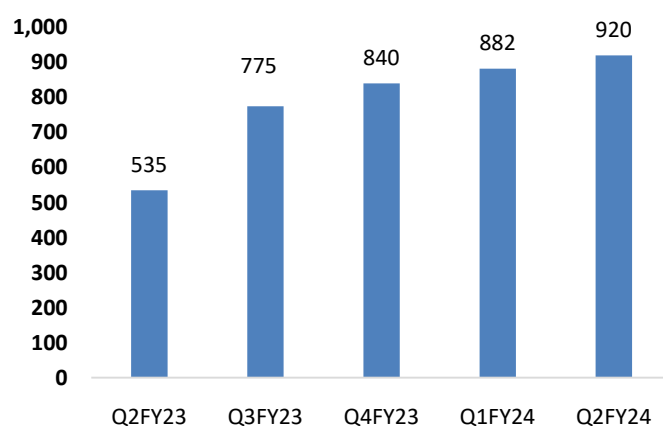
Fee based income (Rs. in Crore) - Quarterly



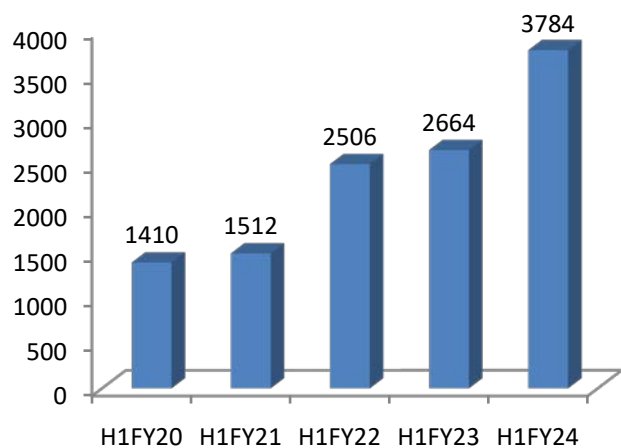
Operating profit (Rs. in Crore) - Quarterly



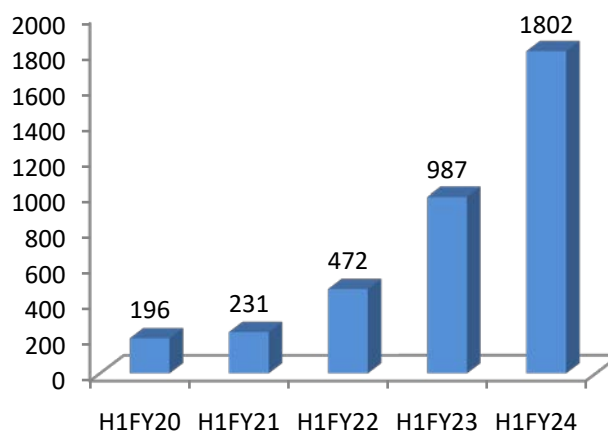
Net profit (Rs. in Crore) - Quarterly



Operating profit - (Rs. in Crore): Half Yearly



Net profit - (Rs. in Crore) - Half Yearly

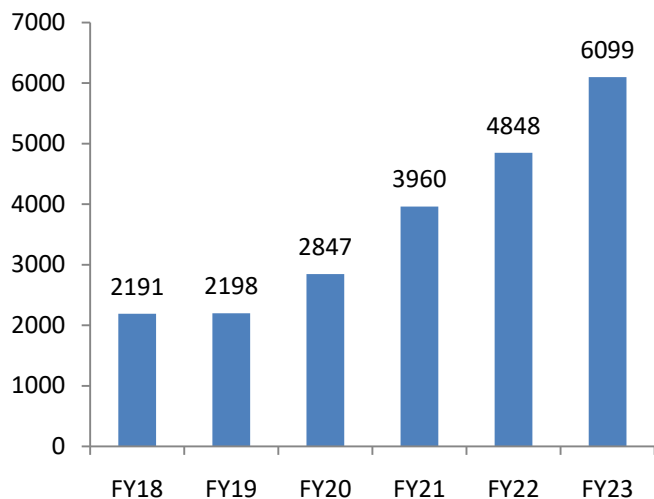


Source: Bank of Maharashtra – Q2FY24 Investor presentation

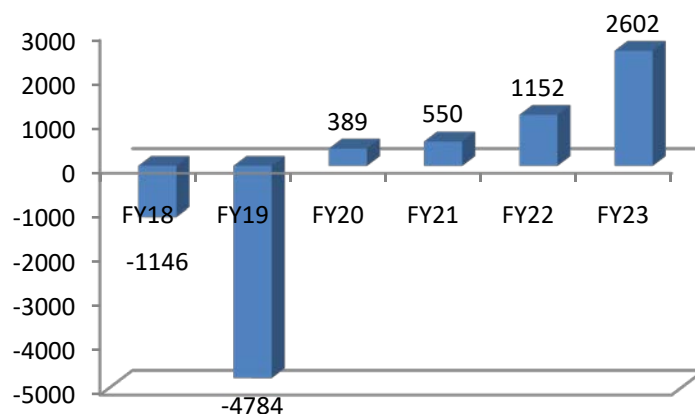


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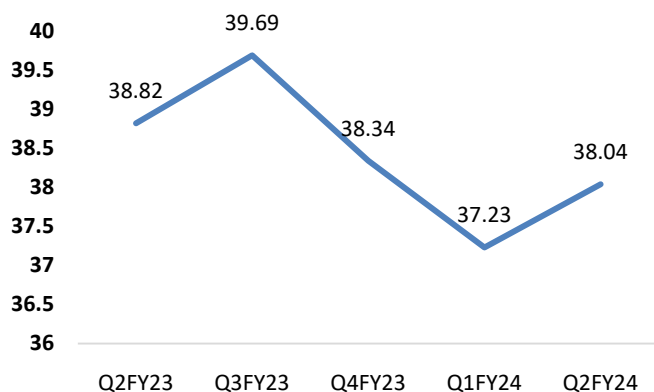
Operating profit - (Rs. in Crore) - Yearly



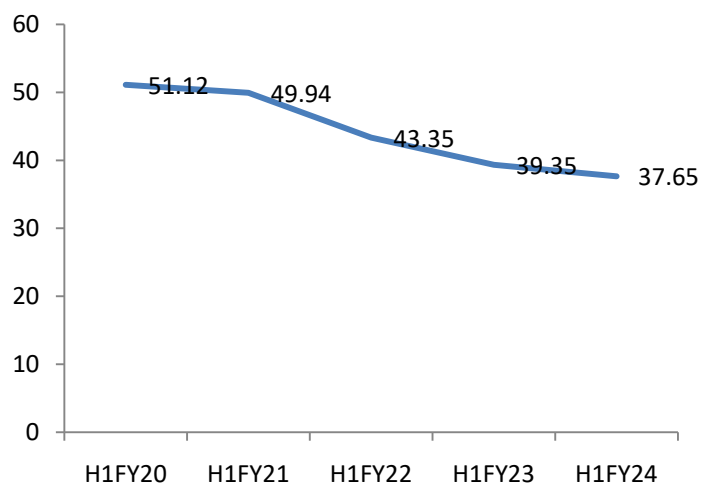
Net profit - (Rs. in Crore) - Yearly



Cost/Income ratio (%) - Quarterly

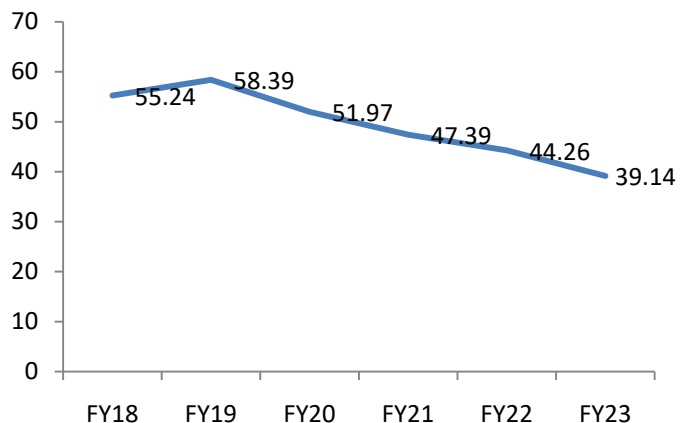


Cost/Income ratio (%) – Half Yearly



Source: Bank of Maharashtra – Q2FY24 Investor presentation

Cost/Income ratio –Yearly

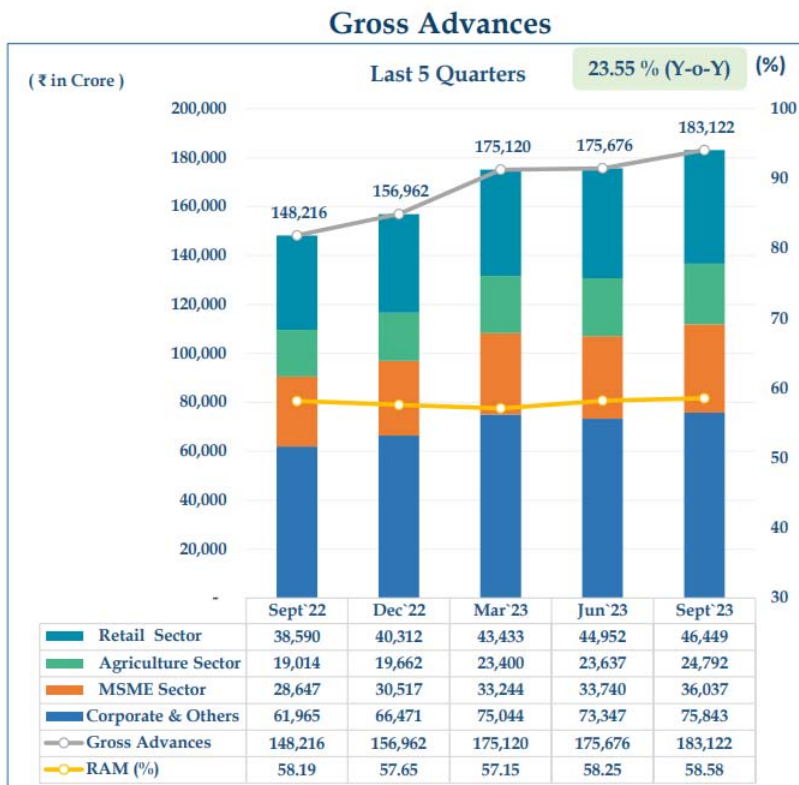


Source: Bank of Maharashtra – FY23 and FY22 Investor presentation

Credit portfolio - Balanced Loan Growth

- 1) Gross Advances increased by 23.55 percent on YoY and grew by 4.24 percent on QoQ basis to Rs. 1,83,122 Crore in Q2FY24 (Rs. 1,48,216 Crore in Q2FY23) as against Rs. 1,75,676 Crore in Q1FY24. The Bank's management expects credit growth of 20-21% for FY24.
- 2) The Bank's Management reiterated that growth will come from Mid Corporates. The Bank was focussing on sectors like in manufacturing sectors like Pharmaceuticals, Textile, Engineering goods, Auto Ancillaries (EV), a mix of infrastructure projects like Airports, Affluent Treatment plant - Projects of Namami Gange etc. The Bank is also looking to expand gold loan @ 25% annually to accelerate the credit growth.
- 3) The Bank is expecting advances growth in the range of 20% to 22%.
- 4) In the past discussions, the Bank's management was of the view that it had identified 15 clusters with special focus on mid corporate and the corporate finance branches targeting businesses location-wise like Morbi for the Tiles business, for textiles, Bhilwara, Tirupur, Coimbatore, Ichalkaranji etc. According to the Bank's management, Rs.300 to 400 Crore business can be generated through the clusters at each location. The Bank's exposure to combined AAA, AA, A rated accounts stood at 58.47 percent of the Total eligible exposure for external rating in Q2FY24.
- 5) With regards to personal loan book, the Bank management said it is around Rs. 1,800 Crore as on the date of Q2FY24 analyst concall and the NPAs under that is 0.33 percent. The stress on the personal loan is not high because the Bank is very careful in selecting those. According to the Management, Personal loan is given to all salaried people who have a CIBIL score and all risk parameters are placed in.
- 6) The total Government guaranteed exposure including exposure backed by Treasury Deposits of State Government stood at Rs. 19,126 Crore in Q2FY24 as against Rs. 15,755 Crore in Q1FY24. Total rated plus Government Guarantee exposure stood at Rs. 82,544 Crore in Q2FY24 as against Rs.79,947 Crore in Q1FY24.
- 7) The Bank is targeting for a business of Rs. 5,00,000 Crore up to March '24.

Gross Advances – Quarterly



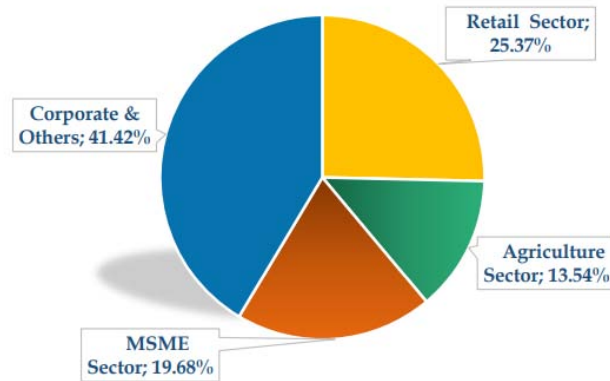
Source: Bank of Maharashtra Q2FY24 Investor presentation



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Particulars	Q2FY24	Q1FY24	QoQ (%)	Q2FY23	YoY (%)
Gross Advances	1,83,122	1,75,676	4.23	1,48,216	23.55
<i>Of which</i>					
Retail sector	46,449	44,952	3.33	38,590	20.37
Agriculture sector	24,792	23,637	4.88	19,014	30.39
MSME sector	36,037	33,740	6.8	28,647	25.8
Total of RAM	1,07,279	1,02,329	4.8	86,250	24.38
RAM % to Gross Advances	58.58	58.25		58.19	
Corporate & Others	75,543	73,347	3	61,965	22.4

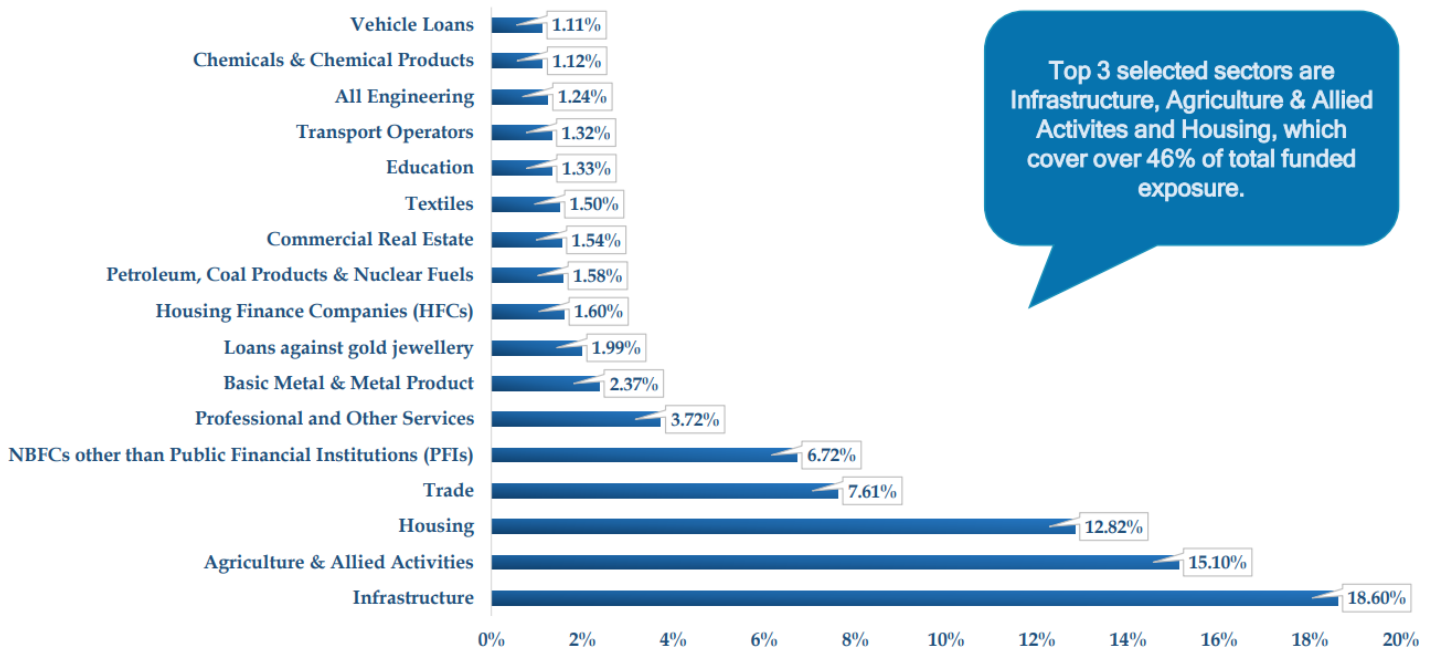
% share in Gross Advances as on Q2FY24



% Share of Gross Advances, as on 30th Sep, 2023

Source: Bank of Maharashtra Q2FY24 Investor presentation

Funded exposure to selected sectors & industries with total exposure (more than 1%) - September` 23

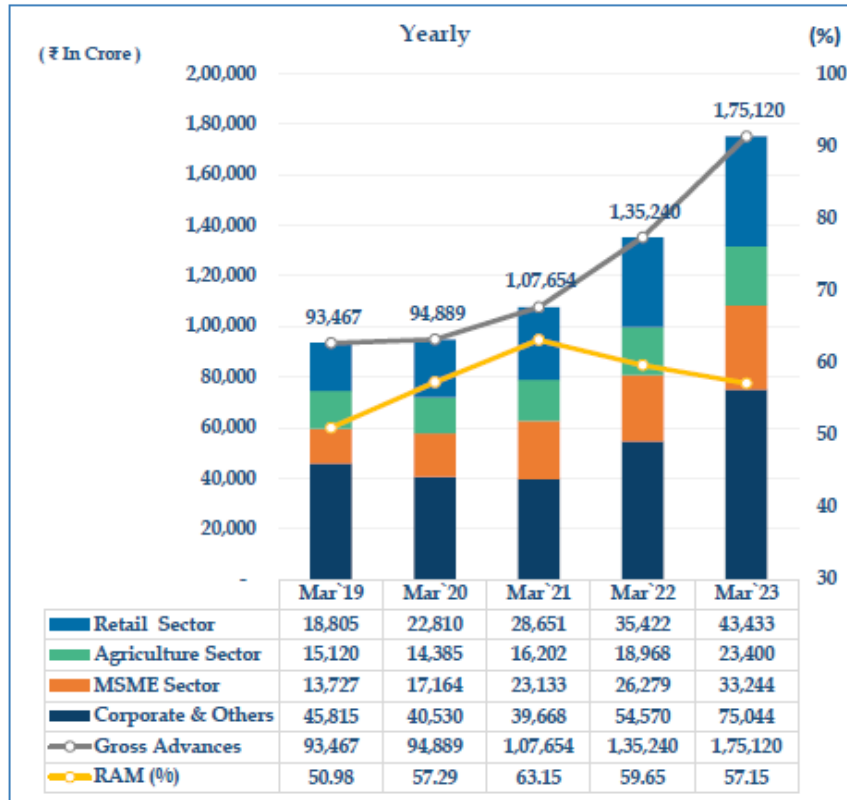


Source: Bank of Maharashtra Q2FY24 Investor presentation



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Gross Advances - Last 5 years



Source: Bank of Maharashtra FY23 Investor presentation

Exposure to NBFC and Co-Lending

The Bank is continuously assessing its sanction exposure and based on that it is taking decisions as and when required and are taking exposure in the top rated NBFCs only with the focus of having good return also which is prime.

The Bank is expected to witness good growth in co-lending and is working on that front along with digitalization of that co-lending process. 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. The Bank has partnered with several NBFCs under MSME co-lending model. The Bank has collaborated with LoanTap, LendingKart, MAS Financial Services etc. for MSME financing under Co-Lending model. The 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

The total gold loan portfolio of the bank is around Rs. 8,000 Crore and yield stood at 9%. The year-on-year growth of gold loan witnessed about Rs. 2,358 Crore and YTD is 27% growth. According to the Management, the Bank is going with a robust growth. Earlier, Bank of Maharashtra was not down in the gold loan business, whereas many banks are there for decades, which Bank of Maharashtra started very late, about a few years before, but it's quite steadily picking up. The Bank's management said that it could see that not only the numbers growing, the statutory NPAs also have come down. The Bank's NPA, as of today, is only 0.18%. The reason is that almost every month, the Bank goes for an auction in a time/date. As soon as



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it became slippage, the Bank released the funds. The Bank has a lot of scope for improvement in this particular area. The Bank has started focusing on Gold Loan segment to build up this portfolio and expects it to grow 25% growth basis.

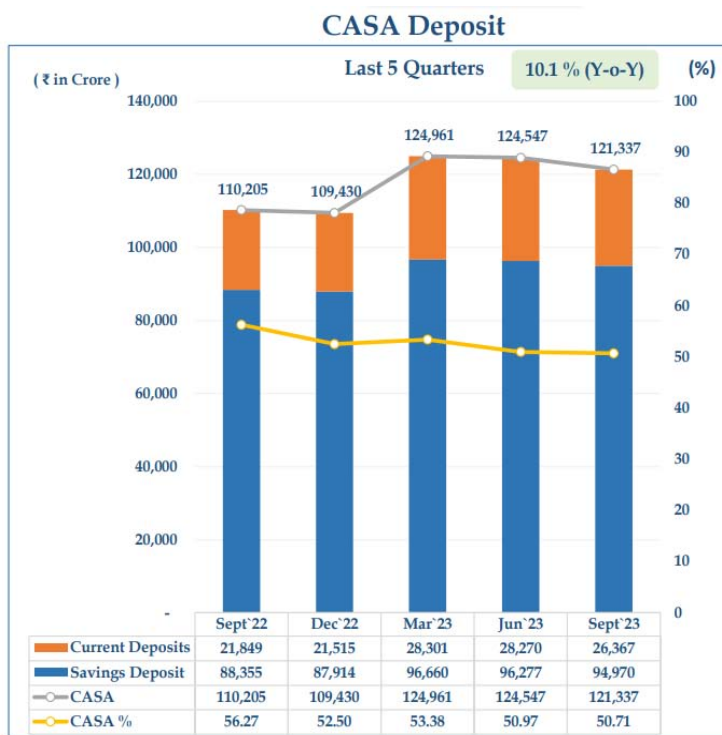
ECLGS Portfolio

In the ECLGS portfolio, the Bank had originally sanctions of around Rs. 3,200 crore when the scheme came in 2020 onwards. The Bank's observation on the ECLGS portfolio is that the portfolio is doing well and no major risk is observed till date. The Bank's SMA numbers and even the delinquencies also is not very high in the MSME sector also. Two years back, it was slightly on the higher side, but for the last one year more or less, the Bank has controlled that MSME slippages also. The Bank does not find any risk on the ECLGS portfolio. According to the Bank's management, as the pricing was lower rate of interest, the customer has not defaulted on that large list. Few accounts that had slipped were in a routine course but no major risk in the ECLGS portfolio.

Deposits and deposits growth

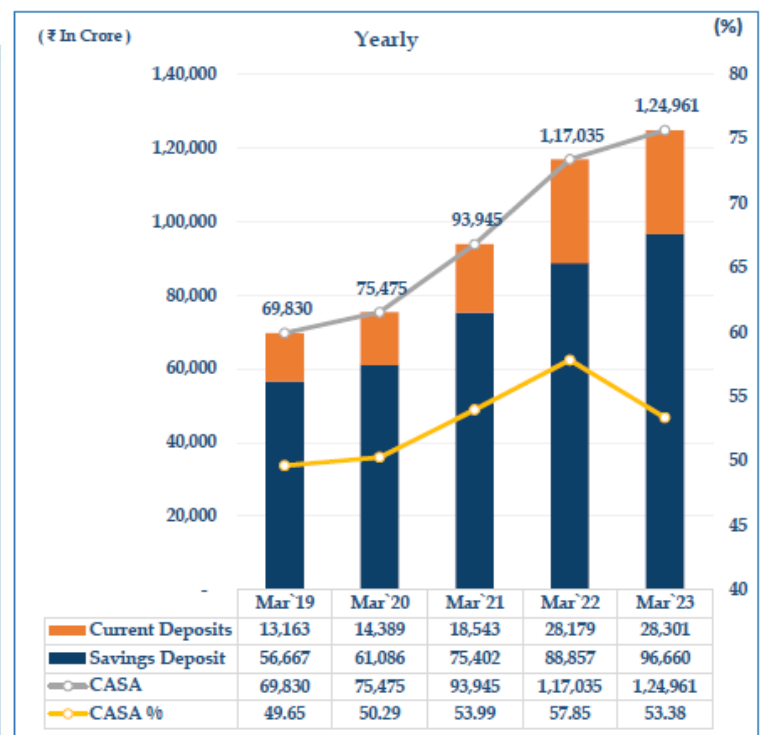
Total Deposits grew by 22.18 percent on YoY basis to Rs. 2,39,298 Crore in Q2FY24 (Rs. 1,95,849) as against Rs. 2,44,365 Crore in Q1FY24. For deposits, the Bank's MD & CEO has given a deposits growth guidance of 14-15 percent in FY24. CASA ratio stood at 50.71 percent in Q2FY24 (56.27 percent in Q2FY23) as against 50.97 percent in Q1FY24.

CASA deposits and CASA % (Quarterly)



Source: Bank of Maharashtra Q2FY24 Investor presentation

CASA deposits and CASA % (Yearly)

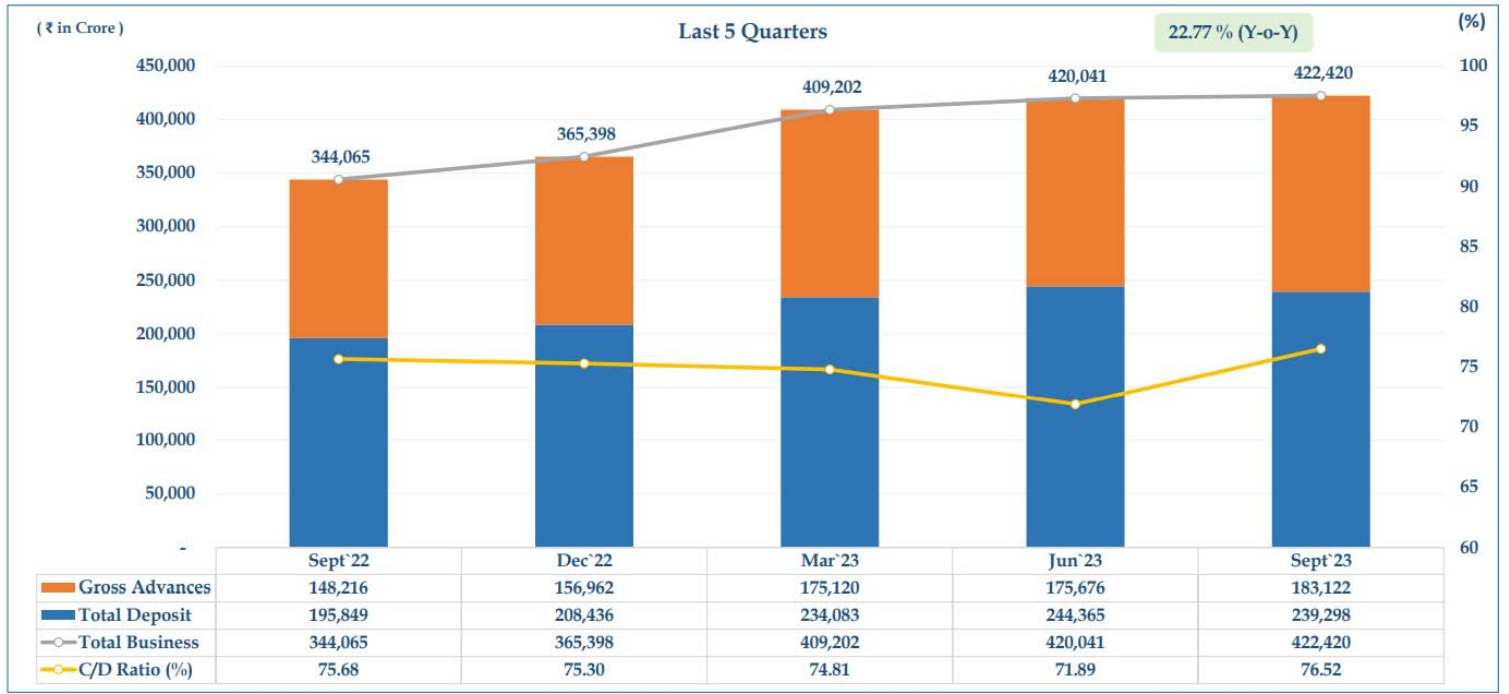


On an analyst query, with regards to raising further deposits to meet high credit growth, the Bank's management said that it has excess SLR of around Rs. 12,000 – 14,000 Crore, of which around Rs. 1,000-1,500 Crore can be brought back.



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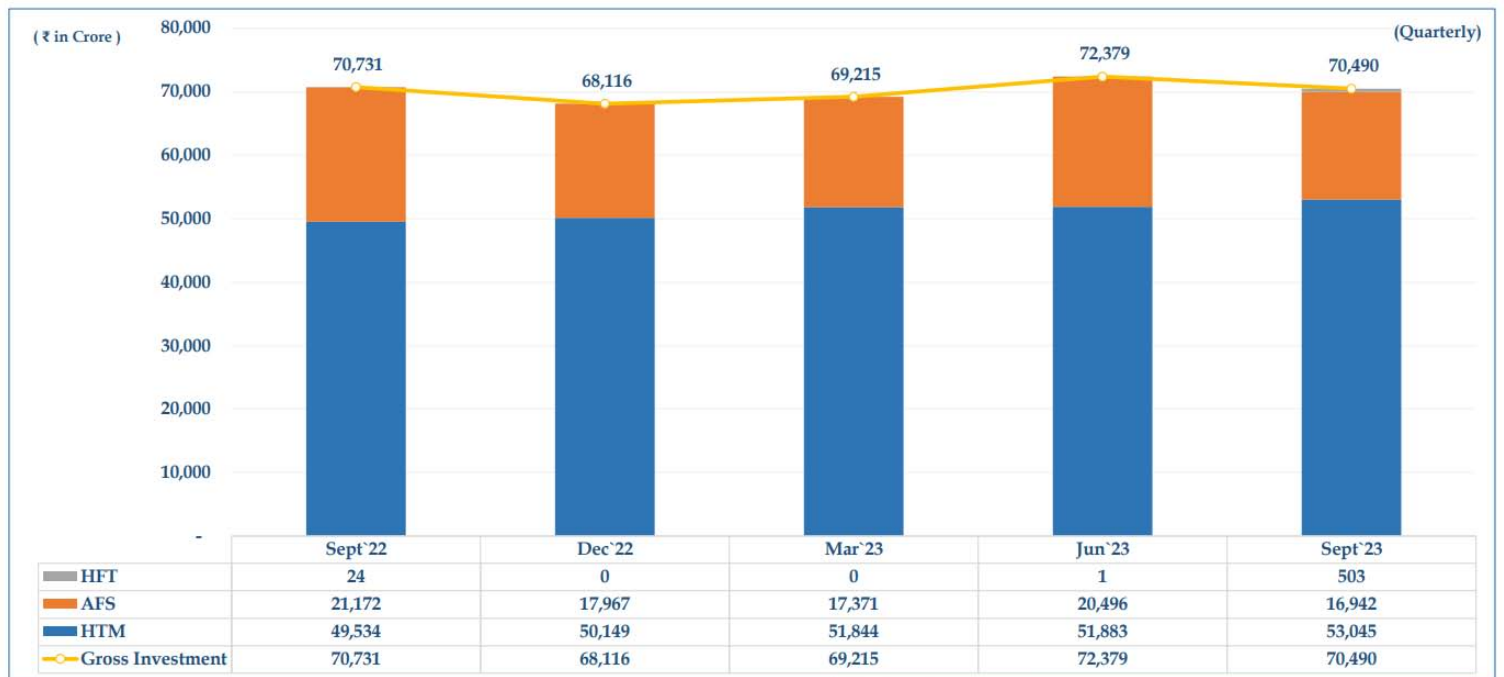
Total Business, Gross Advances and Deposits - Quarterly



Source: Bank of Maharashtra – Q2FY24 Investor presentation

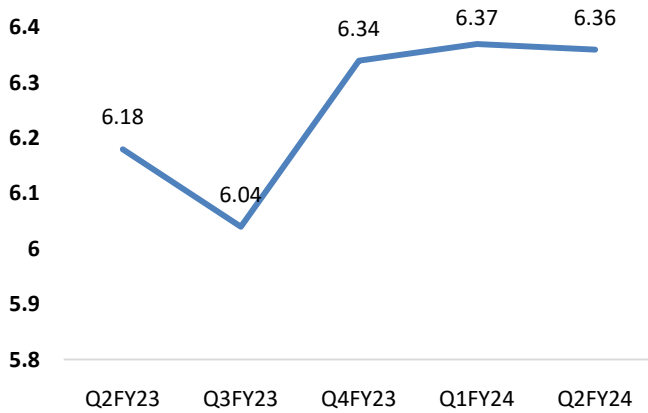
Investments - Treasury performance

- Treasury income grew by 77 percent on YoY basis to Rs. 63 Crore in Q2FY24 (Rs. 36 Crore in Q2FY23) as against Rs. 62 Crore in Q1FY24. Treasury Income stood at Rs. 125 Crore in H1FY24 as against loss of Rs. 56 Crore in H1FY23.

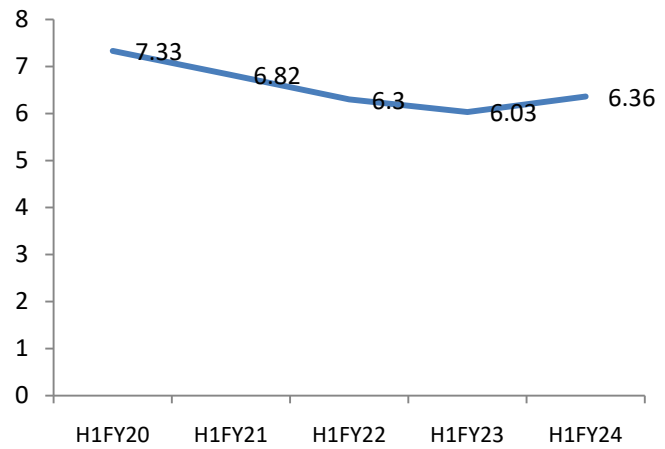


Source: Bank of Maharashtra – Q2FY24 Investor presentation

Yield on Investments (%) - Quarterly

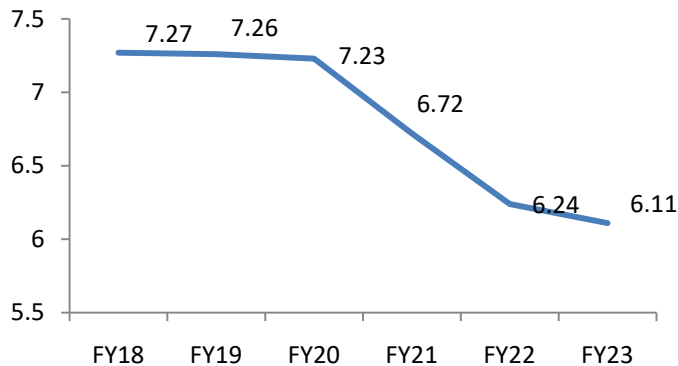


Yield on Investments (%) – Half Yearly



Source: Bank of Maharashtra – Q2FY24 Investor presentation

Yield on Investments (%) – Yearly



Source: Bank of Maharashtra – FY23 and FY22 Investor presentation

Asset Quality

Gross NPA ratio improved to 2.19 percent in Q2FY24 as against 2.28 percent in Q1FY24. Net NPAs ratio marginally improved to 0.23 percent in Q2FY24 as against 0.24 percent in Q1FY24. Provision Coverage ratio stood at 98.40 percent. Fresh slippages increased to Rs. 593 Crore in Q2FY24 as against Rs. 538 Crore in Q1FY24. Recovery + Upgradation stood at Rs. 324 Crore in Q2FY24 as against Rs. 273 Crore in Q1FY24. Writeoffs stood at Rs. 260 Crore in Q2FY24 as against Rs. 599 Crore in Q1FY24.

Movement of NPA (Rs. in Crore)

Particulars	Q2FY24	Q1FY24	Q4FY23	Q3FY23	Q2FY23
Opening level of Gross NPAs	4007	4,334	4,612	5,039	5,259
Total Reductions	584	872	833	1,006	880
Of which: Recovery + Upgradation	324	273	433	419	418
Gross Addition	594	545	555	579	659
Of which: Variable	1	6	6	7	65



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Fresh slippages	593	538	549	572	594
Net Increase/(Decrease)	10	(327)	(278)	(427)	(221)
Closing level off Gross NPAs	4,017	4,007	4,334	4,612	5,039

Source: Bank of Maharashtra Q2FY24 Investor presentation

Particulars	FY23	FY22	FY21	FY20	FY19	FY18
Opening level of Gross NPAs	5,327	7,780	12,152	15,324	18,433	17,189
Total Reductions	2,623	4,635	6,575	7,213	7,413	4,490
Of which: Recovery + Upgradation	1,132	1,517	1,644	1,515	2,286	2,030
Gross Addition	1,630	2,182	2,202	4,041	4,304	5,735
Of which: Variable	20	133	65	49	131	591
Fresh slippages	1,610	2,049	2,138	3,991	4,173	5,144
Net Increase/(Decrease)	(993)	(2,452)	(4,372)	(3,172)	(3,109)	1,245
Closing level off Gross NPAs	4,334	5,327	7,780	12,152	15,324	18,433

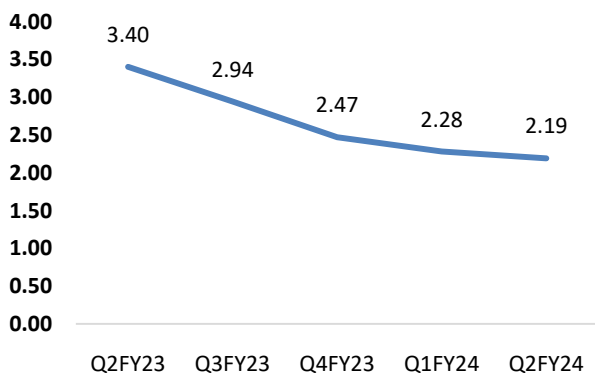
Source: Bank of Maharashtra FY23 Investor presentation

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

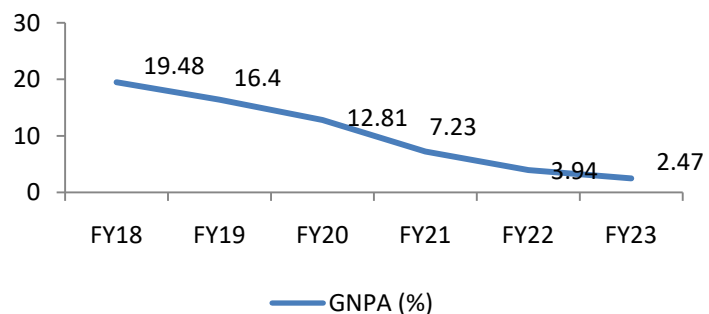
Particulars	Q2FY24	% of GA	Q1FY24	% of GA	Q4FY23	% of GA	Q3FY23	% of GA	Q2FY23	% of GA
Standard	1,79,105	97.81	1,71,669	97.72	1,70,786	97.53	1,52,350	97.06	1,43,177	96.60
Sub-Standard	1,151	0.63	1,157	0.66	1,467	0.84	1,629	1.04	1,787	1.21
Doubtful	2,733	1.49	2,684	1.53	2,692	1.54	2,804	1.79	2,951	1.99
Loss	133	0.07	166	0.09	175	0.10	180	0.11	301	0.20
Total Advances	1,83,122	100	1,75,676	100	1,75,120	100	1,56,962	100	1,48,216	100

Note: GA denotes - Gross Advances

GNPA (%) - Quarterly

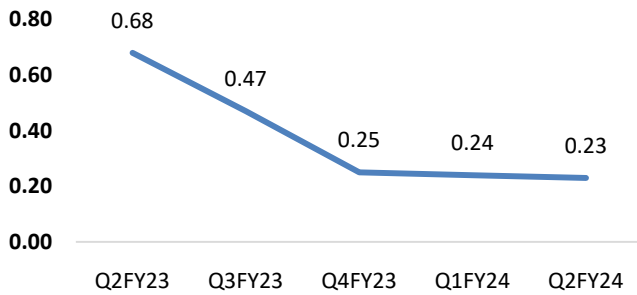


GNPA (%) - Yearly

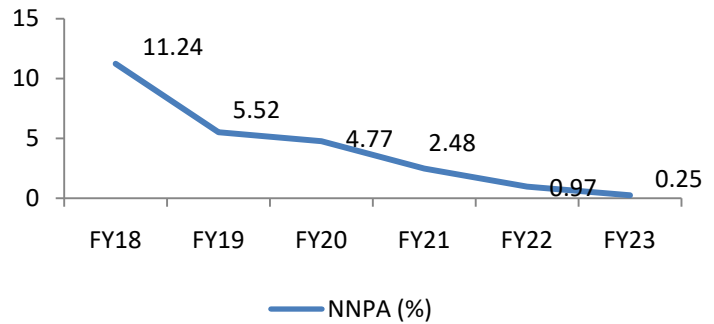


Source: Bank of Maharashtra Q2FY24 and FY23 Investor presentation

NNPA (%) - Quarterly



NNPA (%) – Yearly



Source: Bank of Maharashtra Q2FY24 & FY23 Investor presentation

NPA management

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

- 1) Thirteen Asset Recovery Branches (ARBs) have also been set up across the Bank’s Zones for large NPA accounts, more particularly where legal actions are in progress so as to make focused follow up.
- 2) Further, Bank has established Stressed Assets Management Vertical by way of a separate department at Head Office 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.
- 3) 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.
- 4) 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.
- 5) Bank has been implementing Suo Motu nondiscriminatory and non-discretionary One Time Settlement (OTS) Schemes. Monitoring of the performance under the schemes is undertaken from Recovery Department, Head Office on daily basis. During FY 2022-23 the Bank introduced following such OTS schemes:
 - a) Maha Sahyog 2022-23 - Scheme for the settlement of NPA accounts in Sub Standard (for Agri Loans only), Doubtful-I, Doubtful-II, Doubtful-III, Loss, TWO and RWO accounts having Ledger Balance up to Rs.1.00 crore as of 31.03.2022. This scheme is effective from 01.06.2022.
 - b) Maha Sandhi 2022-23 - Scheme for the settlement of NPA accounts in Doubtful-I, Doubtful-II, Doubtful-III, Loss, TWO and RWO accounts having Ledger Balance above Rs.1.00 crore and up to 50.00 crore as of 31.03.2022 and effective from 01.06.2022.
 - c) Maha Samvedna 2022-23 - Scheme for the settlement of NPA accounts in Sub Standard, Doubtful-I, Doubtful-II, Doubtful-III, Loss and TWO accounts having Customer Ledger Balance upto Rs. 50.00 Lakhs where Individual Borrower/ Co-Borrower/ Proprietor is deceased. This scheme is effective from 01.06.2022. Bank has also made intensive follow up with the defaulting borrowers through visits, letters, notices, Recovery Camps, Lok Adalats, Mahabank Adalats, actions under SARFAESI/ DRT Act. Services of Recovery Agents / Resolution Agents are engaged so as to have an early resolution. The Bank has also initiated action under the provisions of the Insolvency & Bankruptcy Code 2016 against various large NPA borrowers.

Restructured book

Outstanding standard restructured assets stood at Rs. 3,169 Crore in Q2FY24 as against Rs. 3,774 Crore in Q1FY24. As far as the restructured book is concerned, there are certain retail accounts which were restructured. The repayment in most of the accounts is regular, and the Bank's management does not foresee in any material slippages in such accounts. The Bank's management further added with the inflation lingering, some rate of interest is definitely high and the Bank is keeping a close watch. The COVID loan book on personal loans is behaving well and in the last quarter also, there was quite a good amount of reduction in the book which is witnessed from the RP 2.0 side.

Restructuring of Standard Advances

Particulars	Q2FY24	Q1FY24	Q4FY23	Q3FY23	Q2FY23
Retail - As on date	1,713	1,797	1,863	2,071	2,119
Agriculture - As on date	184	251	303	310	348
MSME - As on date	450	835	1,114	1,285	1,582
Corporate - As on date	822	892	908	1,024	796
Total	3,169	3,774	4,188	4,691	4,845

Source: Bank of Maharashtra Q2FY24 Investor presentation

Special Mention Account * Rs. 5 Crore and above

Particulars	Q2FY24	% GA	Q1FY24	% GA	Q4FY23	% GA	Q3FY23	% of GA	Q2FY23	% of GA
SMA1	75	0.04	250	0.14	117	0.07	154	0.10	234	0.16
SMA2	198	0.11	119	0.07	52	0.03	209	0.13	103	0.07
Total	273	0.72	369	0.21	168	0.10	363	0.23	338	0.23

Note: GA denotes - Gross Advances

Source: Bank of Maharashtra Q2FY24 Investor presentation

NARCL

With regards to transfer to NARCL, the Bank has shortlisted 11 accounts amounting to INR 1,600 crore. The Bank's management said two are realized during this Q1 and Q2, and a few more would be realized in the coming two quarters.

Provisions

The overall standard provision stood at Rs. 362 Crore as on Q2FY24, out of which the Bank has Rs. 325 Crore, additional provisions, but is not required as per the IRAC norm. According to the Bank's management the additional provision is made the considering the present current economic scenario and likely crisis in Gulf countries which may impact the crude oil and the dependent industries. In Q1FY24, the Bank had created Rs. 250 Crore ECL provisioning. According to the Management, A significant increase in the credit risk has been considered for calculation of ECL.

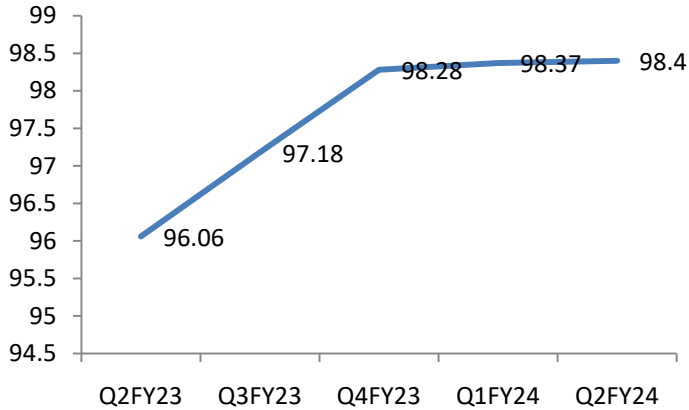
Restructured book is considered as a stage three and SMA-2 is a stage one. The Bank wants to keep its net NPA between in the range of 0.24% to 0.25% range and will continue to do so According the to the Bank's management, these provisions give it comfort while it thinks for the provision under Ind AS guidelines. As the Bank has already provided for the legacy; provision respectively will come down going forward.

The Bank is holding Rs. 1,200 Crore COVID provisions which the Bank has not factored for the purpose of CRAR and can also be used for ECL provision whenever becomes applicable.

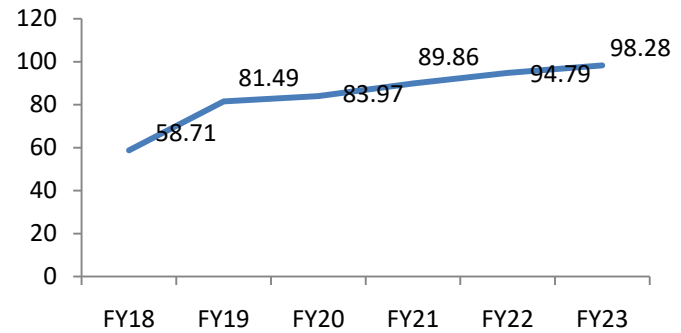
Provision Coverage ratio stood at 98.40 percent in Q2FY24. The Bank continues to hold COVID-19 related provision of Rs. 1,200 Crore as contingency provision as on Q2FY24. As per past discussion, the Bank will need to provide for the slippages during the quarters in FY24 and the provisions for slippages in FY24 would be around Rs. 2,000-2,500 Crore.

For the restructured book, the Bank has provided 20 – 25 percent of it, which is an additional cushion available for any uncertainties like changes in income and interest rate scenario etc. The Bank's management was of the view that once the interest rate scenario is favorable, these provisions can be returned back.

Provision Coverage Ratio (including TWO) (%) – Quarterly



Provision Coverage Ratio (including TWO) (%) – Yearly

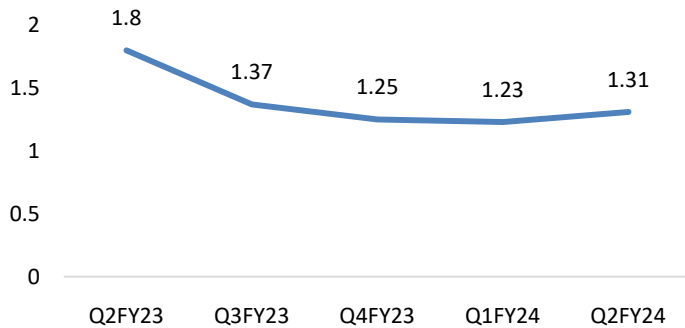


Source: Bank of Maharashtra – Q2FY24, FY23 and FY22 Investor presentation

Credit cost

The Bank's Credit cost increased to 1.31 percent in Q2FY24 from 1.23 percent in Q1FY24. The Bank management clarified that as per IRAC norms, credit cost is below 0.55 percent. For FY24, the Bank management has given credit cost guidance of around 1 percent. With regards to credit cost, the Bank's management was of the view that the slippages were on the higher side and in the coming quarters, it will come down which will result in credit cost also coming down. The Bank has provided almost 100% of the slippages.

Credit cost (%) - Quarterly



Capital Adequacy



Source: Bank of Maharashtra Q2FY24 Investor presentation

The Bank's Capital Adequacy Ratio CRAR (Basel III) - stood at 17.61 percent in Q2FY24 (16.71 percent in Q2FY23) as against 18.07 percent in Q1FY24. CRAR has come down on QoQ basis mainly because of the operational risk weighted assets which increased by around Rs. 2,200 Crore for the current quarter, which is the computation based upon the average of three years operational risk and increase in operating profit. With regards to Capital raising plan, the Bank's management was of the view it will not require further capital at the moment and the Capital Adequacy ratio will go up with inclusion of profits.

Branches - Expanding footprints

The Bank has been continuously expanding its presence PAN India

Particulars	H1FY24	FY23	FY22	FY21	FY20	FY19
Metro	563	518	488	471	458	466
Urban	508	477	412	372	331	325
Semi Urban	661	602	511	461	428	426
Rural	609	606	611	660	616	615
Total Branches	2,341	2,203	2,022	1,964	1,833	1,832

Source: Bank of Maharashtra Q2FY24 and Q4FY23 Investor presentation

Opening of branches

- 1) The Bank was operating within the Maharashtra predominantly. More than 65 percent of its branches were operating within Maharashtra about three years before. At present, around 50 percent are operating Maharashtra. The Bank is consolidating and is improving its efficiency within the Maharashtra because it is the heart and soul of its bank. But at the same time, the Bank's eye is on to expand its business outside the Maharashtra, where it is getting a good response. In the last three years, the Bank has opened more than 430 branches, out of which more than 95% is



outside the state and which gives a lot of business. In fact, 15 percent of the business came from those numbers. Rs. 45,000 Crore business came from these 430 branches opened.

- 2) According to the Bank's management, ideally, the Bank wants to have at least one branch in each district.

Technology & Digital initiatives

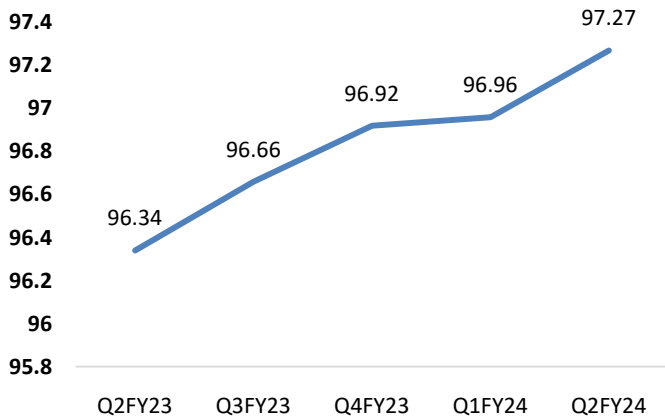
- 1) The Bank is on a progressive path, and digitization is considered as a key driver of the growth. The Bank is implementing new age technology like Artificial Intelligence (AI), Machine Learning (ML) and Robotic Process Automation (RPA) among others to augur "Ease of Doing Business" for the customer as well as staff". The Bank is ready to transcend into next-gen banking i.e. taking care of its esteemed customers with end to end digitization & fulfilling their needs with our array of digital products and services. Collaborations & Technology are going to pave the bank's way forward."
- 2) The Bank is giving importance to Robotic Process Automation (RPA) which will involve automation of critical and highly repetitive Banking processes and also enable reallocation of resources to higher value work efforts to drive better efficiency in the organization. This will facilitate Task Completion without manual intervention or minimal manual supervision. The Bank's implementation of robotic process automation will automate more than 25 to 30 processes which would be live by the next quarter. In FY24, the Bank envisages that it will be crossing almost more than 60 processes, and mostly on the reconciliation and the customer journey side.
- 3) All its RFPs which are happening are concluded. On the control function side, the entire audit software package it is concluding and the multi-function kiosk and various other alternative machines, the bank has already concluded those sort of RFPs.
- 4) The Bank has on boarded BCG for its digital transformation as its consultant, in which there are three pillars. One is the digital journeys, second is the digital operations, and the third is the digital compliance. The consultant will also assist in digital compliance so that the compliance is inbuilt in the journey itself.
- 5) As part of its multipronged digital transformation strategy which encompasses both customer facing products, platforms and services and the Bank's backend operations, the Bank undertook a series of technological initiatives during FY23 which are as follows:
 - a) The Bank launched Video KYC which enables customers to open bank accounts digitally from the comforts of their home or offices without meeting the bank's employees or visiting a branch.
 - b) A new version of the Bank's existing Mobile Banking Application with a state-of-the-art user interface and enhanced user experience was released during the year.
 - c) The Bank launched the Suvidha portal which is an automated DCSS (Deceased Claim Settlement System) to simplify the claim settlement process for the family members of the deceased.
 - d) The Bank is increasingly deploying software robotics to automate various manual operations with a view to enhance operational efficiency and improve customer response time. During the year, we launched 3 Robotic Processes to automate tasks like Corporate Internet Banking User Creation, Hypothecation Search of Car Loan at VAHAN portal and searching of defaulter lists across all eligible platforms.
 - e) A unique mobile app called ARJUN (Automated Remote Junction for Monitoring of Assets Under Stress) was launched to provide an integrated dashboard for managing stressed assets.



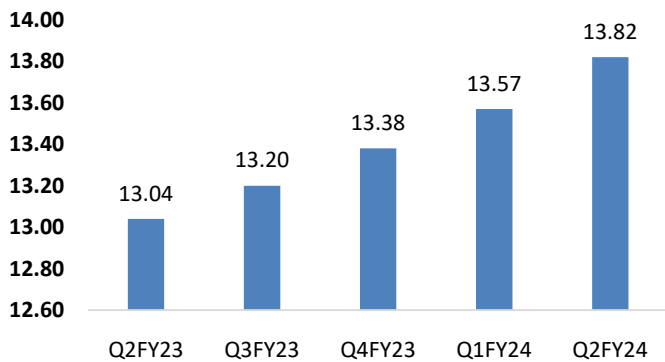
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- f) The Bank's private Cloud Nakshatra which provides high-performance digital infrastructure for hosting the Bank's applications was unveiled.
- g) The Bank launched Kavach – a state-of-the-art programme to enhance the Bank's security architecture.

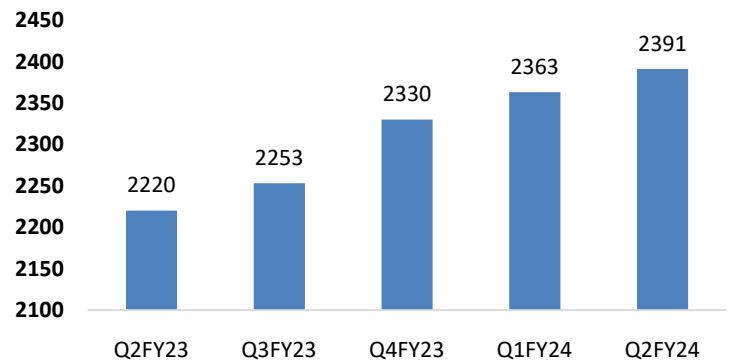
Digital transaction (%)



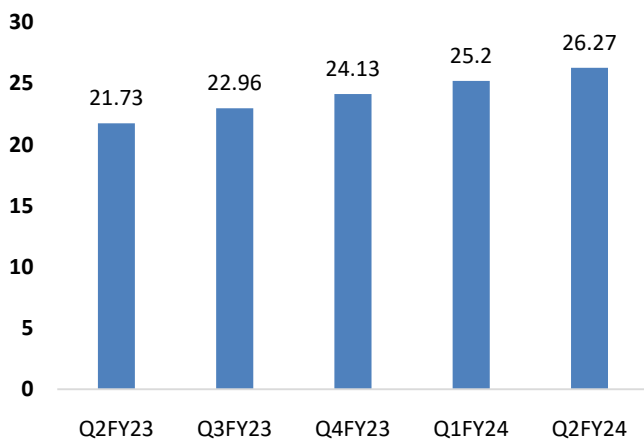
ATM Card Base (million)



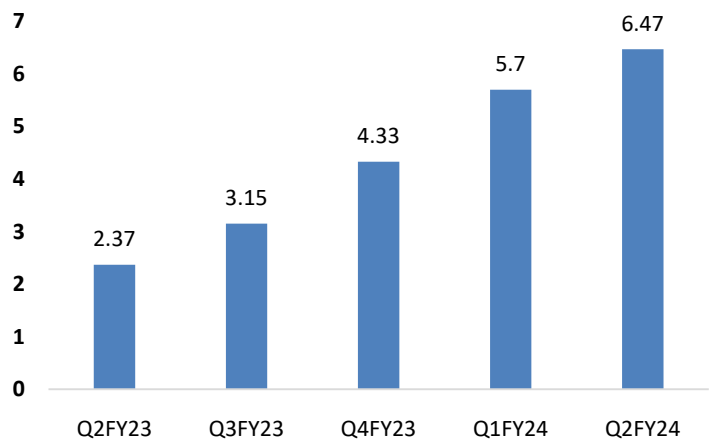
ATM (Actuals)



Internet Banking Users (Lakhs)



Whats App Onboarding (Lakhs)

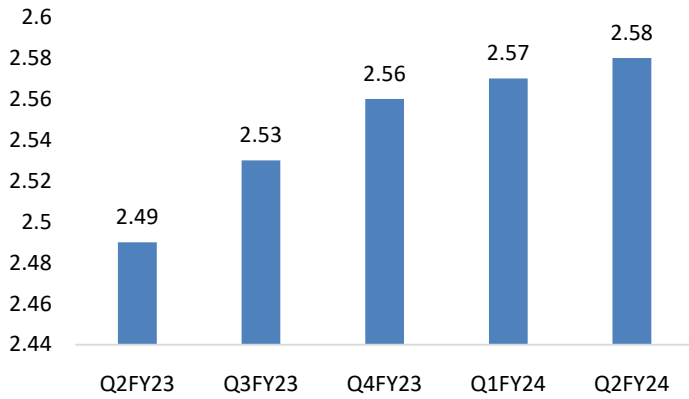


Source: Bank of Maharashtra Q2FY24 Investor presentation

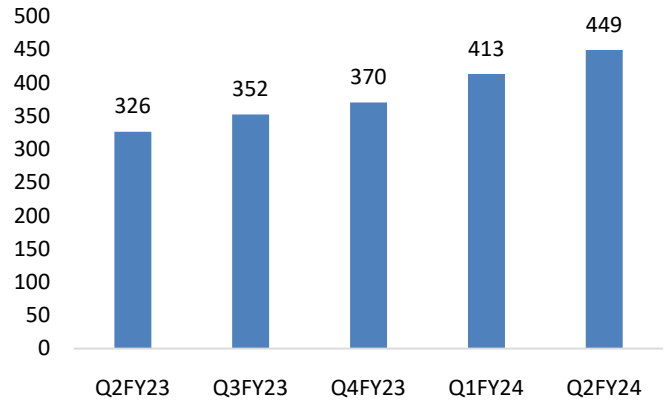


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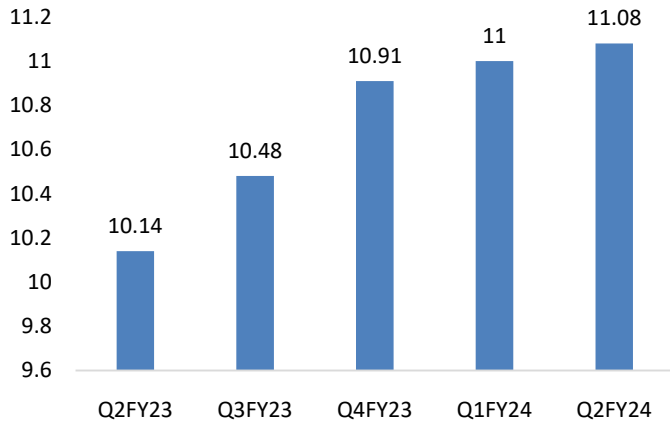
UPI/BHIM Users (millions)



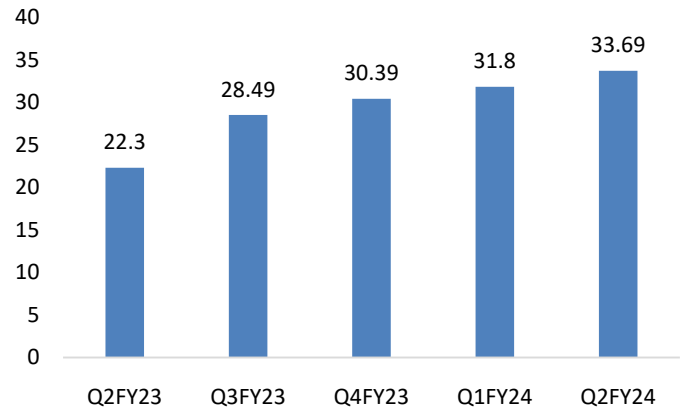
UPI/BHIM Transactions (millions)



QR Merchant OnBoarding (Lakhs)



QR Merchant Transaction (Lakhs)



Source: Bank of Maharashtra Q2 FY24 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.

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.



Shri. Rohit Rishi, Executive Director

Shri. Rohit Rishi joined Bank of Maharashtra as Executive Director on November 01, 2023.

Shri. Rohit Rishi started his banking career as Industrial Development Officer in Indian Bank in July 1995 and has over 28 years of experience working in diversified areas of banking. During his tenure, he worked in all key banking functions in various capacities mainly in credit management. He has worked across the country in various positions such as Industrial Development Officer, AGM MSME/ Corporate Office, Chennai, Head of Bank's flagship branch in New Delhi; DGM (Corporate Branch, New Delhi), FGM at Bengaluru, Mumbai and Delhi. As General Manager he took active part in amalgamation of Allahabad Bank into Indian Bank.

As a vivid learner, he has attended various training programmes and workshops at Frankfurt School of Finance & Management, NIBM Pune, IIM Bengaluru (conducted by FSIB), EDI Ahmedabad. He is reputed in the organization for his Credit Management, Leadership skills and cultivating performance-oriented and high delivery teams.

* Shri A. B. Vijayakumar ceased to be the Executive Director of the Bank w.e.f. close of working hours on 31st October, 2023 on attaining superannuation. Shri. Rohit Rishi has joined as the Executive Director of the Bank with effect from November 01, 2023.



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Peer comparison with other PSU Banks – Q2FY24 (Rs. in Crore)

Particulars	Bank of Maharashtra	UCO Bank	Indian Overseas Bank	Central Bank of India	Punjab & Sind Bank
CMP (Rs.) as on Nov. 29, 2023	44.20	38.10	39.35	44.35	41.15
FV (Rs.)	10	10	10	10	10
Book value per share as on Q2FY24(Rs.)	22.34	13.19	8.35	30.53	10.67
P/BV (x)	1.98	2.89	4.71	1.45	3.86
Market Cap. as on Nov. 29, 2023 (Rs. in Crore)	31,300	45,552	74,381	38,500	27,891
Gross advances (Rs. in Crore)	1,83,122	1,67,734	2,08,913	2,31,032	81,906
Total Deposits (Rs. in Crore)	2,39,298	2,49,411	2,73,093	3,71,252	1,16,481
CASA (%)	50.71	38.28	43.65	49.40	31.19
C/D ratio (%)	76.52	67.25	76.50	62.43	70.32
NIM (%)	3.89	3.05	3.12	3.51	2.32
Operating profit – Q2FY24 (Rs. in Crore)	1,920	982	1,677	1,530	260
Cost/Income ratio (%)	38.04	61.70	51.53	62.57	72.40
Profit after tax - Q2FY24 (Rs. in Crore)	920	402	625	605	189
Gross NPA (%)	2.19	4.14	4.74	4.62	6.23
Net NPA (%)	0.23	1.11	0.68	1.64	1.88
Provision Coverage Ratio (%)	98.40	95.07	96.76	92.54	
Credit cost (%)	1.31 (below 0.55% as per IRAC norms)	0.83		3.52	(0.05)%
CRAR (%)	17.61	16.83	17.00	14.82	17.23
RoE (%)	23.25	10.94	16.16	2.31	10.47
RoA (%)	1.37	0.54	0.75	0.62	0.52

Source: Q2FY24 Investor Presentation of respective Banks, Q2FY24 result and press release of respective Banks

Peer comparison with a few Private Banks – Q2FY24 (Rs. in Crore)

Particulars	Bank of Maharashtra	The Federal Bank	The South Indian Bank	The Karur Vysya Bank	DCB Bank	Tamilnad Merchantile Bank
CMP (Rs.) as on Nov. 29, 2023	44.20	150.30	24.45	153.50	112.65	518
FV (Rs.)	10	2	1	2	10	10
Book value per share as on Q2FY24 (Rs.)	22.34	111.14	33.88	113.83	153.38	466
P/BV (x)	1.98	1.35	0.72	1.35	0.73	1.11
Market Cap. as on Nov. 29, 2023 (Rs. in Crore)	31,300	36,570	5,066	12,319	3,514	8,203
Total Advances (Rs. in Crore)	1,83,122	1,95,968	74,947	70,448	37,726	37,778
Total Deposits (Rs. in Crore)	2,39,298	2,32,868	97,085	83,068	45,496	47,314
CASA (%)	50.71	31.17	32.03	32	25.04	28
C/D ratio (%)	76.52	84.15	77.20	84.81	82.92	79.85
NIM (%)	3.89	3.16	3.31	4.07	3.69	4.10
Operating profit – Q2FY24	1,920	1,324	460	638	211	365
Cost/Income ratio (%)	38.04	52.47	61.10	49.14	63.89	46.99
Profit after tax - Q2FY24 (Rs. in Crore)	920	954	275	378	127	274
Gross NPA (%)	2.19	2.26	4.95	1.73	3.36	1.70
Net NPA (%)	0.23	0.64	1.65	0.47	1.28	0.99
Provision Coverage Ratio (incl. TWO) (%)	98.40	71.03	77.82	94.49	75.49	86.42
Credit cost (%)	1.31 (below 0.55% as per IRAC norms)	0.13	0.09	0.68	0.28	0.85
CRAR (%)	17.61	15.50	16.69	18.56	16.55	26.04
RoE (%)	23.25	15.72	15.38	16.50	11.57	15.01
RoA (%)	1.37	1.36	0.97	1.57	0.90	1.89

Source: Q2FY24 Investor Presentation of respective Banks, Q2FY24 result and press release of respective Banks



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Assets & Liabilities - An Overview (Rs. in Crore)

Assets	H1FY24	FY23	FY22	FY21	FY20	FY19	FY18
Cash & Balances with RBI	14,221	18,508	19,722	12,882	10,354	7,920	15,809
Balances with Bank & Call Money	543	21	194	59	93	1,235	75
Total Investments (Net of Depreciation & Provision)	70,179	68,867	68,590	68,112	57,741	59,697	43,623
Total Advances (Net of Provision)	1,79,515	1,71,221	1,31,170	1,02,405	86,872	82,666	85,797
Total Fixed Assets (Net of Depreciation)	2,145	2,157	2,242	1,674	1,676	1,776	1,517
Other Assets	6,582	6,878	8,693	11,532	12,132	11,242	9,508
Total	2,73,184	2,67,651	2,30,611	1,96,665	1,68,867	1,64,536	1,56,329
Liabilities	H1FY24	FY23	FY22	FY21	FY20	FY19	FY18
Capital	7,081	6,731	6,731	6,560	5,824	2,753	2,598
Reserves & Surplus	11,331	8,880	7,154	5,573	4,931	2,986	7,346
Deposits	2,39,298	2,34,083	2,02,294	1,74,006	1,50,066	1,40,650	1,38,981
Borrowings	8,654	10,766	7,747	4,239	3,670	10,149	4,064
Other Liabilities & Provisions	6,820	7,193	6,685	6,287	4,375	7,997	3,340
Total	2,73,184	2,67,651	2,30,611	1,96,665	1,68,867	1,64,536	1,56,329

Source: Bank of Maharashtra – Q2FY24, Q4FY23 and FY22 Investor presentation

One year price movement chart



Source: TradingView



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