



4th October, 2023



India's Best Performing and Most Customer Centric PMS

Central Bank of India, a stalwart in the Indian banking landscape, stands as a formidable financial institution with a rich history and a commitment to excellence. Central Bank of India operates as a dynamic commercial bank with a multifaceted operational structure. Its segments encompass Treasury Operations, Corporate/Wholesale Banking, Retail Banking, and various other banking businesses. These segments underscore the bank's diversification and commitment to serving a broad spectrum of customer needs. It has strong financials, extensive branch network, strategic diversification, and forward-looking initiatives.

Extensive Branch Network: Central Bank of India maintains a vast and far-reaching branch network, comprising approximately 4,500 branches across India. What sets it apart is its commitment to rural and semi-urban centers, where 65% of its branches are located. Additionally, the bank operates approximately 2,900 ATMs and over 10,300 Banking Correspondent (BC) Outlets, ensuring widespread access to its services across 28 states and 7 Union Territories.

Diverse Loan Book: The bank's loan portfolio is strategically diversified. Corporate advances constitute 34% of total advances, followed by Retail (28%), Agriculture (20%), and MSME (18%). Notably, home loans account for approximately 57% of total retail advances, demonstrating a strong foothold in the housing finance market.

Sector-wise Exposure: Central Bank of India strategically manages its sector-wise exposure. The bank's largest sectoral exposure is in infrastructure (11%), followed by engineering (3%), basic metals (2%), construction (2%), food processing (1%), and textiles (1%). This diversified portfolio reduces risk and aligns with the nation's evolving economic landscape.

Strategic Partnerships: In FY22, Central Bank of India established co-lending partnerships with seven leading NBFC/HFCs in India. This collaboration enhances lending opportunities in the Retail, MSME, and Agriculture sectors under the Priority Sector augmenting the bank's market presence and underscores its commitment to facilitating economic growth.

Asset Quality: Asset quality is a paramount concern for investors. Central Bank of India demonstrates a commitment to managing non-performing assets. The impressive CASA Ratio of 50.58% signals the bank's ability to efficiently manage its deposits.

Strategic Focus: Central Bank of India is committed to the prudent management of stressed assets and strives for comprehensive improvements across all segments. Its focus on the growth of advances under Retail, Agriculture, and MSME sectors through innovative approaches such as Co-Lending, Pool Buyout, and Trade Receivables Discounting of MSME units through the TReDS platform demonstrates its commitment to fostering economic growth.

Stock Data	
CMP	50.8
52 Week High/Low	56/18.95
Face Value	10
Market Cap (In Crs)	44,134
Enterprise Value (In Crs)	368,540
NSE	CENTRALBK
BSE	532885
Bloomberg	CBOI:IN
Sector	Public Sector Bank

Shareholding Pattern (in %)		
	JUN 23	MAR 23
Promoter	93.08	93.08
FII	0.15	0.19
DII	2.83	2.83
Public	3.95	3.85
Others	0	0.02

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	0.00%	11.71%	15.09%
Central Bank	45.35%	104.84%	158.52%

Key Ratios	
P/E	26.32
P/S	1.63
P/B	1.51
Debt To Equity	2.16
ROE	5.92%
ROCE	4.29%
Dividend Yield	0%

Q1 F.Y. 24 Result Update

Q1 FY24 Result Comparison (In Rs Cr)					
	Q1 FY24	Q4 FY23	Q1 FY23	QOQ	YOY
Interest Income	7225	7144	5526	1.13%	30.75%
NIM	3176	3513	2142	-9.59%	48.27%
Operating Profit	1838	2108	1221	-12.81%	50.53%
Net Profit	418	571	235	-26.8%	77.87%
EPS	0.57	0.68	0.31	-16.2%	83.8%

Result Highlights

Central Bank of India's Q1 FY24 financial results show a strong performance Interest income increased by 1.13% QoQ and an impressive 30.75% YoY, reflecting the bank's growing lending activities and favorable interest rates. Despite a slight decline of 9.59% in Net Interest Margin (NIM) from the previous quarter, it remains healthy at 3.62%. The bank reported a 12.81% QoQ drop in operating profit but achieved significant YoY growth of 50.53%, demonstrating its financial stability. Notably, Central Bank of India's net profit soared by 77.87% compared to Q1 FY23, reaching INR 418 crores, highlighting its consistent profitability.

It has showcased a promising start to the fiscal year. The bank's ability to sustain strong interest income and robust net profit, despite minor fluctuations, underscores its resilience and adaptability. The substantial growth in EPS and impressive YoY improvements across key financial metrics reflect the bank's commitment to delivering value to its stakeholders and maintaining sustainable profitability.

Asset Quality Transformation: Central Bank of India's remarkable improvement in asset quality is a testament to its proactive measures and prudent risk management practices. The bank has demonstrated a noteworthy reduction in its Gross NPA's. Central Bank of India's approach to asset quality transformation involves stringent monitoring of loan portfolios, timely identification of stressed assets, and strategic provisioning. By aggressively addressing NPA concerns, the bank has not only reduced credit risk but also enhanced its provision coverage ratio, Investors and depositors find assurance in the bank's ability to manage asset quality effectively.

Strategic Focus on Retail and MSME: Central Bank of India's strategic emphasis on the retail and Micro, Small, and Medium Enterprises (MSME) segments has yielded substantial growth, This focus aligns with the broader economic agenda of promoting financial inclusion and small business development, positioning the bank as a vital player in fostering economic growth.

Conservative Treasury Management: The bank's conservative treasury management approach is another notable highlight. By prioritizing the avoidance of losses and aiming for reasonable returns on investments, Central Bank of India has been able to contribute positively to its financials. This approach demonstrates a commitment to financial stability and risk mitigation.

Effective Co-Lending Strategies: The successful co-lending model, with a co-lending book reaching INR 7,178.50 crores, showcases the bank's ability to collaborate effectively with partners and manage credit risk. The minimal Non-Performing Assets (NPAs) in this segment, along with a focus on recovery efforts, highlights the bank's competency in optimizing lending partnerships and maintaining asset quality.

Balanced Growth Strategy: Central Bank of India continues to maintain a balanced approach to growth, emphasizing both retail banking and sustainable profitability. This strategy ensures stability and resilience, enabling the bank to navigate economic uncertainties effectively while pursuing opportunities for expansion. By striking a balance between risk management and growth initiatives, the bank positions itself as a reliable and forward-thinking financial institution in the Indian banking sector.

Concall Highlights

Financial Strength: Central Bank of India's impressive nine consecutive quarters of profitability reflect its ability to consistently generate earnings. The substantial increase of 77.87% in net profit, reaching INR 418 crores compared to INR 235 crores in June 2022, indicates strong financial performance. Central Bank of India's sustained profitability is a significant achievement, especially in a dynamic and challenging banking environment. This demonstrates the bank's ability to manage risks effectively, control costs, and capitalize on growth opportunities.

Asset Quality and Provisioning: Gross Non-Performing Assets (NPA) improving from 14.90% to 4.95% and a robust provision coverage ratio of 92.23% underscore the bank's prudent approach to asset quality and provisioning for potential loan losses. The substantial reduction in NPAs and the high provision coverage ratio indicate that the bank has successfully identified and addressed credit risks, making its loan portfolio more resilient to economic challenges.

Operating Performance: With operating profit growing by 50.53% to INR 1,838 crores and Net Interest Income (NII) increasing by 48% to INR 3,176 crores, the bank's operating performance has been robust. The Net Interest Margin (NIM) improving to 3.62% demonstrates efficient management of interest income and expenses. Central Bank of India's strong operating performance is essential for sustained profitability. The improvement in NIM suggests that the bank is optimizing its net interest income, which is a key revenue source for banks.

Enhanced Returns: Improved Return on Assets (ROA) and Return on Equity (ROE) metrics show that the bank is generating better returns from its assets and equity. ROE increased to 1.63% from 0.98% in the previous financial year. Enhanced ROA and ROE indicate the bank's improved profitability and efficiency in utilizing its resources to generate returns. These metrics are crucial for measuring a bank's financial health and performance.

Capital Position: The Capital Risk Asset Ratio (CRAR) reaching 14.42% highlights the bank's strong capital position, which is essential for absorbing losses and supporting its growth ambitions. A robust capital position is fundamental to a bank's stability and growth. It ensures that the bank can meet regulatory requirements and continue to extend credit to borrowers.

Loan Portfolio and Yield: The significant yield on advances at 8.29% and a yield on investments of 6.50% reflect the bank's effective lending and investment strategies. These high yields contribute significantly to interest income. Central Bank of India's high yields on both advances and investments are indicative of its ability to earn more from its loan portfolio and investment holdings, which is crucial for profitability.

Asset Quality and Credit Cost: The remarkable reduction in credit cost, from 1.78% in June 2022 to 0.45%, indicates improved provisioning and a reduced likelihood of loan losses. The decrease in Gross NPA from 14.90% to 4.95% and a net NPA of 1.75% demonstrate healthier asset quality. Lower credit costs and reduced NPAs suggest that the bank has been successful in managing and mitigating credit risks, which is a key factor in maintaining financial stability.

Regional Rural Banks (RRBs) Performance: The bank provided an update on its Regional Rural Banks (RRBs), stating that both RRBs are profitable, sustainable, and aligning with their respective three-year turnaround roadmaps. Explanation: The successful performance of RRBs is significant as they play a crucial role in promoting rural development and financial inclusion. Central Bank of India's commitment to ensuring the profitability and sustainability of these RRBs demonstrates its dedication to serving rural communities.

Business Growth and Segments: The bank's growth in total business, with deposits growing by 6.05% and advances growing by 12.95%, reflects its ability to attract and serve customers effectively. Notably, the retail segment has shown robust growth at 17.11%. Diversification across various business segments, especially retail, indicates that the bank is capitalizing on different market opportunities and reducing concentration risk.

Treasury Outlook and Co-Lending: Central Bank of India's conservative treasury approach, focusing on monitoring interest rate trends, ensures that the bank avoids potential losses. The successful co-lending initiative, with INR 7,178.50 crores, shows the bank's ability to manage lending partnerships effectively. Explanation: Prudent treasury management is crucial to safeguarding the bank's balance sheet from interest rate volatility. Additionally, co-lending partnerships can enhance the bank's reach and profitability.

Digital Outlook

Integrated Customer Care

Modern Customer Care for Customer Services, Grievance Handling, Marketing & Sales etc. on variety of channels Call, Chat/Voice BoTs, IVR,WhatsApp etc.

Integrations Platform

Upgrading the middleware platform for seamless communication between internal and external systems. The components of this platform are Payment-hub, API Gateway, Middleware and Streaming

Collections Management

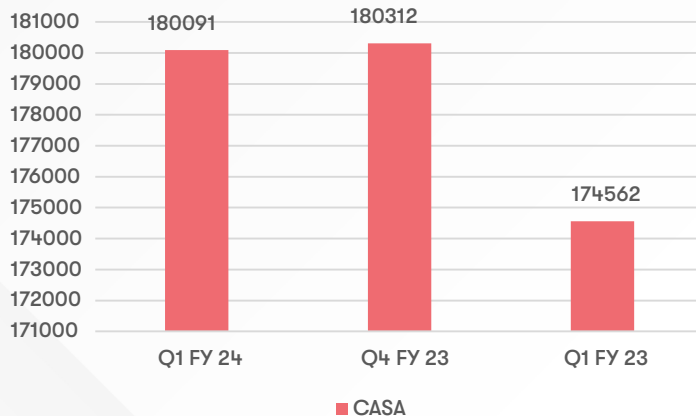
Unified collections management system with Technology, Call Centre and Feet On Street (FOS) services.

Omni Channel Mobile App

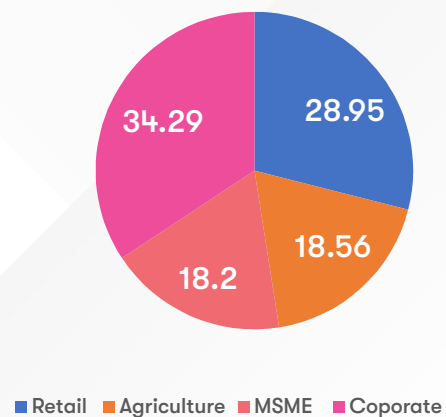
Omni Channel Mobile App Various services shall be offered on Assets, Liabilities, Wealth Management, Market Place, Cardsetc, through App and Web interfaces

Story Through Charts

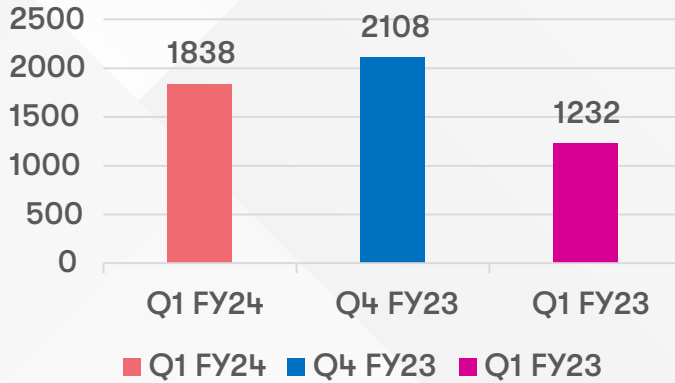
CASA(In Crs)



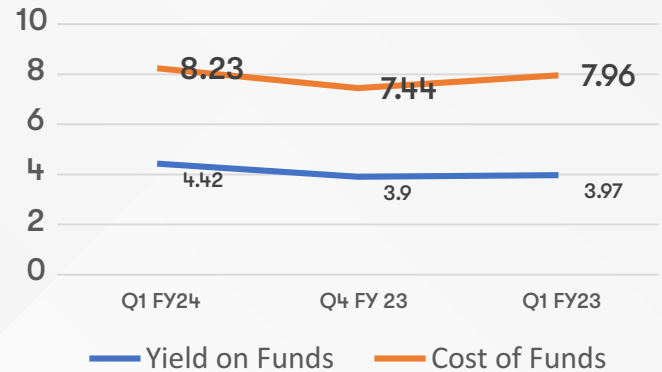
Lending Sectors



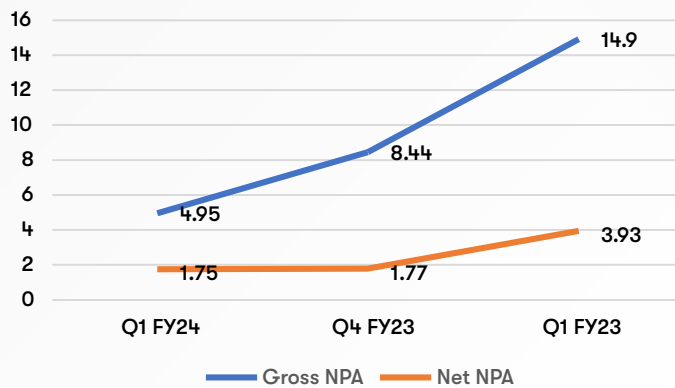
Operating Profit



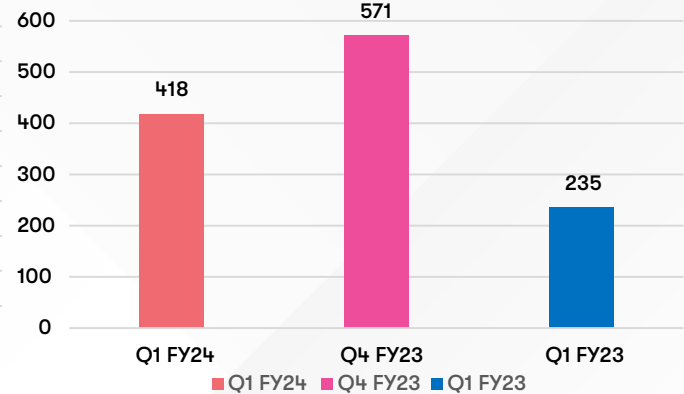
Cost & Yield



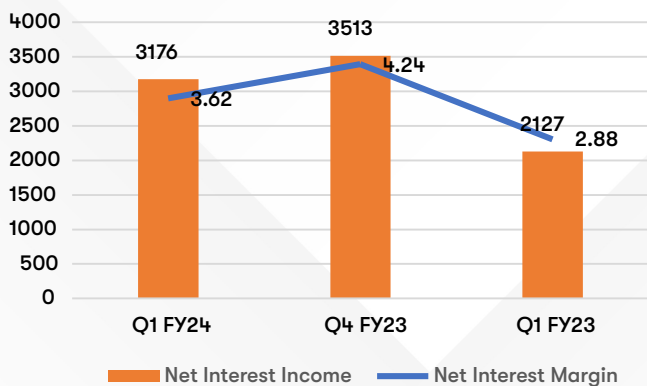
NPA



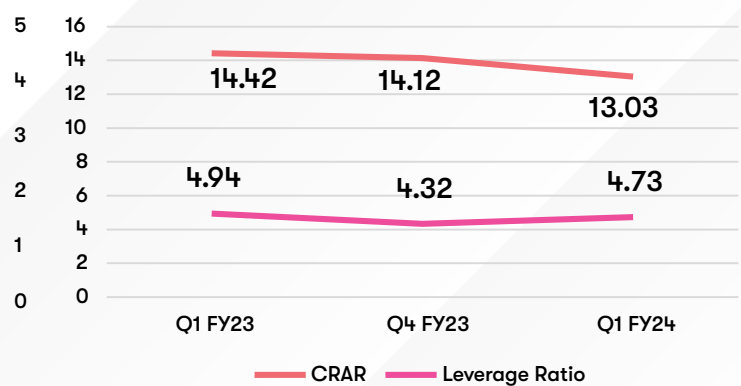
PAT (In Cr)



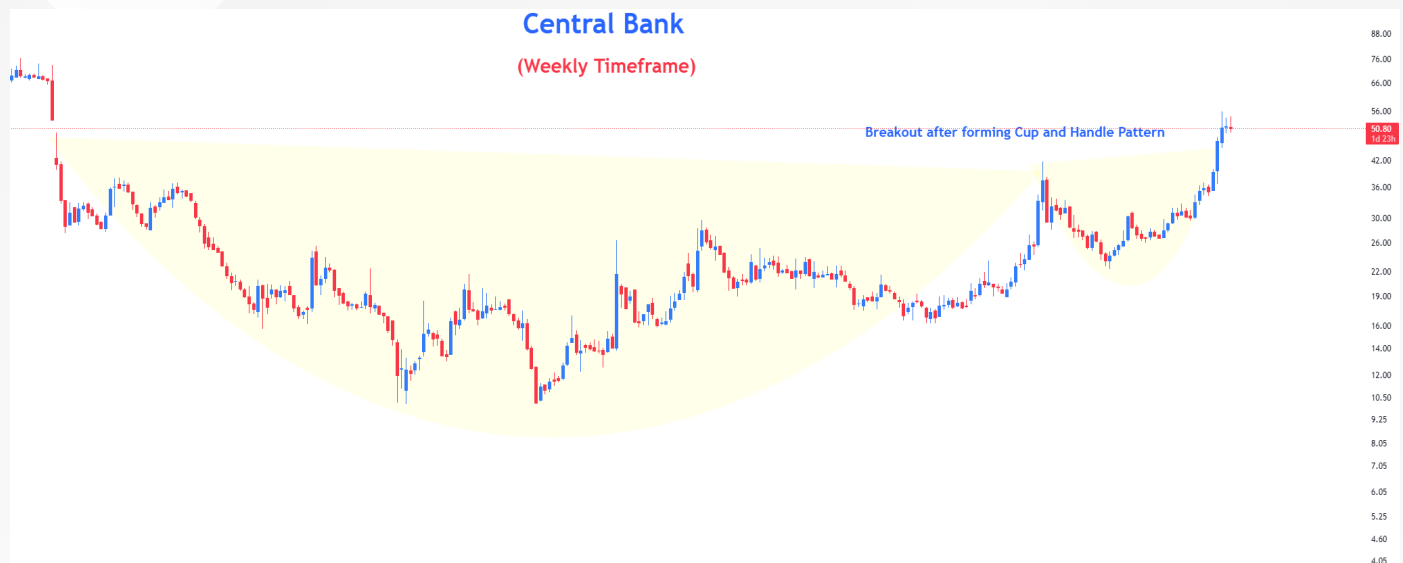
Interest Income & Margin



Capital Ratios



Technical Outlook



On the weekly time frame, the Central Bank of India has demonstrated a noteworthy breakout, signifying a substantial price move, subsequent to the formation of a discernible cup and handle pattern. Daily and Weekly RSI greater than 60 indicate strength in Buying and continuation of a Bullish Move.

The stock's bullish sentiment is evident as the 5-day moving average (DMA) surpasses the 10DMA, 20DMA, 50DMA, 100DMA, and 200DMA, indicating a potential for further upward momentum.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	51.10	50.98
10	50.22	49.69
20	45.98	46.54
50	38.12	40.39
100	33.25	35.70
200	30.78	31.51

Pivot Levels : FIBONACCI		
R1 53.33	Pivot 51.50	S1 49.67
R2 54.47		S2 48.53
R3 56.30		S3 46.70

Relative Strength Index(RSI)	Daily	Weekly
	66.58	82.77

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