



28th October, 2023

Q2 FY 24



India's Best Performing and Most Customer Centric PMS

Established in 1911, Central Bank of India proudly claims its position as one of the oldest and largest public sector banks in India. With its headquarters nestled in the bustling financial hub of Mumbai, the bank has maintained a steadfast commitment to fostering India's socio-economic development. Central Bank has demonstrated its dedication to this cause through a sprawling network of branches that spans the length and breadth of the nation.

Financial Soundness: Central Bank's financial prowess is evident in its key ratios. The Capital Adequacy Ratio stands strong at 14.12%, underlining its robust capital base. The Net Interest Margin remains stable at 2.88%, showcasing effective management of interest income. The bank's asset quality is commendable, with a Gross NPA ratio of 8.44%, while the Net NPA ratio impressively sits at 1.77%, reflecting prudent asset quality management. A substantial proportion of its funding is derived from Current Account and Savings Account (CASA) deposits, constituting a significant 50.38% of the total.

Extensive Branch Network: Central Bank takes pride in its extensive presence across India, boasting approximately 4,493 branches. Notably, 65% of these branches are strategically located in rural and semi-urban areas, reinforcing its commitment to financial inclusion. To complement this branch network, the bank operates 3,888 ATMs and 10,990 Business Correspondent (BC) outlets, ensuring accessibility across 28 states and 7 Union Territories.

Diversified Loan Portfolio: Central Bank's loan book is diversified across various segments. Corporate advances account for 34.3% of the total advances, followed closely by Retail at 28.9%, Agriculture at 18.5%, and MSME at 18.2%. Within the retail segment, Home loans dominate, claiming a lion's share at 61.7%, with other segments like Auto (4.9%), Education (5.9%), and other retail loans making up the remaining 38.3%.

Sector-wise Exposure: The bank's lending portfolio demonstrates a well-distributed exposure across various sectors. Farm credits constitute the highest sectoral exposure at 17.5%, followed by Infrastructure (10.5%), Engineering (0.9%), Basic Metals (0.9%), and Textiles (1.1%). This diversified portfolio signifies the bank's commitment to mitigating risk and aligning with the nation's economic priorities.

Strategic Collaborations: In the fiscal year 2022, Central Bank solidified co-lending partnerships with seven prominent NBFC/HFCs in India. This strategic move expanded its lending capabilities in key sectors such as Retail, MSME, and Agriculture, reinforcing the bank's commitment to expanding its lending reach and capabilities.

RRB Associate: Central Bank holds a substantial 35% stake in two Rural-Regional Banks: Uttar Bihar Gramin Bank, Muzaarpur (Bihar), and Uttarbanga Kshetriya Gramin Bank, Coochbehar (West Bengal). Collectively, these two banks operate approximately 1,175 branches and hold deposits worth around Rs. 22,023 crores.

Government's Vote of Confidence: In FY22, the Government of India received preferential equity shares worth Rs. 4,800 crores from Central Bank. This transaction underscores the government's unwavering support and continued investment in the bank, further solidifying its position as a trusted pillar of India's financial landscape. Central Bank of India continues to stand as a beacon of financial stability, service, and growth.

Stock Data	
CMP	44.5
52 Week High/Low	56/20.1
Face Value	10
Market Cap (In Crs)	38,662
NSE	CENTRALBK
BSE	532885
Bloomberg	CBOI:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Jun 2023	Sept 2023
Promoter	93.08	93.08
FII	0.15	0.16
DII	2.83	2.84
Public	3.95	3.91

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	(2.44)	5.44	7.09
Central Bank	(11.53)	46.62	115.50

Key Ratios	
P/E	10.7
PEG Ratio	0.96
Debt To Equity	12.6
ROE	5.92%
ROCE	4.29%
Dividend Yield	0%

Q2 FY 24 Result Update

Q2 FY24 Result Comparison (In Rs Cr)					
	Q2 FY24	Q1 FY24	Q2 FY23	QOQ	YOY
Revenue	7377	7259	6184	2%	19%
Interest Income	4338	4062	3421	7%	27%
Profit Before Tax	567	1038	633	-45%	-10%
Net Profit	623	498	344	25%	81%
EPS	0.72	0.57	0.39	26%	85%

Result Highlights

Central Bank, one of the prominent financial institutions in India, has released its financial results for the second quarter of the fiscal year 2024 (Q2 FY24). These results demonstrate a solid performance across various key metrics, reflecting the bank's resilience and growth in a dynamic economic environment.

Revenue Growth: The bank reported a total revenue of Rs 7,377 crore during Q2 FY24, showing a 2% increase from the previous quarter (Q1 FY24) and a notable 19% surge compared to the same period in the previous year (Q2 FY23). This robust revenue growth can be attributed to a variety of factors, including increased lending activities and higher interest income.

Interest Income: Central Bank generated an impressive interest income of Rs 4,338 crore during Q2 FY24, marking a 7% growth compared to the previous quarter. Moreover, when compared to the same quarter in the previous year, the interest income surged by a significant 27%. This increase in interest income is a reflection of the bank's efficient management of its assets and a broader trend of improving interest rates.

Profit Before Tax: While the bank's Profit Before Tax (PBT) for Q2 FY24 stands at Rs 567 crore, it has experienced a decline of 45% when compared to the previous quarter (Q1 FY24). However, when compared to the same quarter in the previous year (Q2 FY23), there's only a 10% drop. The QoQ decline in PBT is worth noting and could be attributed to various factors, including changes in the economic climate or specific business decisions made by the bank.

Net Profit: Central Bank reported a net profit of Rs 623 crore in Q2 FY24, marking a 25% increase over the previous quarter (Q1 FY24). More impressively, when compared to the same period in the previous year (Q2 FY23), the net profit surged by a substantial 81%. This increase in net profit reflects the bank's ability to manage costs efficiently and capitalize on opportunities for growth.

Earnings Per Share (EPS): The Earnings Per Share (EPS) for Q2 FY24 stands at Rs 0.72, which represents a 26% increase compared to the previous quarter (Q1 FY24) and an impressive 85% growth when compared to the same quarter in the previous year (Q2 FY23). This increase in EPS is indicative of the bank's commitment to enhancing shareholder value.

Central Bank's Q2 FY24 results showcase a strong financial performance, particularly in terms of revenue growth and net profit. However, the decline in Profit Before Tax (PBT) compared to the previous quarter is something the bank might need to analyze and address.

Ratio Highlights

Non Performing Assets (NPA)					
	Q2 FY24	Q1 FY24	Q2 FY23	QOQ	YOY
GNPA	4.62	4.95	9.67	-7%	-52%
NNPA	1.64	1.75	2.95	-6%	-44%

ROA	0.62%	NIM	3.43%	CASA Ratio	49.40%
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Yield on Advances: It has increased from 7.37% in Sep'22 to 8.62% in Sep'23, indicating a growth of 125 bps. This suggests that the bank has managed to earn more interest on the advances it has given out in the recent year.

Cost of Deposits: This increased slightly from 3.89% to 4.60%. It indicates the bank is paying slightly more for the deposits it holds.

Net Interest Margin (NIM): NIM decreased slightly from 3.44% to 3.43%. It represents the difference between interest income earned and interest expended on interest-bearing liabilities.

Return on Equity (ROE): There's a significant increase in ROE from 1.31% to 2.31%. It indicates that the bank is generating more profit from the shareholders' equity.

Credit Cost: The credit cost increased from 2.21% to 3.52%. This could be indicative of the bank taking on riskier credits or facing more defaults in the recent year.

Operating Efficiency: Cost to Income: It rose from 52.21% to 62.57%. This suggests that the bank's operational efficiency might have decreased, as they're spending more for every unit of income they're generating.

Staff Cost to Income: Increased from 30.22% to 35.14%. This suggests a higher expenditure on staff relative to the bank's income.

Business per Employee: Slightly increased from ₹17.13 Cr to ₹18.60 Cr, indicating that, on average, each employee generated more business in the recent year.

Profitability per Employee: Operating Profit per Employee: Slightly decreased from ₹22.22 Lakhs to ₹18.94 Lakhs.

Net Profit per Employee: Increased significantly from ₹4.05 Lakhs to ₹7.49 Lakhs, suggesting improved overall profitability.

Return on Assets (ROA): ROA increased from 0.35% to 0.62%. This indicates that the bank has been more efficient in generating profit from its assets.

Central Banks Highlights – Q2 FY24 Review

Central Bank of India has reported strong financial performance for the second quarter of fiscal year 2024 (Q2 FY24). During the concall, the bank's key achievements, strategic focus, new product launches, and future outlook were discussed, providing valuable insights into its trajectory.

Financial Performance:

- **Total Business Milestone:** Central Bank of India celebrated a significant achievement by reaching a total business figure of Rs. 6 lakh Crores, showcasing the bank's substantial market presence and influence.
- **Record-Breaking Net Profit:** The bank reported its highest-ever net profit of Rs. 605 Crores in a single quarter, demonstrating the effectiveness of its financial strategies and management.
- **Business Growth:** The bank experienced robust business growth with an impressive 11.51% increase. Total deposits grew by 8.21%, while gross advances expanded by 17.26%, indicating a positive trend in both deposits and lending activities.
- **Improved Asset Quality:** The bank's asset quality showed marked improvement, as gross NPA decreased from 9.67% to 4.62%, and net NPA decreased from 2.95% to 1.64%. This highlights the bank's commitment to managing and reducing non-performing assets.
- **Provision Coverage:** The provision coverage ratio improved to 92.54%, reflecting a prudent approach to risk management.
- **Strong Interest Income:** Net interest income increased by 10.23%, and the net interest margin stood at a healthy 3.43%. This underscores the bank's efficiency in managing its interest-related operations.

Strategic Focus:

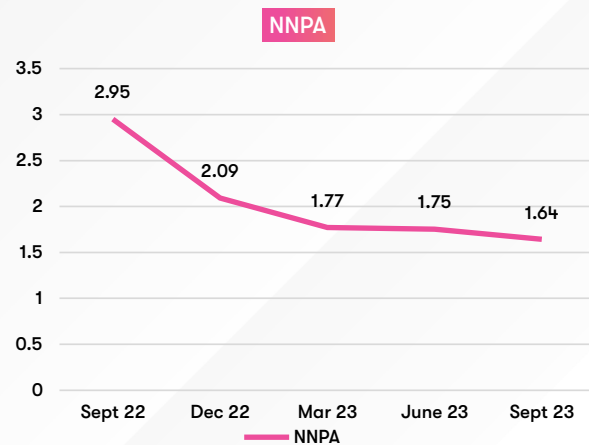
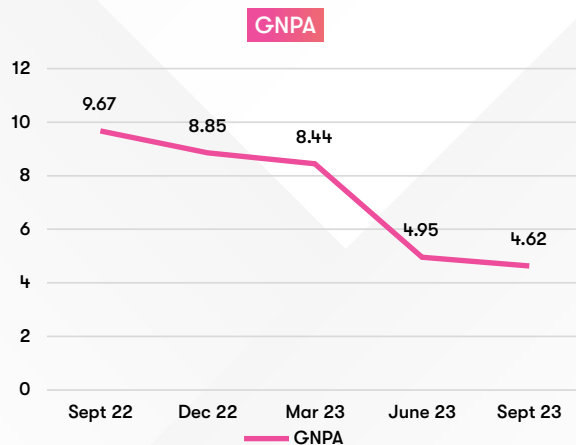
- **Credit Book Balance:** Central Bank aims to maintain a credit book balance of 65:35 in favor of retail versus corporate lending. This strategy is aligned with the growing retail market in India and mitigates concentration risk.
- **Digital Lending:** The bank is set to focus on digital lending platforms and co-lending portfolios to drive growth in the retail lending segment, embracing modern financial technologies.
- **Stable Cost of Deposits:** The bank anticipates the cost of deposits to stabilize in the upcoming December quarter, emphasizing the importance of maintaining a strong CASA (Current Account Savings Account) position.

New Products:

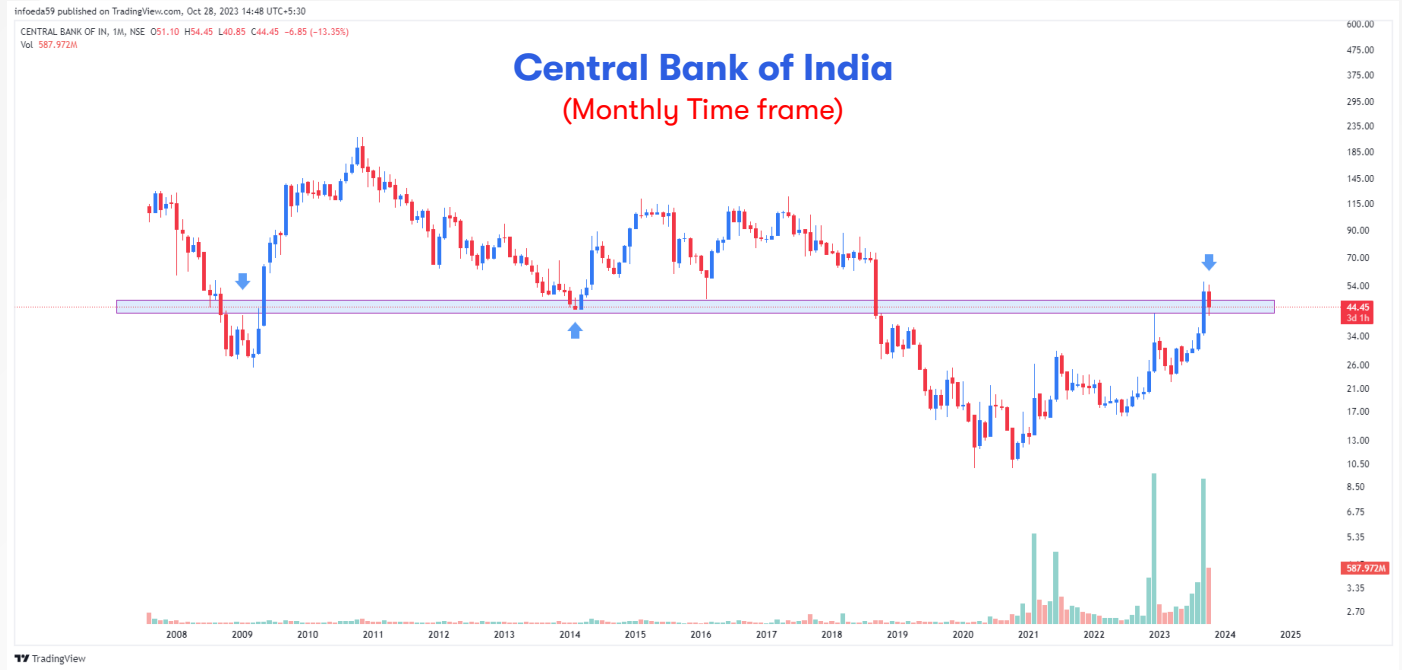
- **Credit Card Launch:** Central Bank has exciting plans to launch two new credit card products in December. This move diversifies its product offerings and taps into the growing demand for digital payment solutions.

Future Outlook:

- **Optimism and Profitability:** The bank expressed optimism about its future outlook and profitability, underpinned by a strong brand image with over 111 years of legacy, a pan-India presence with nearly 20,000 touchpoints, and a robust financial position with total business exceeding Rs. 6 lakh Crores.



Technical Outlook



20 DMA > 50 DMA > 100 DMA > 200 DMA along with volume accumulation shows a strong sustainable buying in this counter.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	44.20	44.55
10	46	45.60
20	47.90	46.25
50	43.35	43.40
100	36.45	38.75
200	31.85	33.80

Pivot Levels : FIBONACCI				
R1 55.50	Pivot 47.13		S1 38.77	
R2 60.67			S2 33.60	
R3 69..03			S3 25.23	

Relative Strength Index (RSI)	Daily	Weekly
	45.31	64.22

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