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PSU BANKS

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India's Best Performing and Most Customer Centric PMS

Public Sector Banks (PSBs) in India have long stood as the sturdy pillars supporting the economic infrastructure of the nation. These financial institutions, predominantly owned by the Government of India, have consistently played a pivotal role in fueling the economic development of the country by channelizing the financial resources into viable commercial and social sectors. With a vast network spreading across the length and breadth of India, PSBs have not only facilitated the mobilization of savings but also have acted as significant entities to implement the fiscal policies of the government. They serve as the financial backbone, propelling sectors like agriculture, MSME, and retail towards sustainable development and ensuring financial inclusion even in the remotest corners of the nation.

Why PSU Banks are Better Placed in the Current Cycle:

The contemporary scenario of PSBs emanates a narrative vastly different from the preceding cycles. A significant marker in this transformation has been the advent and implementation of the Indian Bankruptcy Code (IBC), 2016. This regulatory framework has been instrumental in mitigating the persistent issue of Non-Performing Assets (NPAs) by providing a structured and time-bound mechanism for resolving insolvencies and facilitating the optimization of the value of assets. The consequential NPA reduction post-IBC has significantly detoxified the balance sheets of PSBs, enhancing their operational and financial stability.

Furthermore, the impact of a higher interest cycle has inevitably carved an advantageous path for PSBs. In an economic framework where interest rates are ascending, banks traditionally witness an expansion in their Net Interest Margins (NIMs), which implicitly propels profitability. A sharp elevation in the Current Account Savings Account (CASA) ratio reflects the strengthened trust and enhanced savings in these banks. This is synergistically complemented by the robust loan growth and notable market share gains, reflecting a promising trajectory in the banking landscape.

Significant Opportunities and Evolvement of PSBs:

Notably, the PSBs have demonstrated a robust resilience and adaptive capacity amidst evolving economic and financial terrains. The drastic reduction in Gross Non-Performing Assets (GNPAs) and Net NPAs, resultant of strategic restructuring and adherence to regulatory compliances, have propelled the asset quality into a sphere of enhancement and stability. This transformation in the asset quality not only fosters a secure environment for investments but also augments the lending capacities of PSBs, thereby facilitating a healthy credit flow in the economy.

Moreover, the Credit to Deposit Ratio mirrors the effective and strategic capital deployment by the PSBs, ensuring a well-balanced alignment between the credit disbursed and the deposits accumulated. This equilibrium is imperative to sustain the liquidity and solvency of the banks, thereby constructing a robust foundation for consistent growth and stability.

A Closer Look at Capital Adequacy Ratio (CAR):

The progression in the Capital Adequacy Ratio (CAR) is symbolic of the prudent and cautious approach adopted by the PSBs in recent years. The incremental provisions, characterized by strategic allotments to bypass potential losses from stressed assets, have shielded the banks from the volatility of bad loans. The CAR, being indicative of a bank's capacity to absorb losses and ensure the security of depositors, has witnessed a noteworthy upliftment.

However, it is essential to acknowledge the facets that have fueled pressure on the CAR, including capital utilization inefficiencies and a higher concentration of low-rated corporate loans. Moreover, mergers, while streamlining operations and optimizing resource utilization to some extent, have also posed their set of challenges and implications on the CAR.

The confluence of regulatory frameworks, strategic initiatives, and a prudent approach towards capital allocation and asset quality management has painted a promising canvas for PSBs in India. The future beckons with opportunities and challenges, wherein the PSBs, with their ingrained resilience and evolving strategies, are poised to navigate through, shaping a robust and inclusive financial ecosystem.

Impact Of Indian Bankruptcy Code, 2016 On PSU Bank

The introduction of the Indian Bankruptcy Code (IBC) in 2016 marked a pioneering point in India's financial landscape, particularly impacting Public Sector Undertaking (PSU) Banks. The legislation intended to consolidate and amend insolvency and bankruptcy laws, aiming to resolve proceedings in a time-bound manner. Below is a detailed examination of the multifaceted impacts of the IBC on PSU Banks:

1. NPA Reduction:

The IBC has played a pivotal role in addressing the expanding issue of Non-Performing Assets (NPAs) in PSU Banks. By facilitating the efficient and timely resolution of stressed assets, the banks have been able to clean up their balance sheets, thereby improving their financial health. The data showcasing the reduction in NPAs pre and post-IBC implementation stands testament to the effectiveness of this legislation in mitigating financial stress in the banking sector.

2. Timely Resolution:

The IBC mandates a time-bound process, aiming to resolve insolvency issues within 180 days, extendable by a maximum of 90 days. The IBC, with its emphasis on time-bound resolution, has expedited this process significantly. Data on the average time taken for resolution before and after the IBC underscores the legislation's success in streamlining and accelarating insolvency proceedings.

3. Structured Legal Framework:

The IBC introduced a robust and structured legal framework for managing insolvency and bankruptcy proceedings. This framework has brought about predictability and streamlining, enabling a more coordinated approach to managing insolvency. The comparative analysis of legal proceedings pre and post-IBC depicts the substantial improvements and increased efficiency within the legal system.

4. Asset Quality Improvement:

The resolution of stressed assets and subsequent recovery of dues have substantially enhanced the asset quality of PSU Banks. This improvement is evidenced by positive alterations in asset quality ratios and enhancements in credit ratings, contributing to the overall stability and resilience of the banks.

5. Credit Discipline:

One of the notable impacts of the IBC is the instillation of credit discipline among borrowers. The legislation has acted as a deterrent, resulting in a marked decrease in wilful defaults and fostering a culture of financial accountability and responsibility.

6. Operational Efficiency:

The necessity for timely resolution imposed by the IBC has catalyzed operational efficiency within PSU Banks. This has been manifested in improvements in operational metrics and significant cost savings, enhancing the overall functionality and performance of the banks.

7. Valuation and Bidding Process:

The IBC has guided in a transparent and competitive bidding process for stressed assets, ensuring fair valuations and maximization of asset value. This has been pivotal in attracting a diverse array of bidders, thereby fostering competition and ensuring optimal outcomes for the banks.

8. Market Confidence:

The successful resolutions under the IBC have been instrumental in rebuilding and bolstering market confidence in the PSU banking sector. The positive trajectories observed in stock price movements and improved market sentiment are indicative of the renewed trust and optimism in the sector.

9. Challenges and Limitations:

Despite its accomplishments, the IBC has not been without its challenges. Issues such as legal delays, protracted litigation, and valuation discrepancies have posed hurdles in the insolvency resolution process. Addressing these challenges is crucial for enhancing the efficacy of the IBC.

10. Future Outlook:

The IBC continues to evolve, with proposed amendments aiming to strengthen the framework and resolve existing limitations. The anticipation of further refinements and the expert opinions on future projections for NPA resolutions highlight the ongoing commitment to fortifying the insolvency resolution mechanism in India.

The Indian Bankruptcy Code has had a transformative impact on PSU Banks, addressing longstanding issues such as NPAs and operational inefficiencies. The exploration of case studies illustrating the practical application and outcomes of the code further underscores its significance. However, addressing the existing challenges and continual refinement of the legislation will be paramount in ensuring its sustained success and contribution to the financial stability of the operational and strategic decisions of PSU Banks.

Impact Of Higher Interest Rate Cycle On PSU Bank

Amidst the ever-changing financial landscape, India finds itself immersed in a higher interest rate cycle, steered by the Reserve Bank of India (RBI) in a bid to manage inflation, regulate liquidity, and stabilize the currency. This scenario, while conventionally tightening the grip on the domestic economy, unfolds a spectrum of implications for Public Sector Undertaking (PSU) Banks. Higher interest rates, often perceived as a double-edged sword, bring forth a variety of opportunities and challenges for these banks, highlighting their pivotal role in navigating the economic currents. On one hand, this environment is conducive to an expansion in Net Interest Margins (NIMs) as banks capitalize on lending at elevated rates. On the other, it potentially dampens loan demand, thereby impacting the trajectory of credit growth in the economy. However, the discourse does not solely revolve around these facets; it further extends to encompass elements such as asset quality, investment income, deposit growth, refinancing risk, valuation and stock prices, mortgage lending, and consumer spending. The ripple effects of higher interest rates reasonate through these dimensions, shaping the financial outline of PSU Banks and underscoring their adaptability and strategic finesse in leveraging benefits while mitigating associated risks.

1. Net Interest Margin (NIM): In this high-interest environment, PSU Banks have the opportunity to experience expanded NIMs. This arises as banks can lend at higher rates, while the rates for deposits adjust more slowly. This situation is favorable as it enhances the banks' profitability.

2. Loan Demand: The increase in interest rates has impacted the borrowing environment, with heightened borrowing costs for individuals and businesses, resulting in reduced loan demand. This affects the growth prospects of PSU Banks. However, other factors such as economic growth, government fiscal policies, and the investment climate continue to play a crucial role in shaping loan demand.

3. Asset Quality: Higher interest rates affect the repayment capacity of borrowers, especially those with floating-rate loans, which may lead to financial distress and an increase in Non-Performing Assets (NPAs). This poses challenges to the profitability and capital adequacy of the banks.

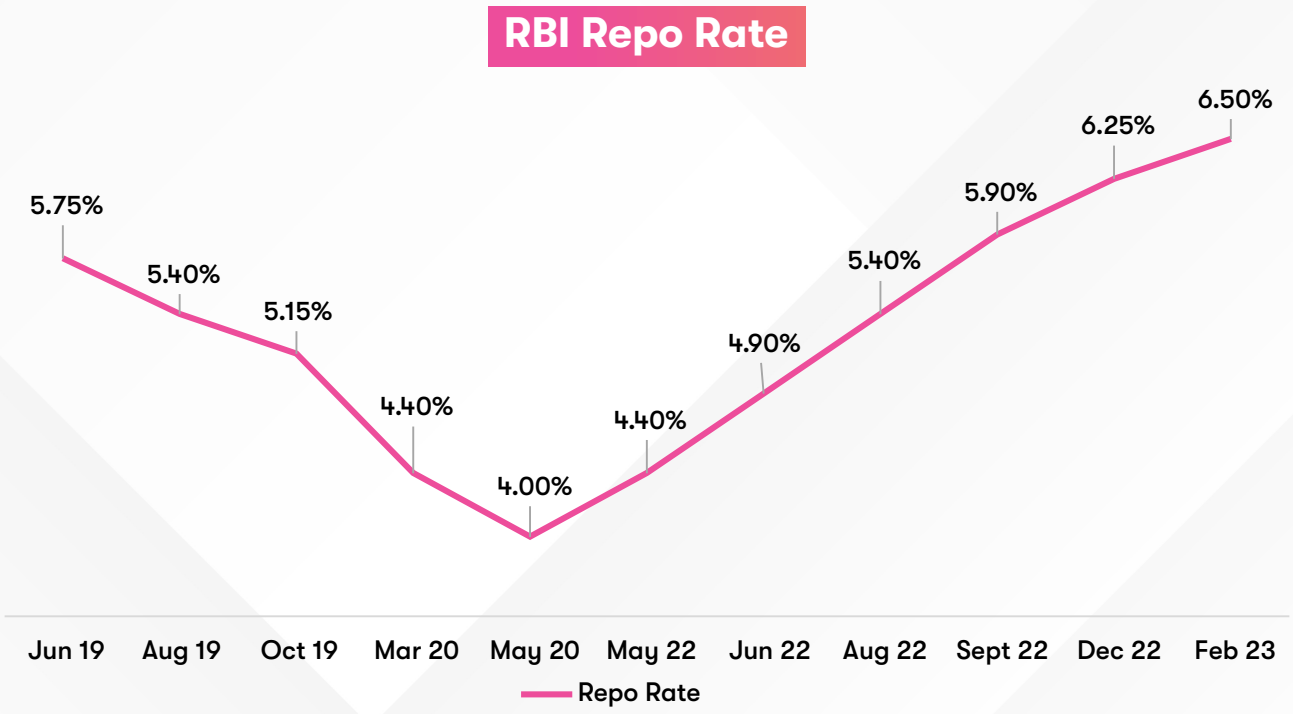
4. Investment Income: PSU Banks, with significant holdings in government securities, face the risk of marked-to-market (MTM) losses due to the fall in bond prices in a higher interest rate environment. This necessitates careful investment strategies to safeguard their investment portfolios.

5. Deposit Growth: Interestingly, higher interest rates can attract more deposits, as PSU Banks are often seen as safer institutions by retail depositors. An increase in the deposit base can support credit growth when the demand for loans revives.

6. Refinancing Risk: Higher interest rates bring about risks related to refinancing short-term liabilities. PSU Banks need to strategically manage liabilities to mitigate the increased costs associated with refinancing.

7. Valuation and Stock Prices: The higher interest rate environment impacts the stock valuations of PSU Banks. While the prospects of increased NIMs and deposit growth are positive, challenges such as reduced loan demand and potential deterioration in asset quality require careful consideration by investors.

The strategic responses of PSU Banks to the current higher interest rate scenario in India will be indicative of their adaptability and resilience. Balancing the opportunities and challenges requires effective risk management, robust underwriting practices, and maintaining adequate capital.



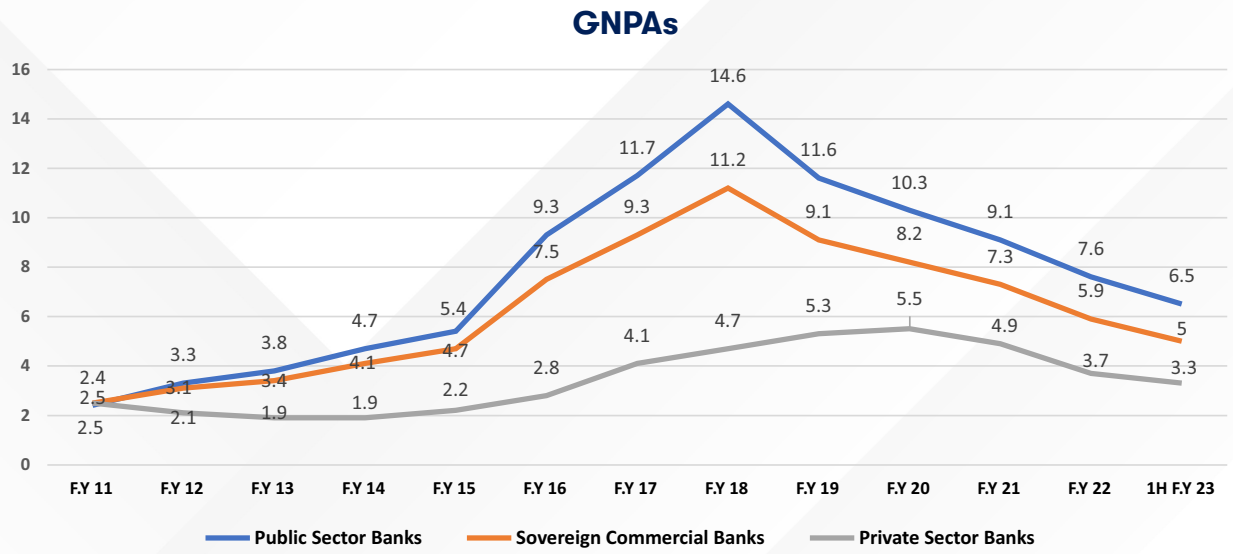
Asset Quality: A Progressive Upturn Evident

Gross Non-Performing Assets (GNPA) are a critical metric in the assessment of the health and stability of banks in India, particularly in the public sector. GNPA refers to the total value of loans and advances that have turned non-performing or defaulting, meaning borrowers have failed to make interest or principal payments for a specific period, typically 90 days or more. Monitoring and managing GNPA is of paramount importance for banks, as it directly impacts their financial stability and profitability.

Current GNPA Data As of March 2023, Indian public sector banks have witnessed a significant improvement in their GNPA ratios. According to the Reserve Bank of India's (RBI) Financial Stability Report released on June 28, 2023, the GNPA ratio for these banks dropped to a remarkable 3.9 percent, marking a ten-year low. This decline indicates that a lower proportion of loans in these banks' portfolios have turned into non-performing assets, reflecting a positive trend in their asset quality.
In recent times, Public Sector Banks (PSBs) in India have witnessed a distinct shift in Gross Non-Performing Assets (GNPAs), significantly attributed to challenges in the corporate portfolio. This was partially a consequence of somewhat imprudent lending practices and restructuring strategies in earlier corporate cycles, coupled with macroeconomic vulnerabilities. Post FY18, the corporate sector has seen a gradual decrease in stressed assets, attributed to enhanced resolutions, recoveries, and reduced slippages. Consequently, with an improvement in the corporate rating portfolio and moderated corporate growth in the past few years, the peak of corporate asset quality issues seems to have subsided. In contrast, PSBs appear relatively stable in non-corporate segments, particularly Retail, due to a strategic focus on secured housing loans and limited exposure to higher-risk sectors like the Auto segment.

In the historical context of the corporate credit cycle, Public Sector Banks (PSBs) exhibited a robust Compound Annual Growth Rate (CAGR) of approximately 17.2% spanning from FY10 to FY14. This expansion was substantially propelled by the corporate book, particularly within the Infrastructure sector. Consequently, a combination of factors - indiscriminate lending, economic deceleration, misuse of RBI's tolerance through suboptimal restructuring, and the imposition of RBI's Asset Quality Review (AQR) - catalyzed a notable degeneration in asset quality from FY14 to FY18.

During this period, Scheduled Commercial Banks (SCBs) witnessed Gross Non-Performing Assets (GNPAs) ascending from a mere 3.1% in FY12, reaching 4.1% in FY14, and accelerating further to 7.5% in FY16. The scenario intensified post-RBI's AQR in FY16, culminating in the elevation of GNPAs to 11.2% in FY18. PSBs, particularly in the corporate domain, predominantly fueled this significant asset quality deterioration. To illustrate, GNPAs for PSBs soared from a modest 3.3% in FY12 to a substantial 14.6% in FY18, wherein corporate segment NPAs surged from 1.9-4.1% in FY12 to 6.7-34.4% in FY18.



Nonetheless, a silver lining has been observed since FY18, with a judicious enhancement in asset quality bringing GNPAs down to 8.4% in FY20, and further reducing to 5% as of September 2022 (H1 FY23). PSBs have been pivotal in this recovery (with GNPAs declining from 14.6% in FY18 to 6.5% in H1 FY23), even though their asset quality remains heightened compared to their private counterparts.

This notable recovery in GNPAs, especially within the corporate segment, was underpinned by improved recoveries, Asset Reconstruction Company (ARC) sales, and partially through write-offs. Moreover, a prudent growth approach and an emphasis on higher-rated corporates have facilitated an improvement of the overarching corporate asset quality. Consequently, the sector presently reflects an optimistic trajectory in the context of asset quality, demonstrating resilience and strategic progression amid challenges. The Reserve Bank of India (RBI) has conducted stress tests to assess the resilience of Scheduled Commercial Banks (SCBs) in India, and the results provide further optimism. According to the stress test outcomes, the Gross Non-Performing Asset (GNPA) ratio of all SCBs is projected to improve to 3.6 percent by March 2024, under the baseline scenario.

Quarterly Stock-wise GNPA:

Stock Name	Q1FY24	Q4FY23	Q3FY23	Q2FY23	Q1FY23	Q4FY22	Q3FY22	Q2FY22	Q1FY22	Q4FY21	Q3FY21	Q2FY21
Bank of Maharastra	2.3%	2.5%	2.9%	3.4%	3.7%	3.9%	4.7%	5.6%	6.4%	7.2%	7.7%	8.8%
SBI	2.8%	2.8%	3.1%	3.5%	3.9%	4.0%	4.5%	4.9%	5.3%	5.0%	4.8%	5.3%
Bank of Baroda	3.5%	3.8%	4.5%	5.3%	6.3%	6.6%	7.3%	8.1%	8.9%	8.9%	8.5%	9.1%
Uco Bank	4.5%	4.8%	5.6%	6.6%	7.4%	7.9%	8.0%	9.0%	9.4%	9.6%	9.8%	11.6%
Central Bank	5.0%	8.4%	8.9%	9.7%	14.9%	14.8%	15.2%	15.5%	15.9%	16.6%	16.3%	17.4%
IDBI Bank	5.1%	6.4%	13.8%	16.5%	19.9%	20.2%	20.6%	20.9%	22.7%	22.4%	23.5%	25.1%
Canara Bank	5.2%	5.4%	5.9%	6.4%	7.0%	7.5%	7.8%	8.4%	8.5%	8.9%	7.5%	8.2%
Indian Bank	5.5%	6.0%	6.5%	7.3%	8.1%	8.5%	9.1%	9.6%	9.7%	9.9%	9.0%	9.9%
Bank of India	6.7%	7.3%	7.7%	8.5%	9.3%	10.0%	10.5%	12.0%	13.5%	13.8%	13.3%	13.8%
Punjab & Sind Bank	6.8%	7.0%	8.4%	9.7%	11.3%	12.2%	14.4%	14.5%	13.3%	13.8%	13.1%	14.1%
Indian Overseas Bank	7.1%	7.4%	8.2%	8.5%	9.1%	9.8%	10.4%	10.7%	11.5%	11.7%	12.2%	13.0%
Union Bank	7.3%	7.5%	7.9%	8.5%	10.2%	11.1%	11.6%	12.6%	13.6%	13.7%	13.5%	14.7%
PNB	7.7%	8.7%	9.8%	10.5%	11.3%	11.8%	12.9%	13.6%	14.3%	14.1%	13.0%	13.4%

Restructured Book : A Chronological Overview and Current Status

Historically, during financial downturns, the Reserve Bank of India (RBI) has implemented several restructuring schemes—like Corporate Debt Restructuring (CDR), Strategic Debt Restructuring (SDR), the 5/25 scheme, and Scheme for Sustainable Structuring of Stressed Assets (S4A)—to bolster the banking system. Between FY11-15, there was a noteworthy surge in restructured books, predominantly driven by Public Sector Banks (PSBs) and certain corporate-centric private banks. RBI's rigorous monitoring and Asset Quality Review (AQR) revealed that, especially in PSBs, there were elevated relapse rates from the restructured book during FY15-18 due to misuse of restructuring leniency.

In response to the macroeconomic deceleration and stress from the Covid-19 pandemic, RBI again introduced a restructuring facility, particularly aiming at the retail and Micro, Small, and Medium Enterprises (MSME) segments, which were critically impacted by the pandemic. Though past restructuring efforts witnessed higher relapses, careful and limited allowances for restructuring were provided by the regulator this time. As of March 2022, restructuring was more prominent in MSME and Retail loans (2.4% each), while corporate restructuring was substantially lower at 0.3%. Under the MSME restructuring window, the system has restructured loans of Rs 1.1 trillion, with a larger share from PSBs (Rs 80,600 Cr or 73%) versus private banks (Rs 30,500 Cr or 26%).

Notably, within our research universe, banks like DCBB, CUBK, SURYODAY, EQUITASB, INBK, and BOI display a higher proportion of restructured loans. Guidances from the management of these banks indicate anticipations of lower relapses from the restructured book, mainly due to its granular nature. In contrast to previous cycles, performance in the restructured book has outperformed expectations with lower relapses. While the results so far are encouraging, continuous close monitoring of the restructured book's performance will be imperative in the upcoming quarters, especially post-suspension, even though a significant relapse is not anticipated.

NNPA: Multiyear Low

Net Non-Performing Assets (NNPA) are a vital indicator used to evaluate the financial health and stability of banks in India, particularly in the public sector. NNPA represents the value of loans and advances that have turned non-performing or defaulting, minus the provisions set aside to cover potential losses on these loans. Monitoring NNPA is crucial for banks as it provides insights into the actual impact of bad loans on their financial position.

Current NNPA Data: With continued improvement in coverage ratios and improving asset quality performance, the banking system has shown a significant improvement in NNPAs. As of March 2023, Indian public sector banks have witnessed a noteworthy improvement in their NNPA ratios. According to the Reserve Bank of India's (RBI) Financial Stability Report released on June 28, 2023, the NNPA ratio for these banks declined to a favorable 1.0 percent. This reduction indicates that public sector banks have not only lowered the proportion of non-performing loans but have also set aside adequate provisions to manage potential losses effectively.

Impact on Banks NNPA levels in public sector banks have several significant implications:

- **Actual Loan Losses:** NNPA directly reflects the actual loan losses that a bank is exposed to. A lower NNPA indicates that the bank has been successful in managing and minimizing the impact of non-performing loans.

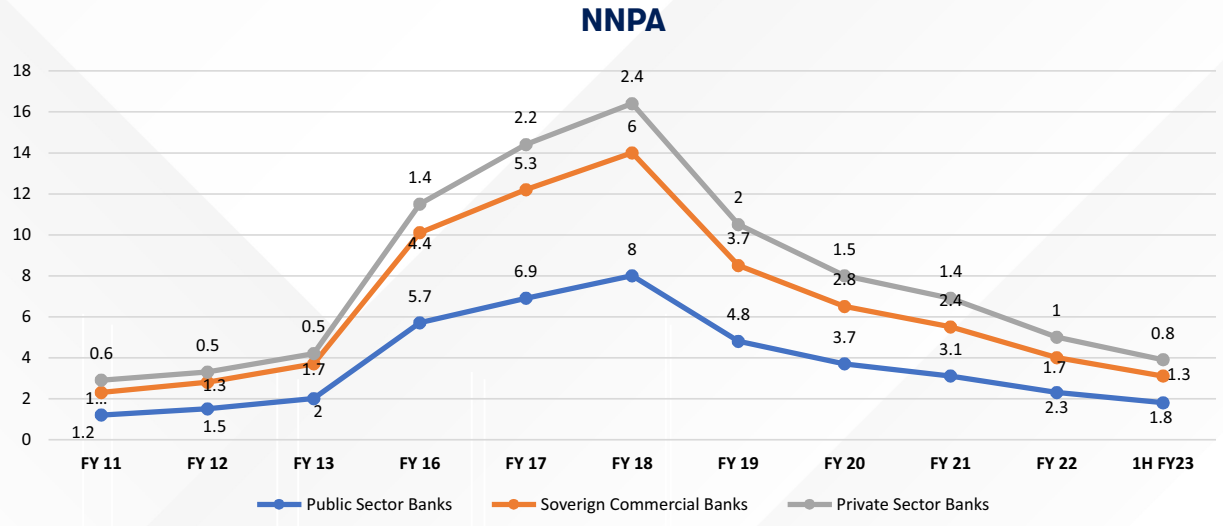
- **Profitability:** A reduced NNPA ratio contributes positively to a bank's profitability. Lower provisioning requirements for potential losses free up funds for other purposes, potentially boosting profits.

- **Capital Adequacy:** NNPA influences a bank's capital adequacy ratio. By managing NNPA effectively, banks can conserve capital, which is essential for regulatory compliance and supporting future lending.

- **Risk Management:** A lower NNPA ratio demonstrates effective risk management practices within the bank. It indicates that the bank is proactive in identifying and addressing problem loans, contributing to its overall stability.

- **Investor Confidence:** Similar to GNPA, NNPA levels significantly impact investor confidence. A lower NNPA ratio can enhance investor trust and positively affect the bank's reputation and market standing.

The noteworthy decline of the Net Non-Performing Assets (NNPA) ratio to 1.0% in March, a level last observed in June 2011, stands as a testament to the proactive and rigorous provisioning practices adopted by Indian public sector banks. This achievement underscores their commitment to maintaining strong financial health and mitigating potential loan losses effectively



Quarterly Stock-wise NNPA:

Stock Name	Q1FY24	Q4FY23	Q3FY23	Q2FY23	Q1FY23	Q4FY22	Q3FY22	Q2FY22	Q1FY22	Q4FY21	Q3FY21	Q2FY21
Bank of Maharastra	0.2%	0.3%	0.5%	0.7%	0.9%	1.0%	1.2%	1.7%	2.2%	2.5%	2.6%	3.3%
IDBI Bank	0.4%	0.9%	1.1%	1.2%	1.3%	1.4%	1.7%	1.6%	1.7%	2.0%	1.9%	2.7%
Indian Bank	0.7%	0.9%	1.0%	1.5%	2.1%	2.3%	2.7%	3.3%	3.5%	3.4%	2.4%	3.0%
SBI	0.7%	0.7%	0.8%	0.8%	1.0%	1.0%	1.3%	1.5%	1.8%	1.5%	1.2%	1.6%
Bank of Baroda	0.8%	0.9%	1.0%	1.2%	1.6%	1.7%	2.3%	2.8%	3.0%	3.1%	2.4%	2.5%
Uco Bank	1.2%	1.3%	1.7%	2.0%	2.5%	2.7%	2.8%	3.4%	3.9%	3.9%	3.0%	3.6%
Indian Overseas Bank	1.4%	1.8%	2.4%	2.6%	2.4%	2.7%	2.6%	2.8%	3.2%	3.6%	3.1%	4.3%
Canara Bank	1.6%	1.7%	2.0%	2.2%	2.5%	2.7%	2.9%	3.2%	3.5%	3.8%	2.6%	3.4%
Union Bank	1.6%	1.7%	2.1%	2.6%	3.3%	3.7%	4.1%	4.6%	4.7%	4.6%	3.3%	4.1%
Bank of India	1.7%	1.7%	1.6%	1.9%	2.2%	2.3%	2.7%	2.8%	3.4%	3.4%	2.5%	2.9%
Central Bank	1.8%	1.8%	2.1%	3.0%	3.9%	4.0%	4.4%	4.5%	5.1%	5.8%	4.7%	5.6%
Punjab & Sind Bank	2.0%	1.8%	2.0%	2.2%	2.6%	2.7%	3.0%	3.8%	3.6%	4.0%	2.8%	5.9%
PNB	2.0%	2.7%	3.3%	3.8%	4.3%	4.8%	4.9%	5.5%	5.8%	5.7%	4.0%	4.8%

Current & Saving Account Ratio (CASA): Continuous Rise In Share

In the world of banking, the CASA ratio is a fundamental metric used to assess the financial health and stability of a financial institution. CASA stands for Current Account and Savings Account, and the CASA ratio represents the proportion of a bank's total deposits that come from these two types of accounts.

Importance of CASA

Cost of Funds: CASA deposits are known as low-cost funds in banking due to the minimal interest paid to customers. This advantage enables banks to access these funds at a lower cost compared to fixed deposits or other sources of capital. A high CASA ratio suggests a substantial portion of a bank's funding comes from these low-cost deposits, significantly boosting its net interest margin. This, in turn, enhances profitability as the bank can lend at competitive rates while maintaining healthy interest spreads.

Stability: CASA deposits offer exceptional stability compared to term deposits. Customers use current accounts for daily transactions and savings accounts for various financial needs, fostering long-lasting relationships with the bank. This deposit longevity ensures stability in a bank's deposit base, ensuring a reliable source of funds. It also minimizes deposit outflow volatility, particularly during turbulent economic periods, strengthening the bank's resilience.

Liquidity: CASA deposits provide essential liquidity. Banks can access these funds swiftly when needed, serving as a financial cushion to meet sudden withdrawals or unforeseen financial challenges promptly. A substantial CASA base helps maintain a healthy liquidity position, crucial for overall financial stability.

Profitability: A higher CASA ratio plays a pivotal role in enhancing a bank's profitability. CASA deposits being low-cost enable banks to lend at more attractive rates, attracting borrowers and generating a larger interest rate spread. Additionally, the stability and long-term nature of CASA deposits reduce the need for costly short-term borrowings or expensive capital sources, streamlining the cost structure. This boosts profitability, allowing efficient allocation of resources towards value-generating activities and strategic investments. In essence, a robust CASA ratio positively influences a bank's bottom line, reinforcing its financial health and competitiveness in the industry.

Monitoring the CASA ratio is vital for banks and investors. A rising CASA ratio signals increasing trust and efficient management, as it reflects a bank's ability to attract more current and savings account deposits. However, a declining CASA ratio may indicate overreliance on costlier funding sources like fixed deposits or external borrowing, potentially impacting profitability and liquidity. In recent years, CASA deposits have shown robust growth, with a 12.7% CAGR over FY12-22, primarily driven by a 14% CAGR in savings accounts (SA) and a 10% CAGR in current accounts (CA). This increase has pushed the systemic CASA deposit share to 44.8%, its highest level.

Yearly Stock-wise CASA Ratio

Stock Name	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14
Canara Bank	31.1%	33.9%	32.7%	31.4%	29.2%	31.8%	30.2%	25.7%	23.9%	24.6%
Punjab & Sind Bank	33.6%	33.8%	32.8%	29.6%	26.8%	23.7%	27.5%	22.7%	21.5%	20.9%
Union Bank	35.2%	36.5%	36.3%	35.5%	36.0%	33.9%	34.3%	32.2%	29.2%	29.5%
Uco Bank	36.8%	39.4%	39.2%	40.2%	44.5%	37.3%	33.9%	31.7%	32.2%	32.1%
Bank of India	38.3%	40.0%	36.6%	36.5%	35.8%	34.0%	31.8%	25.8%	22.3%	22.9%
PNB	41.9%	46.5%	44.4%	42.9%	42.1%	41.0%	41.7%	36.6%	36.0%	37.8%
Indian Bank	42.0%	41.8%	42.3%	34.7%	34.7%	37.0%	37.1%	31.3%	28.8%	27.2%
SBI	42.7%	44.5%	45.4%	44.2%	44.5%	44.5%	43.7%	40.6%	39.4%	40.3%
Indian Overseas Bank	43.7%	43.4%	42.5%	40.3%	38.3%	36.8%	36.8%	29.1%	23.7%	24.3%
Central Bank	50.4%	50.6%	49.2%	46.3%	46.1%	42.4%	39.1%	35.4%	34.0%	33.3%
IDBI Bank	53.0%	56.8%	50.5%	47.8%	42.5%	37.1%	31.5%	25.9%	25.1%	22.6%
Bank of Baroda	53.4%	57.9%	54.0%	50.3%	49.6%	47.7%	44.9%	36.7%	37.1%	35.9%
Bank of Maharastra	53.4%	57.9%	54.0%	50.3%	49.7%	47.7%	44.9%	36.7%	37.1%	35.9%

Advance Growth: Strong Loan Growth and Market Share Gain

Advance growth refers to the rate at which a financial institution, such as a bank, increases its loan portfolio over a specific period. It is a crucial metric indicating the institution's ability to extend credit to individuals, businesses, and other borrowers. A higher advance growth rate suggests a healthy lending business, potentially leading to increased interest income and profitability. However, it must be balanced with prudent risk management to ensure that loans are repaid, avoiding a surge in non-performing assets. Advance growth is a key indicator of a bank's financial performance and its role in supporting economic activity. In the realm of India's public sector banks (PSBs), the dynamics of advances growth have witnessed noteworthy shifts in recent years. From FY13 to FY22, PSBs reported a robust loan Compound Annual Growth Rate (CAGR) of 15.2%, although it slightly trailed behind the industry average of 16.1%. This growth was primarily underpinned by the corporate segment, marking a distinctive trend in PSB lending.

Corporate Segment Dominance and Market Share Loss: The preeminent focus on the corporate sector, along with a relatively limited retail product offering, contributed to a gradual erosion in market share for PSBs. In part, capital constraints also played a role in this phenomenon. However, the corporate segment's growth began to decelerate in the face of a substantial improvement in asset quality and subsequent deleveraging measures. During this period, while the broader banking system continued to sustain momentum in retail loans, PSBs, despite their extensive branch networks, ceded market share due to their constrained diversification and product offerings in the retail sector.

Over the decade spanning FY14 to FY22, PSBs reported a modest loan CAGR of 4.1% and consistently experienced a reduction in market share. In total, they relinquished a cumulative market share of 1,782 basis points, leaving them with a 58.6% share. Notably, individual PSBs like PNB (320bps), UNBK (170bps), CBK (160bps), and BOI (150bps) bore a more substantial loss. In contrast, SBI (22.6%) and BoM (1.1%) managed to hold their ground, maintaining their loan market share over the same period.

Transition Towards Retail Lending: Recognizing the need for change, PSBs began shifting their focus toward the retail and granular lending segments. While they started to register faster growth in these segments, their market share in retail remained in the range of 16.4% to 35.7%, a substantial increase from the 7.7% to 21.0% range in FY12. However, corporate lending continued to dominate, with a range of 30.1% to 45.8%.

Recent Uptick and Future Outlook: Over the past few quarters, as the overall credit growth in the banking system picked up pace, PSBs responded by reporting faster growth rates and gaining back some of their lost market share. As of June 2022, PSBs marginally increased their loan market share by approximately 60 basis points, reaching 58.6% by Q1FY23. This positive shift was led by banks like CBK and INBK, which each gained 20 basis points in market share during Q1FY23.

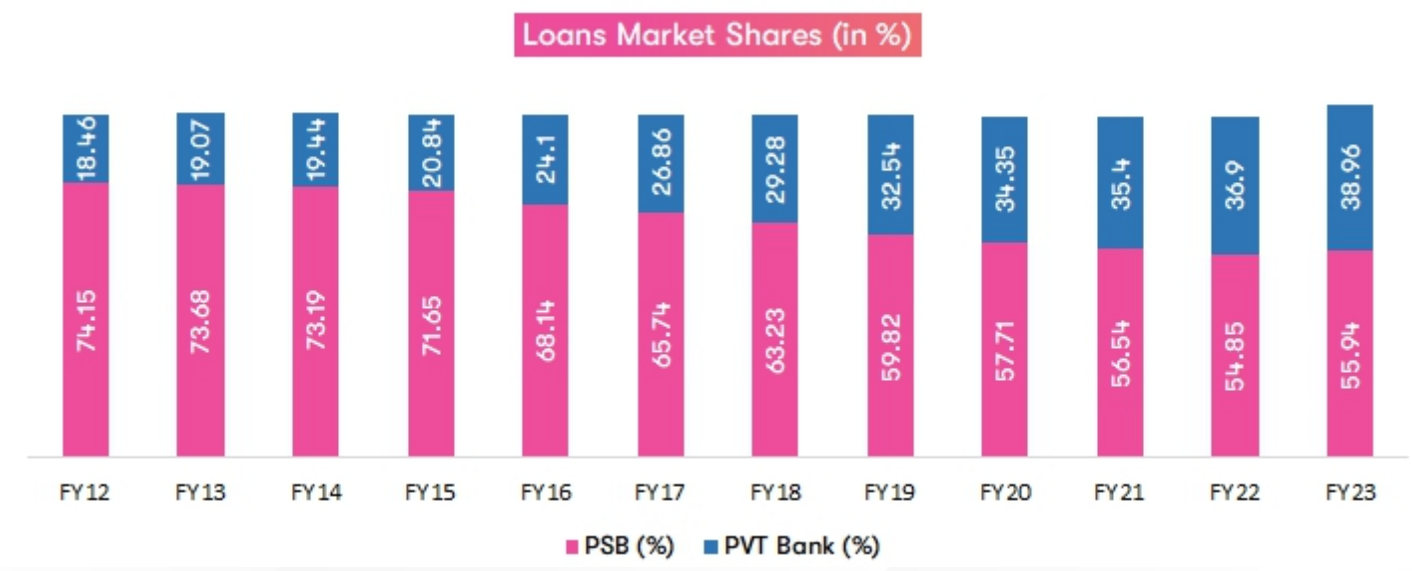
Looking ahead, with improved asset quality, stronger capital positions, and a more widespread demand revival, analysts have projected a loan CAGR of 10.9% for PSBs from FY23 to FY25. These estimates are considered conservative, especially given the current favorable conditions.

Yearly Stock-wise Advance Growth

Stock Name	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14
Bank of Baroda	21.1%	10.0%	2.3%	47.2%	9.7%	11.5%	-0.1%	-10.4%	7.8%	21.0%
Bank of India	15.5%	15.1%	-0.9%	8.2%	-0.1%	-6.9%	2.0%	-10.7%	8.4%	28.1%
Bank of Maharastra	30.5%	28.1%	17.9%	5.1%	-3.7%	-10.2%	-11.2%	9.1%	10.9%	17.8%
Canara Bank	18.1%	10.1%	47.9%	1.0%	12.1%	11.6%	5.3%	-1.6%	9.6%	24.3%
Central Bank	20.7%	7.4%	3.6%	3.1%	-6.4%	12.3%	-22.6%	-4.5%	6.3%	3.1%
IDBI Bank	18.7%	6.7%	-1.3%	-11.6%	-14.5%	-10.0%	-11.6%	3.6%	5.4%	0.7%
Indian Bank	15.5%	7.3%	83.3%	9.2%	15.8%	22.6%	-1.1%	2.5%	3.0%	15.7%
Indian Overseas Bank	23.4%	12.9%	5.3%	-8.5%	0.1%	-5.7%	-12.7%	-6.3%	-2.4%	9.7%
PNB	14.1%	8.0%	42.9%	3.0%	5.7%	3.4%	1.7%	8.4%	9.0%	13.1%
Punjab & Sind Bank	20.7%	4.4%	4.3%	-15.6%	3.9%	14.1%	-8.7%	0.1%	11.6%	11.3%
SBI	17.0%	11.6%	5.3%	6.4%	13.0%	23.2%	7.3%	12.6%	7.5%	15.7%
Uco Bank	27.0%	10.3%	10.1%	1.9%	-7.6%	-10.2%	-4.9%	-14.6%	-1.5%	16.6%
Union Bank	15.3%	11.9%	87.6%	6.1%	2.8%	0.8%	7.2%	4.6%	11.6%	10.1%

Over the past decade, public sector banks in India have been witnessing a steady erosion of their market share in both loans and deposits, ceding ground to their private sector counterparts. In 2012-13, public sector banks held a dominant 74 percent market share in loans, which has dwindled significantly to 56 percent by 2022-23, marking an extensive loss of 18 percentage points over the decade. Concurrently, private sector banks have seized the opportunity, augmenting their market share from 19 percent a decade ago to a formidable 39 percent today, clearly indicating that public sector lenders have been losing business to their private peers.

However, in FY23, there was a noteworthy development as public sector banks managed to regain a marginal share of the lending market, marking the first time in more than a decade. While the increase was relatively small, measuring at less than one percentage point, it signifies a potential shift in the trend. Interestingly, this turnaround came at the expense of foreign banks and small finance banks, with foreign banks losing ground due to Axis Bank's acquisition of Citibank's retail business. This modest resurgence in market share by public sector banks hints at a possible rebound, although a cautious one.



The primary reason behind the public sector banks' loss of market share in the preceding years was the relentless bad loan cycle that plagued the banking sector. Impaired capital positions constrained government-owned lenders from extending credit to the economy, creating an opening for private sector banks to meet the demand for credit. However, in recent times, the banking system has regained, bolstering its capital reserves, with public sector banks now boasting healthier capital levels. Nevertheless, apart from stalwarts like State Bank of India and Bank of Baroda, the performance of most public sector lenders remains subpar The increase in market share observed in FY23 might signal public sector banks finally regaining business momentum, driven by their improved capital positions. Yet, this development underscores the critical need for banks, especially in the public sector, to learn from past mistakes and exercise diligent credit risk assessment before extending loans. As the banking landscape continues to evolve, sound risk management practices will be pivotal in sustaining any newfound progress in market share and ensuring long-term stability in the sector.

Credit to Deposits Ratio Evolving In PSU Banking Landscape

Credit to Deposits Ratio is a financial metric used to evaluate a bank's lending activity and its ability to manage deposits effectively. It measures the proportion of a bank's total loans and advances to its total deposits. A higher ratio indicates that the bank is extending more credit relative to its deposit base, which can signify aggressive lending but also higher risk. Conversely, a lower ratio suggests a conservative approach with a larger portion of funds kept in liquid assets or conservative investments. It is an essential gauge of a bank's liquidity, capital adequacy, and risk management practices, influencing its overall financial health and stability.

Deposits: Muted Growth Over the years, the landscape of Indian banking has witnessed a shift in deposit dynamics. Private sector banks (PVT Banks) have been steadily gaining market share in terms of deposits at the expense of their PSB counterparts. This trend is underscored by the data, which reveals that PVT Banks have experienced a robust compound annual growth rate (CAGR) of approximately 17% in deposits from FY12 to FY22. In contrast, the overall systemic CAGR for deposits during this period stood at 10.4%, and PSBs lagged further with a CAGR of 8%.

Market Share Shift: This divergence in deposit growth has translated into significant market share changes within the banking sector. PVT Banks have seen a remarkable increase in their market share, surging to 31.5% in FY22. This marks an impressive gain of 820 basis points (bps) since FY17 and a substantial 1330 bps rise since FY12. In contrast, PSBs have experienced a decline in their market share, dropping to 59.5% in FY22, down from 69.1% in FY17 and 74.6% in FY12.

Changing Trends: The shift in market share from PSBs to PVT Banks has not been uniform over the years. From FY12 to FY15, the decline in market share for PSBs was gradual, with an annual dip of up to 80 bps. However, since FY16, the decline has accelerated, with annual decreases ranging from 120 bps to a substantial 510 bps. Among PSBs, State Bank of India (SBIN), including its associate banks, is the exception, having gained market share by 160 bps since FY12, reaching 23.8%. However, other prominent PSBs such as Punjab National Bank (PNB), Bank of Baroda (BOB), Bank of India (BOI), and Central Bank of India (CBK) have witnessed significant market share erosion during this period.

Continued Trends in Q1FY23 The trend of PSBs losing market share continued into the first quarter of FY23. PSBs saw a further 20 bps decline, with their market share shrinking to 62.8%. Utkarsh Small Finance Bank (UNBK) experienced a reduction of 23 bps, while Central Bank of India (CBK) bucked the trend by gaining 20 bps.

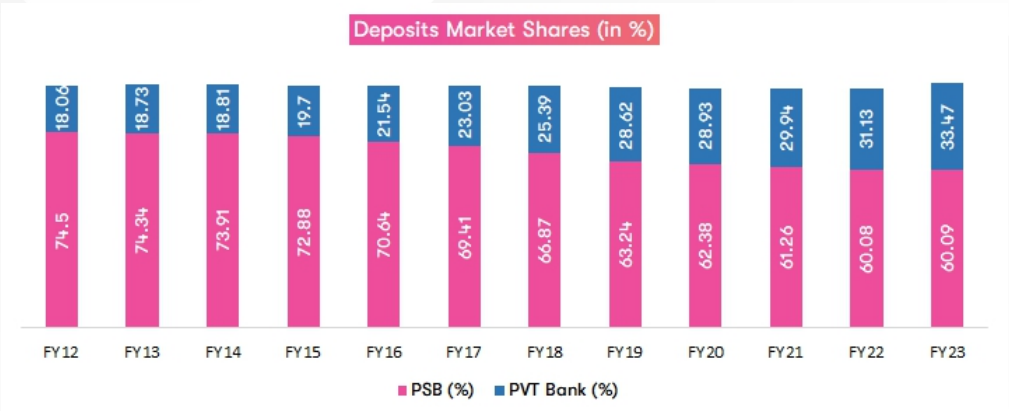
Yearly Stock-wise Credit to Deposit

Stock Name	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14
Bank of Baroda	78.2%	74.3%	73.0%	73.0%	73.4%	72.3%	63.7%	66.9%	69.3%	69.8%
Bank of India	72.6%	67.0%	58.3%	66.4%	65.5%	65.5%	67.9%	70.0%	75.6%	77.7%
Bank of Maharastra	73.2%	64.8%	58.9%	57.9%	58.8%	61.7%	68.7%	77.4%	80.7%	76.1%
Canara Bank	70.4%	64.8%	63.2%	69.1%	71.4%	72.7%	69.1%	67.7%	69.7%	71.6%
Central Bank	56.5%	49.1%	47.5%	48.2%	48.9%	53.1%	47.0%	67.6%	73.8%	73.9%
IDBI Bank	63.6%	58.8%	55.5%	58.4%	64.6%	69.3%	71.1%	81.3%	80.2%	83.9%
Indian Bank	72.3%	65.6%	67.4%	76.0%	74.9%	75.2%	70.0%	72.4%	74.4%	75.3%
Indian Overseas Bank	68.3%	55.0%	53.2%	54.4%	59.6%	61.1%	66.5%	71.7%	69.8%	77.2%
PNB	64.9%	63.5%	60.9%	67.0%	67.8%	67.5%	67.5%	74.6%	75.9%	77.4%
Punjab & Sind Bank	70.1%	62.3%	63.4%	65.1%	70.2%	65.4%	68.2%	70.1%	73.7%	67.6%
SBI	72.3%	67.5%	66.5%	71.7%	75.1%	71.5%	76.8%	84.6%	82.5%	86.8%
Uco Bank	62.5%	54.8%	54.1%	52.4%	50.2%	59.1%	59.5%	60.8%	68.8%	75.0%
Union Bank	68.2%	64.0%	64.0%	69.9%	71.4%	70.7%	76.2%	78.0%	80.7%	77.0%

The data presented underscores the importance of the credit to deposits ratio. As PSBs lose market share in deposits, it becomes critical for them to effectively utilize the deposits they do hold to extend credit and generate income. A declining credit to deposits ratio in PSBs may indicate a challenge in deploying deposits for lending purposes, potentially affecting their profitability and overall health. Hence, monitoring this ratio in the context of shifting market dynamics is essential for evaluating the performance and sustainability of Indian public sector banks.

The transformation in market dynamics within the Indian banking sector, particularly concerning deposit accumulation and market share, has substantial consequences for the credit to deposits ratio. Contrary to the common perception that public sector banks (PSBs) would effortlessly lead in deposit accretion due to their highest safety rating backed by the government, they have experienced a notable decline in business in this area. In 2022-23, PSBs held just 61 percent of total deposits, a substantial drop from the commanding 74 percent they held a decade ago. This decrease has primarily been attributed to the encroachment of private sector banks, which have been relentless in expanding their deposit mobilization, registering a remarkable 15 percentage point gain over the same period.

What is particularly intriguing is that while PSBs have managed to retain or marginally improve their market share in lending, they have encountered significant challenges in the realm of deposits. This divergence underscores the fact that depositors are considering factors beyond just safety when selecting their banking partners. Elements like nominal interest rates and operational convenience have become pivotal in shaping depositors' preferences, and private sector banks have excelled in providing a more competitive blend of these factors.



The all-encompassing consequence of these shifts is that India's banking system is undergoing a process of concentration, with a limited number of large banks, be they public or private, dominating the landscape. This concentration trend, prevalent in both deposits and loans, gives rise to concerns regarding the stability of the financial system. In this context, mid-sized and smaller banks are facing a crucial challenge. They must swiftly adapt and enhance their strategies to remain competitive in this evolving ecosystem. Their ability to attract and retain deposits is not only pivotal for their growth but also for maintaining a balanced and healthy credit to deposits ratio, a key indicator of their financial robustness and lending capacity. Therefore, these banks must proactively refine their approach to cater to the evolving needs and preferences of depositors, ensuring their sustained presence and relevance in the dynamic and increasingly competitive Indian banking sector.

Net Interest Margin: A Measure of Banking Profitability

Net Interest Margin (NIM) in Indian Public Sector Banks: Net Interest Margin (NIM) is a crucial financial metric used to evaluate the profitability and efficiency of Indian public sector banks, as well as banks worldwide. It is a fundamental indicator that reflects the effectiveness of a bank's core lending and borrowing activities. Understanding NIM requires breaking down the concept into its constituent parts: Net Interest Income (NII) and the NIM itself.

Net Interest Income (NII): Net Interest Income is the difference between a bank's interest income and interest expenses. Interest income primarily comes from loans and investments, while interest expenses represent the cost of funding those assets, including interest paid on deposits and other borrowings. In simple terms, NII is the revenue generated by a bank from its core banking operations.

Net Interest Margin (NIM): Net Interest Margin, on the other hand, is the ratio of Net Interest Income to the average interest-earning assets of a bank. It is expressed as a percentage and provides insights into how efficiently a bank manages its interest-earning assets to generate profits. NIM essentially measures the spread between what a bank earns on its assets and what it pays for its liabilities.

Importance of NIM: NIM is a critical metric for several reasons:

- **Profitability Indicator:** A higher NIM indicates that a bank is more efficient at earning profits from its core operations. It showcases the bank's ability to generate income from loans and investments while controlling funding costs.

- **Risk Assessment:** NIM reflects the risk inherent in a bank's interest-earning assets. A healthy NIM suggests that the bank is managing its risk well and making sound lending decisions.

- **Competitive Positioning:** Banks with higher NIMs often have a competitive advantage, as they can offer more favorable terms to depositors and borrowers while maintaining profitability.

Impact of Low or High NIM on Banks:

- **Low NIM:** A consistently low NIM can indicate inefficiencies in a bank's operations. It may struggle to cover operating expenses and maintain profitability, potentially leading to financial stress. Low NIMs may also limit a bank's ability to attract capital.

- **High NIM:** While a high NIM suggests strong profitability, excessively high margins can be a cause for concern. Extremely high NIMs may indicate that a bank is charging excessively high interest rates to borrowers or paying very low interest on deposits, potentially alienating customers and regulators.

Stock Name	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14
Bank of Baroda	2.9%	2.6%	2.6%	2.4%	2.5%	2.3%	2.1%	2.0%	2.0%	1.9%
Bank of India	2.5%	1.9%	2.0%	2.3%	2.2%	1.7%	1.9%	1.9%	1.8%	1.9%
Bank of Maharastra	2.9%	2.6%	2.5%	2.5%	2.3%	2.2%	2.0%	2.4%	2.7%	2.6%
Canara Bank	2.9%	2.5%	2.2%	2.1%	2.1%	2.0%	2.0%	2.3%	2.3%	2.2%
Central Bank	2.9%	2.5%	2.2%	2.1%	2.1%	2.0%	2.0%	2.3%	2.3%	2.2%
IDBI Bank	3.5%	3.0%	2.9%	2.3%	1.8%	1.6%	1.6%	1.6%	1.6%	1.8%
Indian Bank	2.8%	2.5%	2.5%	2.5%	2.5%	2.5%	2.4%	2.2%	2.3%	2.3%
Indian Overseas Bank	2.8%	2.3%	2.3%	2.4%	2.3%	2.4%	2.2%	2.1%	2.0%	2.1%
PNB	2.3%	2.2%	2.4%	2.1%	2.2%	2.0%	2.1%	2.3%	2.7%	2.9%
Punjab & Sind Bank	2.2%	2.2%	2.0%	2.0%	2.1%	2.0%	2.2%	2.1%	1.7%	1.7%
SBI	2.7%	2.5%	2.5%	2.6%	2.5%	2.3%	2.4%	2.5%	2.8%	2.8%
Uco Bank	2.6%	2.6%	2.4%	2.4%	2.1%	1.6%	1.8%	2.1%	2.4%	2.6%
Union Bank	2.6%	2.3%	2.3%	2.1%	2.1%	1.9%	2.0%	2.1%	2.2%	2.2%

The relatively lower Net Interest Margins (NIMs) observed in Indian Public Sector Banks (PSBs) compared to their Private Sector (PVT) peers can be attributed to several factors:

- **Higher Asset Quality Issues:** PSBs have historically faced higher levels of non-performing assets (NPAs) or bad loans compared to private banks. This has necessitated provisioning for these NPAs, which can eat into the interest income, affecting NIM negatively.

- **Composition of Loan Portfolio:** PSBs often have a larger proportion of their loan portfolios tilted towards relatively lower-yielding corporate loans. These corporate loans typically have lower interest rates compared to retail loans or other higher-yielding assets, which can drag down the overall NIM.

- **Lower Share of EBLR-Linked Loans:** Effective Base Lending Rate (EBLR)-linked loans tend to have lower interest rates. PSBs may have a lower share of these loans in their portfolio, which can impact their NIM.

- **Lower Credit-to-Deposit (C/D) Ratio:** PSBs may maintain a lower C/D ratio, which means they are lending out a smaller portion of their deposits. This can result in an underutilization of their deposit base, affecting NIM.

- **Slightly Lower CASA Proportion:** The proportion of Current Account and Savings Account (CASA) deposits, which are typically low-cost deposits, might be slightly lower in PSBs compared to private banks. CASA deposits contribute to reducing the cost of funds and boosting NIM.

- **Higher Share of Low-Yielding Overseas Portfolio:** PSBs may have a higher exposure to overseas assets, some of which may yield lower returns compared to domestic assets.

However, it's worth noting that over the period from FY16-22, PSBs have made efforts to improve their NIMs:

- **Cost of Funds (CoFs):** PSBs have managed to significantly reduce their cost of funds, which is a critical component of NIM. The drop in CoFs by 150-290 basis points (bps) has positively impacted their NIMs.

- **Yield Compression:** Despite a drop in yields (interest income) by 70-220 bps, the improvement in CoFs has offset some of this yield compression, contributing to NIM improvement.

- **Variation Across Banks:** Different PSBs have shown varying degrees of NIM improvement. For instance, Bank of Baroda (BOB) and Central Bank of India (CBK) reported substantial NIM improvements of 100 bps and 50 bps, respectively, while Punjab National Bank (PNB) experienced a marginal dip of 10 bps in NIMs.

Capital Adequacy Ratio (CAR):
Ensuring Stability in Indian Public Sector Banks

The Capital Adequacy Ratio (CAR) is a critical metric in the world of banking. It serves as a measure of a bank's financial strength and its ability to withstand unforeseen financial shocks. In the context of Indian public sector banks, understanding the CAR is paramount, given its pivotal role in ensuring financial stability.

What is Capital Adequacy Ratio (CAR)?
The Capital Adequacy Ratio, often referred to as CAR, is a regulatory requirement that mandates banks to maintain a minimum level of capital as a percentage of their risk-weighted assets. Essentially, it's a safeguard that ensures banks have an adequate buffer to absorb losses and meet their financial obligations, especially during economic downturns or unforeseen crises.

Importance of Capital Adequacy Ratio:

- **Risk Mitigation:** The CAR acts as a safety net, protecting depositors and maintaining confidence in the banking system. In the event of unexpected losses, a high CAR ensures that a bank can absorb these losses without jeopardizing its day-to-day operations.

- **Financial Stability:** A robust CAR enhances the overall stability of the financial system. It reduces the likelihood of bank failures and the subsequent systemic risks that can result from a cascade of bank collapses.

- **Creditworthiness:** A bank with a strong CAR is considered more creditworthy. It can access funding at favorable rates, which, in turn, benefits customers through lower interest rates on loans and better returns on deposits.

- **Regulatory Compliance:** Compliance with CAR regulations is a legal requirement for banks. Failure to meet the prescribed CAR can lead to penalties, restrictions on dividend distribution, and even intervention by regulatory authorities.

- **Investor Confidence:** A high CAR is viewed positively by investors. It indicates that the bank is well-capitalized and capable of generating sustainable returns, making it an attractive investment option.

Impact of Low or High Capital Adequacy Ratio:

Low CAR: A bank with a CAR below the regulatory minimum is vulnerable to financial stress. In such cases, the bank may face restrictions on expanding its operations, lending, or distributing dividends. It might also struggle to attract capital from investors, leading to a downward spiral if corrective measures are not taken promptly.

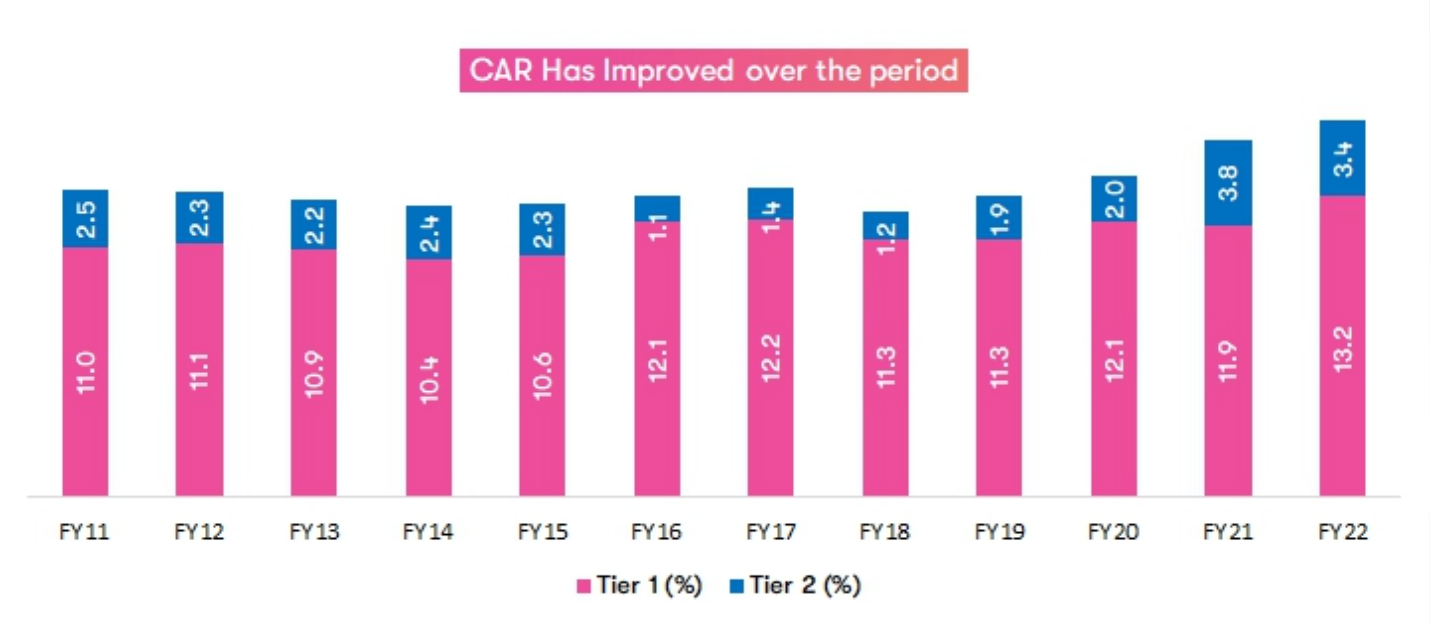
High CAR: While a high CAR suggests financial strength, excessively high capital levels can be inefficient. It means that the bank is not utilizing its capital effectively to generate returns for shareholders. In such situations, shareholders might pressure the bank to deploy its excess capital more efficiently.

Stock Name	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14
IDBI Bank	20.4%	19.1%	15.6%	13.3%	11.6%	10.4%	10.7%	11.7%	11.8%	11.7%
Bank of Maharastra	18.1%	16.5%	14.5%	13.5%	11.9%	11.0%	11.2%	11.2%	11.9%	10.8%
Punjab & Sind Bank	17.1%	18.5%	17.1%	12.1%	10.7%	11.3%	11.1%	10.9%	11.2%	11.0%
Canara Bank	16.7%	14.9%	13.2%	13.7%	11.9%	13.2%	12.9%	11.1%	10.6%	10.6%
Uco Bank	16.5%	13.7%	13.7%	11.7%	10.7%	10.9%	10.9%	9.6%	12.2%	12.7%
Indian Bank	16.5%	16.5%	15.7%	14.1%	13.2%	12.6%	13.6%	13.2%	12.9%	13.1%
Bank of India	16.3%	17.0%	14.9%	13.1%	14.2%	12.9%	12.1%	12.0%	10.7%	10.0%
Bank of Baroda	16.2%	15.8%	15.0%	13.3%	13.4%	12.1%	13.2%	13.2%	12.6%	12.3%
Indian Overseas Bank	16.1%	13.8%	15.3%	10.7%	10.21.%	9.3%	10.5%	9.7%	10.1%	11.2%
Union Bank	16.0%	14.5%	12.6%	12.8%	11.8%	11.5%	11.8%	10.6%	10.2%	10.8%
PNB	15.5%	14.5%	14.3%	14.1%	9.7%	9.2%	11.7%	11.3%	12.9%	12.1%
SBI	14.7%	13.9%	13.7%	13.1%	12.7%	12.6%	13.1%	13.1%	12.0%	13.0%
Central Bank	14.1%	13.8%	14.8%	11.7%	9.6%	9.0%	11.0%	10.4%	10.9%	12.0%

Capital Adequacy Ratio (CAR) in the Indian banking sector has witnessed a noteworthy transformation compared to the previous cycle. Several factors have played a role in shaping the CAR landscape for Public Sector Banks (PSBs). One prominent factor affecting CAR has been the significantly higher provisions made by these banks. Provisions are funds set aside to cover potential losses due to bad loans. Inefficiency in the utilization of capital and a higher share of low-rated corporate loans have also contributed to the pressure on CAR for PSBs. Additionally, mergers, although partially responsible, have also had an impact on these banks' CAR.

To counter these challenges and maintain CAR above regulatory requirements, the Government of India has taken a prudent approach by injecting capital into PSBs. Notably, substantial capital infusion has been made into key banks, with Punjab National Bank (PNB) receiving Rs 430 billion and Bank of India (BOI) Rs 362 billion. In contrast, Indian Bank (INBK) saw the least capital infusion, amounting to Rs 28 billion. It's worth noting that e-ALBK, which was merged with INBK, received a capital infusion of Rs 91.6 billion prior to the merger.

Despite recent Qualified Institutional Placements (QIPs) by various banks, the government's stake in PSBs remains significant, ranging from 57.6% to 83.5%. This underscores the government's commitment to ensuring the stability and capital adequacy of these banks.



Over the past few years, the Reserve Bank of India's (RBI) stringent Prompt Corrective Action (PCA) norms and the banks' concerted efforts to reduce the Risk-Weighted Assets (RWA) density have played a pivotal role in improving CAR. Banks have gradually reduced the ratio of credit risk to loans, moving from a range of 76.4% to 93.3% in FY16 to 65.2% to 74.1% in FY22. Simultaneously, the RWA density, which is the ratio of RWA to total assets, has also decreased, with figures ranging from approximately 56.4% to 67.7% in recent years, compared to 45.7% to 51.4% in FY16-22.

The evolution of the Capital Adequacy Ratio in Indian PSBs reflects a dynamic interplay of factors, including government support, merger activities, and prudent risk management practices. These measures have not only helped these banks maintain regulatory compliance but also enhance their resilience in the face of economic challenges.

Cost to Income Ratio (CIR):
Unlocking Efficiency in Indian Public Sector Banks

The Cost to Income Ratio (CIR) stands as a vital and fundamental financial metric employed to comprehensively evaluate the operational efficiency and financial performance of banks, with a particular focus on the Indian public sector banking institutions. It serves as an uncomplicated yet potent indicator, depicting the relationship between a bank's operational expenses and its total income. Essentially, the CIR paints a picture of how proficiently a bank manages its expenditures concerning its revenue generation, typically expressed as a percentage.

The Significance of Cost to Income Ratio: The CIR wields substantial influence within the banking sphere for a multitude of compelling reasons. Foremost, it operates as a cornerstone performance gauge, offering stakeholders, including investors, analysts, and regulatory bodies, a window into a bank's fiscal well-being and operational adeptness. A lower CIR generally signifies an institution's proficiency in operations, hinting at a judicious allocation of income toward operational expenses. Conversely, a higher CIR hints at an institution grappling with inefficiencies in expense management.

Moreover, the CIR functions as an indispensable tool for the internal management of banks. It unveils the complex structure of a bank's cost landscape, unveiling areas ripe for cost optimization endeavors. Banks bearing high CIRs typically embark on a mission to streamline operations, curtail overhead expenses, and boost productivity, all in the pursuit of a reduced cost-to-income ratio. By adopting these strategies, banks aim to augment profitability and bolster their competitive stance in the financial market.

The Implications of a Low or High Cost to Income Ratio on Banks: A low Cost to Income Ratio invariably garners positive applause. Banks boasting lower CIRs are inherently more resilient when confronted with economic downturns and financial crises. They enjoy the flexibility to channel resources toward growth initiatives, invest in cutting-edge technology, and proffer competitive products and services to their clientele. The advantages of a lower CIR extend to enhanced profitability, as a greater slice of the bank's income can be preserved as profit, bolstering financial stability and potential for expansion.

Conversely, a high Cost to Income Ratio can generate a set of formidable challenges for a bank. It often acts as a sign of operational inefficiencies, potentially leading to a diminished bottom line and a compromised competitive edge. Elevated operating costs can constrain a bank's capacity to invest in innovative ventures and customer-centric endeavors, restraining its evolution in a dynamic market landscape. Furthermore, a persistently high CIR can erode investor confidence, exerting downward pressure on the bank's stock performance and market standing.

Stock Name	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14
Bank of Maharastra	39.1%	44.3%	47.4%	51.9%	58.4%	55.2%	61.0%	52.1%	51.8%	54.4%
IDBI Bank	45.1%	46.1%	46.3%	55.4%	55.5%	37.9%	52.5%	43.6%	41.2%	37.0%
Indian Bank	45.3%	47.0%	49.5%	40.6%	45.2%	42.3%	45.6%	51.3%	48.4%	49.4%
Union Bank	47.9%	47.4%	50.0%	47.0%	50.8%	48.5%	48.5%	54.4%	53.5%	53.1%
Bank of Baroda	50.4%	50.7%	49.9%	52.1%	45.1%	45.5%	45.4%	50.6%	43.4%	41.2%
PNB	51.5%	49.4%	47.3%	44.5%	47.0%	56.7%	38.9%	45.9%	45.9%	44.7%
Bank of India	51.9%	54.8%	51.6%	47.8%	55.9%	56.2%	47.7%	60.7%	52.1%	44.7%
Indian Overseas Bank	51.9%	48.6%	48.5%	59.2%	46.9%	60.6%	57.4%	63.5%	55.8%	48.4%
Canara Bank	52.0%	54.5%	58.7%	62.4%	57.1%	50.1%	48.5%	50.9%	50.4%	46.7%
Uco Bank	55.9%	49.9%	53.4%	39.3%	52.6%	68.6%	50.7%	44.1%	35.1%	33.1%
Central Bank	56.3%	58.2%	59.7%	61.4%	65.9%	70.0%	67.3%	70.5%	61.0%	61.5%
Punjab & Sind Bank	63.0%	63.2%	75.6%	62.9%	55.1%	59.4%	54.6%	52.2%	63.2%	60.9%
SBI	67.0%	69.5%	65.6%	63.7%	65.7%	60.1%	58.4%	57.0%	59.0%	60.1%

In recent years, Indian banks have experienced a significant uptick in operating expenses (opex), primarily attributed to various factors such as attrition-driven personnel spending and investments in technology. The digitization wave has brought about both opportunities and challenges, particularly in terms of cost management for these financial institutions.

Private banks, in particular, have witnessed a noteworthy surge in operating expenses during the 2022-23 fiscal year, with staff costs rising substantially. Operating expenses for private banks soared by almost 26% year-on-year, while staff costs increased by nearly 21% during the same period. However, it's worth noting that total income also saw a significant uptick, rising by nearly 21% year-on-year. A similar trend was observed among state-owned banks, with operating expenses and staff costs climbing nearly 16% year-on-year, while total income rose by 17%.

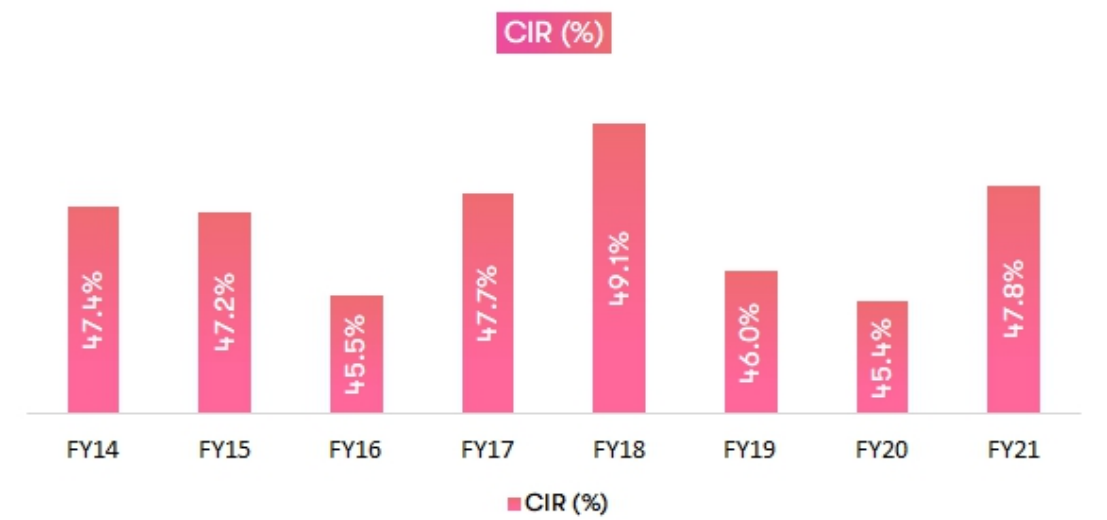
One of the key drivers of escalating expenditures among private banks has been the attrition rate, which ranges from 30-35%. This is especially pronounced among front-end staff. Employee costs, in particular, surged by approximately 31-39% quarter-on-quarter for top private sector banks during the June quarter. Public sector banks also experienced an increase, albeit at a slightly lower rate of around 23-38%.

Talent acquisition has become a costlier endeavor for banks, encompassing expenses related to recruitment, training, and transitional phases with overlapping costs. Private sector banks notably saw a significant increase in their workforce during the latter half of 2022-23, with the financial impact of this expanded workforce expected to manifest in 2023-24.

The COVID-19 pandemic played a pivotal role in pushing the Reserve Bank of India (RBI) to encourage banks to digitize both customer-facing and backend processes, which, while beneficial in the long run, has also driven up expenses in the short term.

While some banks may witness a temporary increase in their cost-to-income ratios due to capital expenditure and branch expansion, experts foresee these expenses being offset by a rise in the current account savings account ratio (CASA), ultimately reducing the cost of funds. Over the medium term, it is predicted that operating expenses should stabilize and gradually decrease as banks focus on enhancing productivity and efficiency within their systems.

The average value for India during the period of 2000 to 2021 was 48.81 percent with a minimum of 44.25 percent in 2012 and a maximum of 62.45 percent in 2001. The latest value from 2021 is 47.82 percent. For comparison, the world average in 2021 based on 133 countries is 54.80 percent.



The Cost to Income Ratio (CIR) of Indian banks is currently facing pressure from rising operating expenses and talent costs. However, with strategic measures and a focus on efficiency, banks are expected to manage and optimize their CIR in the coming years, ensuring sustainable financial performance.

Return on Assets (ROA) Trends in Indian Public Sector Banks

The Return on Asset (ROA) Ratio is a fundamental financial metric that serves as a key indicator of a bank's efficiency and profitability. It is a crucial tool used by investors, analysts, and stakeholders to assess how effectively a bank is utilizing its assets to generate profits. In simple terms, ROA measures the bank's ability to turn its assets, such as loans and investments, into earnings.

The ROA Ratio is calculated by dividing a bank's net income by its average total assets over a specific period, typically a fiscal year. The resulting percentage reveals the bank's profitability concerning its asset base. A higher ROA percentage indicates that the bank is generating more profits from its assets, signifying efficiency and effective asset management.

The Importance of the Return on Asset Ratio cannot be overstated in the banking industry. Here are several key reasons why this metric is of utmost significance:

- **Performance Assessment:** ROA allows investors and analysts to evaluate a bank's financial performance over time. It helps them understand how well the bank is utilizing its resources to generate profits and whether it is achieving adequate returns.

- **Comparison:** ROA enables investors to compare the financial performance of different banks within the same sector. It helps them identify which banks are more efficient in generating profits from their assets.

- **Risk Assessment:** A high ROA suggests that the bank is effectively managing its risks and investments. Conversely, a low ROA may indicate that the bank is taking on excessive risks or not utilizing its assets optimally.

- **Management Evaluation:** ROA is often used to assess the competency of a bank's management. A consistently low ROA may signal ineffective asset allocation or operational inefficiencies, raising concerns among stakeholders.

- **Investment Decision:** Investors use ROA as one of the factors in their investment decisions. A bank with a strong ROA may be considered a more attractive investment opportunity, while a declining or low ROA may lead to investment hesitation.

The impact of a low or high ROA on a bank is substantial. A high ROA suggests that the bank is effectively generating profits from its assets, attracting investors and shareholders, and providing stability. It reflects positively on the bank's management, which may lead to increased investor confidence.

On the contrary, a low ROA can be a cause for concern. It indicates that the bank is not efficiently utilizing its assets, possibly due to risky investments or operational inefficiencies. This can result in decreased investor confidence, making it more challenging for the bank to attract capital and invest in growth opportunities.

Stock Name	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14
Bank of Baroda	1.0%	0.6%	0.1%	0.1%	0.1%	-0.3%	0.3%	-0.7%	0.5%	0.7%
Bank of India	0.5%	0.5%	0.3%	-0.5%	-0.9%	-1.0%	-0.2%	-1.0%	0.3%	0.5%
Bank of Maharastra	1.0%	0.5%	0.3%	0.2%	-2.9%	-0.7%	-0.9%	0.1%	0.3%	0.3%
Canara Bank	0.8%	0.5%	0.2%	-0.3%	0.1%	-0.6%	0.2%	-0.5%	0.5%	0.5%
Central Bank	0.4%	0.3%	-0.3%	-0.4%	-1.7%	-1.6%	-0.7%	-0.5%	0.2%	-0.4%
IDBI Bank	1.1%	0.8%	0.5%	-4.3%	-4.7%	-2.3%	-1.4%	-1.0%	0.3%	0.4%
Indian Bank	0.8%	0.6%	0.5%	0.3%	0.1%	0.5%	0.7%	0.4%	0.5%	0.6%
Indian Overseas Bank	0.7%	0.6%	0.3%	-3.3%	-1.5%	-2.5%	-1.3%	-1.0%	-0.2%	0.2%
PNB	0.2%	0.3%	0.2%	0.1%	-1.2%	-1.6%	0.2%	-0.5%	0.5%	0.6%
Punjab & Sind Bank	1.0%	0.9%	-2.5%	-1.0%	-0.5%	-0.7%	0.2%	0.3%	0.1%	0.3%
SBI	0.9%	0.7%	0.5%	0.5%	0.1%	-0.1%	0.0%	0.4%	0.6%	0.6%
Uco Bank	0.7%	0.4%	0.1%	-1.0%	-1.9%	-2.0%	-0.8%	-1.1%	0.5%	0.7%
Union Bank	0.7%	0.4%	0.3%	-0.6%	-0.6%	-1.1%	0.1%	0.3%	0.5%	0.5%

Return ratios for Indian Public Sector Banks (PSBs) have been on a declining trend since FY12, experiencing a significant drop during FY16-20, primarily due to elevated provisions. This period saw most PSBs reporting losses, especially in FY18. However, in recent years, there has been a gradual improvement in the return ratios of PSBs.

In Q1FY24, the Return on Assets (ROAAs) for PSBs has been in the range of 0.1-0.9%. Some PSBs have shown relatively better performance, with banks like IDBI Bank, Bank of Maharashtra, State Bank of India and Bank of Baroda reporting ROAAs of +1.49%, +1.34%, +1.22% and +1.16%, respectively.

The improvement in Net Interest Margins (NIMs) and a lower requirement for provisions are expected to be key drivers in boosting the return ratios for PSBs. These factors indicate that PSBs are gradually recovering from the challenges they faced in recent years.

Stock Name	Q1FY24	Q4FY23	Q3FY23	Q2FY23	Q1FY23
Bank of Maharastra	1.34%	1.32%	1.31%	0.92%	0.81%
IDBI Bank	1.49%	1.43%	1.22%	1.09%	1.03%
Indian Bank	1.04%	0.89%	0.86%	0.77%	0.78%
SBI	1.22%	1.23%	1.08%	1.04%	0.48%
Bank of Baroda	1.16%	1.41%	1.21%	0.99%	0.58%
Uco Bank	0.87%	0.74%	0.88%	0.70%	0.17%
Indian Overseas Bank	0.62%	0.83%	0.73%	0.65%	0.51%
Canara Bank	1.02%	1.02%	0.91%	0.82%	0.68%
Union Bank	1.00%	0.88%	0.73%	0.61%	0.53%
Bank of India	0.71%	0.63%	0.55%	0.47%	0.29%
Central Bank	0.51%	0.63%	0.52%	0.37%	0.31%
Punjab & Sind Bank	0.43%	1.33%	1.11%	0.84%	0.64%
PNB	0.34%	0.32%	0.17%	0.12%	0.09%

While there has been a notable improvement in the return ratios of PSBs in recent years, they continue to operate with suboptimal profitability. The banking sector in India is in the process of recovering from the challenges of the past, and the future holds the potential for further enhancements in return ratios, especially if additional income streams materialize as anticipated.

Provision Coverage Ratio (PCR): Vital Role in Indian Public Sector Banks

The Provision Coverage Ratio (PCR) is a critical financial metric used to assess the health and stability of Indian public sector banks. It measures the extent to which banks have set aside provisions to cover potential losses arising from bad loans, also known as Non-Performing Assets (NPAs). In essence, PCR is a reflection of a bank's prudence in managing credit risk and its ability to withstand adverse economic conditions.

The PCR is calculated by dividing the total provisions held by a bank by its gross NPAs. The result is expressed as a percentage. For instance, if a bank has set aside provisions of ₹50,000 crore and has gross NPAs worth ₹100,000 crore, the PCR would be 50%. In this scenario, the bank has provisioned for 50% of its bad loans.

The importance of the Provision Coverage Ratio cannot be overstated, especially for Indian public sector banks. Here are a few key reasons why PCR is a crucial indicator:

- **Risk Management:** PCR reflects a bank's ability to manage and mitigate credit risk. A higher PCR indicates that the bank has made adequate provisions to cover potential losses, reducing the impact of NPAs on its financial health.

- **Stability:** A high PCR contributes to the stability of a bank's balance sheet. It helps in maintaining investor confidence and enhances the bank's resilience in times of economic downturns.

- **Regulatory Compliance:** The Reserve Bank of India (RBI) mandates that banks maintain a minimum PCR to ensure the soundness of the financial system. Failure to meet these requirements can result in penalties and regulatory interventions.

- **Capital Adequacy:** A strong PCR reduces the need for capital infusion to cover losses from bad loans. This, in turn, ensures that the bank maintains adequate capital adequacy ratios, which are essential for its growth and expansion.

- **Lending Capacity:** Banks with a healthy PCR can continue to lend to the economy, supporting economic growth. Conversely, a low PCR may force banks to curtail lending activities, which can have broader implications for the economy.

However, an excessively high PCR can come with drawbacks. While it offers a safety cushion, it can tie up capital that might otherwise be used for productive lending, potentially affecting a bank's profitability. Striking the right balance between provisioning for potential losses and facilitating lending is a delicate challenge. The Provision Coverage Ratio is pivotal in evaluating the financial robustness and risk management practices of Indian public sector banks. It guarantees their readiness to tackle credit-related challenges while meeting regulatory standards.

Stock Name	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14
Bank of Baroda	92.4%	88.7%	81.8%	81.3%	78.7%	67.2%	66.8%	60.1%	65.0%	65.5%
Bank of India	89.7%	87.8%	86.2%	83.8%	77.0%	65.9%	61.5%	51.1%	52.4%	58.7%
Bank of Maharastra	98.3%	94.8%	89.9%	84.0%	81.5%	58.7%	44.5%	45.0%	46.6%	56.2%
Canara Bank	87.3%	84.2%	79.7%	75.9%	68.1%	58.1%	55.6%	50.1%	57.3%	60.1%
Central Bank	92.5%	86.7%	82.5%	77.3%	76.6%	63.3%	58.4%	51.5%	55.2%	50.7%
IDBI Bank	97.9%	97.6%	96.9%	93.7%	82.9%	63.4%	55.0%	57.2%	66.6%	64.5%
Indian Bank	93.8%	87.4%	82.1%	73.1%	65.7%	64.3%	58.1%	53.4%	60.1%	57.8%
Indian Overseas Bank	92.6%	91.7%	90.3%	86.9%	71.4%	59.5%	53.6%	47.4%	50.9%	54.9%
PNB	86.9%	81.6%	80.1%	77.8%	74.5%	58.4%	58.6%	51.1%	58.2%	59.1%
Punjab & Sind Bank	89.1%	87.9%	82.9%	66.7%	59.5%	54.4%	46.7%	48.3%	46.8%	45.4%
SBI	91.9%	90.2%	87.8%	83.6%	78.7%	66.2%	61.5%	60.7%	69.1%	62.9%
Union Bank	90.3%	83.6%	81.3%	73.6%	66.2%	57.2%	51.4%	51.0%	59.2%	59.9%
Uco Bank	94.5%	91.4%	88.4%	85.5%	74.9%	61.4%	61.2%	53.9%	52.7%	57.0%

The improvement in Provision Coverage Ratios (PCRs) among Indian banks over the past few years is indeed a positive development for the banking sector. Several factors have contributed to this significant enhancement in PCR:

- **Higher Slippages:** The increase in slippages, which refer to loans that have deteriorated into Non-Performing Assets (NPAs), has prompted banks to take a more cautious approach. As the number of NPAs rose, banks realized the importance of setting aside sufficient provisions to cover potential losses, thus increasing their PCR.

- **RBI's Push for Higher Provisions on NCLT Exposures:** The Reserve Bank of India (RBI) has been actively encouraging banks to make higher provisions for stressed assets, particularly those referred to the National Company Law Tribunal (NCLT). This regulatory push has led banks to allocate more funds for provisioning, improving their PCR.

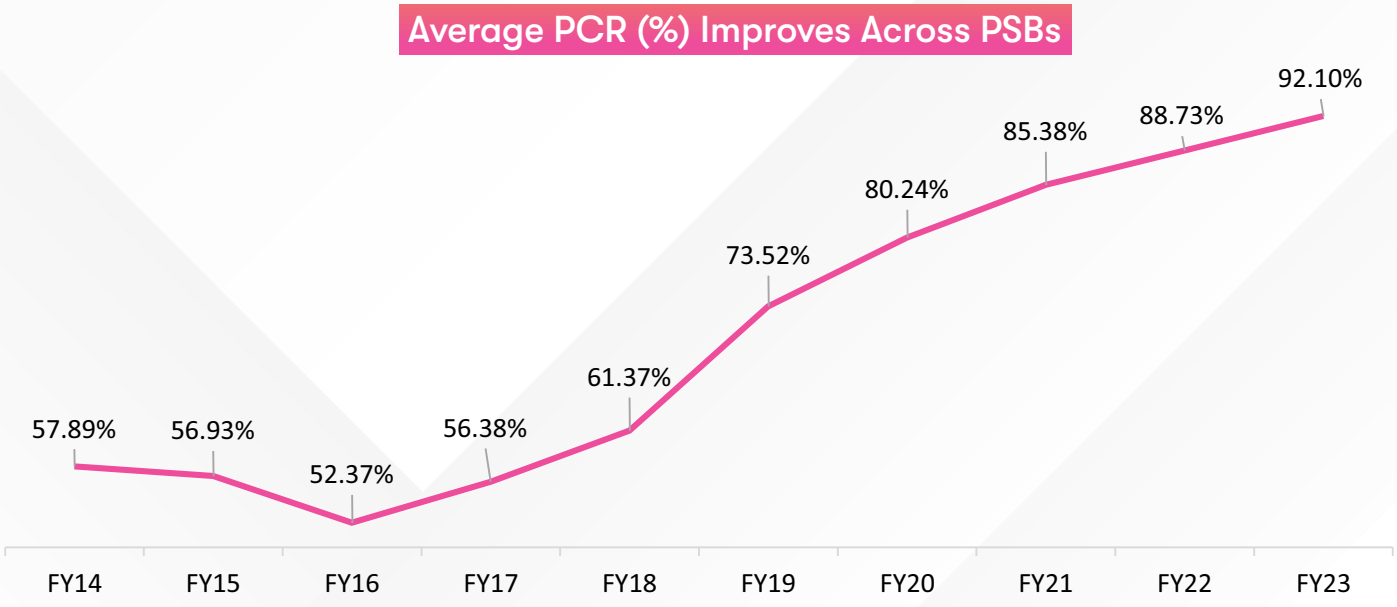
- **Ageing Provisions:** Banks often reassess and strengthen their provisions for NPAs as these loans age and their collectability becomes more doubtful. By aging provisions appropriately, banks ensure that they are adequately covered for potential losses.

The data reveals that the coverage ratios across banks have seen a substantial improvement from 48.1% in FY18 to 70.9% in FY22. This upward trajectory signifies a more prudent approach to managing credit risk in the banking sector.

- **Public Sector Banks (PSBs):** PSBs have made significant progress in enhancing their PCR. The coverage ratio for PSBs has increased from 47.1% in FY18 to 69.5% in FY22. This improvement is crucial for the stability of PSBs and indicates a commitment to managing and mitigating credit risk effectively.

- **Private Banks (PVT):** Private sector banks have also shown a commendable increase in their PCR, rising from 51% in FY18 to 75% in FY22. Private banks are known for their agility and risk management capabilities, and this improvement underscores their commitment to maintaining a strong financial position.

Overall, the rising PCR among Indian banks is a positive sign for the financial sector. It reflects a collective effort to strengthen risk management practices and adhere to regulatory guidelines set by the RBI. A higher PCR not only enhances the stability and resilience of banks but also fosters investor and depositor confidence. It enables banks to better weather economic downturns and continue supporting economic growth through lending activities.



Bank Of Baroda (BOB:IN)

Established in 1908, Bank of Baroda (BOB) is a cornerstone in India's banking sector. With the Government of India holding a prominent 63.97% stake, BOB underwent a landmark transformation in FY19. This was marked by its amalgamation with Vijaya Bank and Dena Bank, propelling it to the status of India's third-largest PSU Bank. The bank offers an array of services including personal, corporate, international banking, and extends its expertise into realms like SME banking, rural banking, and treasury services.

Institutional Growth & Branch Expansion: The year FY19 marked a transformative phase for BOB as it amalgamated with Vijaya Bank and Dena Bank, becoming India's third-largest PSU Bank. This amalgamation saw an increase in its branches, growing from approximately 5,500 to around 8,262 by FY22. Currently, BOB operates nearly 8200 branches in India, 94 branches internationally, and boasts a vast ATM network of 11,475 across India. Notably, 35% of its branches serve rural regions. The bank also oversees 150 currency chests throughout the nation.

Operational Presence: Serving customers through a robust network, BOB operates around 8,200 branches within India, and an impressive 93 branches overseas. In a testament to its expansive reach, approximately 34.96% of its branches cater to rural areas. This extensive network was amplified from 5,500 to around 8,200 in FY23 following the amalgamation. Moreover, facilitating seamless banking, the bank boasts 9,764 ATMs and 1,637 Cash recyclers, with user-friendly interfaces available in eight languages. These ATMs are integrated with state-of-the-art features such as card-less cash withdrawals using UPI QR services.

Financial Performance: Digging into its FY24 Q1 financials, the bank's net interest income stands at 26,556, supplemented by a non-interest income of 3,322, culminating in operating profits amounting to 7,824. Analyzing the bank's ratios reveals a Capital Adequacy Ratio of 16.2%, a Net Interest Margin of 2.9%, and Gross and Net NPAs at 3.5% and 0.8% respectively. The bank's domestic loan book is valued at 812,626 Crs, distributed across sectors such as Agriculture (15.7%), Corporate (42.7%), MSME (14.3%), and Retail (27.3%).

Subsidiaries and JV: Bank of Baroda boasts diverse subsidiaries and joint ventures. BOB Financial Solutions Ltd pioneers in credit card issuance. BOB Capital Market Ltd offers a vast array of financial services, from IPOs to Debt Syndication. The Nainital Bank Ltd, a subsidiary since 1973, operates in five states with 141 branches

Baroda Asset Management India Ltd manages Baroda Mutual Fund with an AUM of ₹11,204 crores for FY 2020. IndiaFirst Life Insurance Company Ltd and India Infradebt Ltd are other significant ventures with a focus on life insurance and infrastructure financing, respectively.

Institutional Placement: BOB fortified its position with a Qualified Institutions Placement in March 2021. They issued approximately 55 crore equity shares to qualified institutional buyers at ₹81.7 per share, aggregating around ₹5,000 crores.

Stock Data	
CMP	204
52 Week High/Low	220/129
Face Value (Rs)	2
Market Cap (In Crs)	105341
NSE	BANKBARODA
BSE	532134
Bloomberg	BOB:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	63.97%	63.97%
FII	10.93%	12.29%
DII	16.74%	15.77%
Public	8.10%	7.70%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
BOB	-3.39	15.48	49.58

Key Ratios	
P/E	6.04
Debt To Equity	12.80
ROE (%)	15.1%
ROCE (%)	5.17
Dividend Yield	2.63

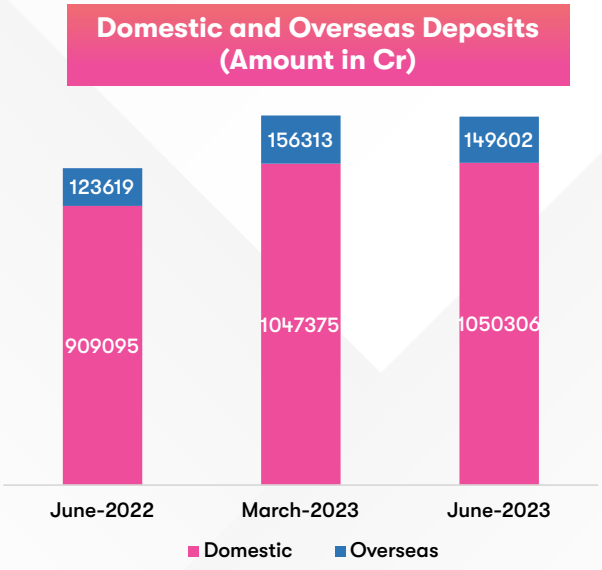
Bank of Baroda's Q1 FY 2023-24 Earnings Call Highlights

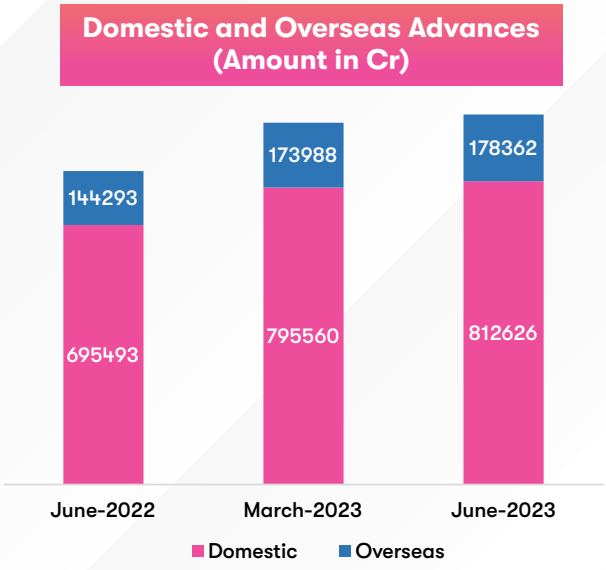
Financial Performance: Bank of Baroda's Q1 FY24 witnessed robust growth in global advances, marked by a 17% surge in domestic advances and a 23% rise in international advances. The primary driver of this expansion was retail advances, which exhibited a remarkable 25% growth, accompanied by agri and MSME advances at 15% and 13%, respectively. Total deposits also displayed a healthy increase of 16%, with term deposits soaring by 24%, although CASA deposits grew at a relatively lower rate. The bank reported an increase of 10 basis points in the yield on advances and a 4.7% cost of deposits. This translated to notable financial growth, with NII surging by 35% YoY, operating profit by 73%, PBT by 106%, and PAT by 88%. Importantly, the bank's NPA indicators improved significantly, with Gross NPA dropping to 3.51% and net NPA to 0.78%, while the PCR, including TWO advances, reached an impressive 93.23%.

Guidance and Strategy: Bank of Baroda has charted a strategic course for FY24, aiming for a substantial expansion of its retail loan portfolio while maintaining a NIM of 3.3%. The bank targets an overall loan growth of 14-15%, with corporate and retail segments projected at 12-13% and 18-20%, respectively. In pursuit of fee-based income growth, the bank focuses on optimizing resources and capturing customer flows. Recoveries remain a key objective, with a target of INR 12,000 crores for FY24. The bank intends to balance its portfolio mix, aiming for 35% corporate and 65% non-corporate segments. CASA growth through various strategies, including merchant flows and relationship management, is also a priority.

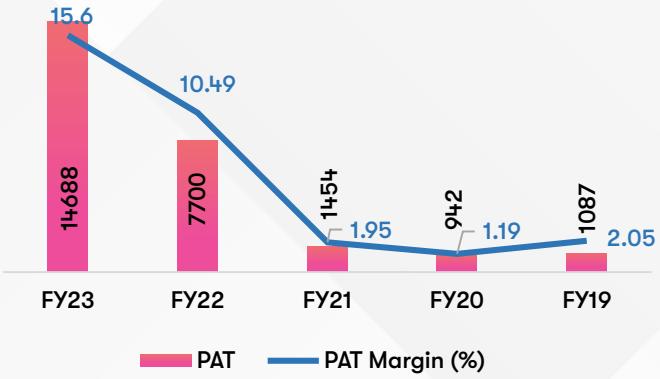
Capitalization and Risk Management: Bank of Baroda boasts strong capitalization, boasting a CET1 ratio of 11.94% and a CRAR of 15.84%. The bank is committed to fortifying its balance sheet and fostering sustainable growth. The credit outlook is positive, with a notable QoQ growth of 2.2% and a steadfast focus on retail loan expansion. While recovery in the current quarter dipped compared to the previous one, the bank anticipates minimal net recovery for the full year. The bank is closely monitoring RBI guidelines on exposure reduction in specific states and maintains provisions for various contingencies, including fraud accounts and pension revisions.

Other Highlights: Bank of Baroda's MCLR computation considers several factors, including deposit costs. Prospects appear promising in sectors such as infrastructure, renewables, and industry for corporate loans. The bank acknowledges that the NIM may be impacted by deposit costs but is determined to maintain it around 3.3%. Active initiatives include the sale of BOB Financial Solutions and the divestment of Nainital Bank. The bank has prioritized retail growth, emphasizing decentralization, process automation, service delivery, and relationship management. The CEO underscores the importance of sustainable business and the three core building blocks: asset quality, profitability, and growth. An interest rate differential between savings accounts over INR 1 crore and the lowest tenure term deposit is estimated to be approximately 0.25% to 0.5%.

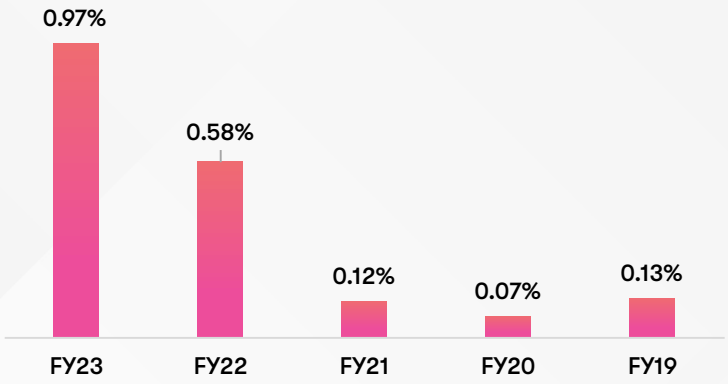




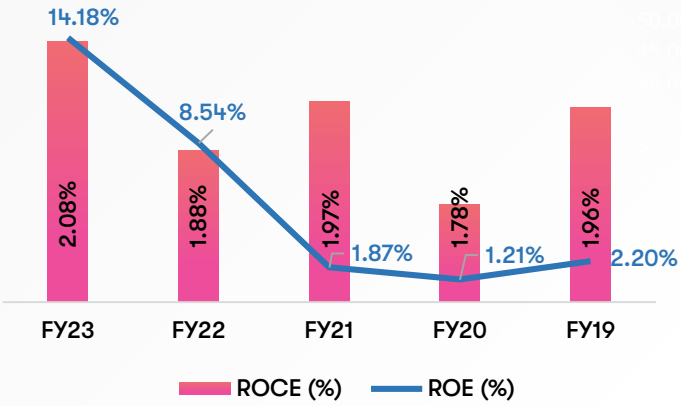
PAT & PAT Margins (%)



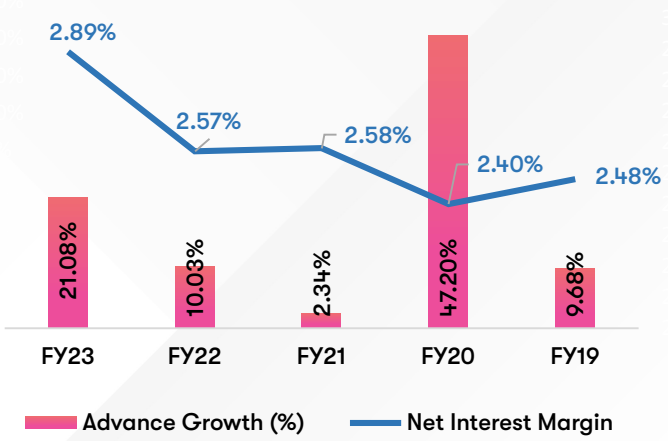
ROA (%)



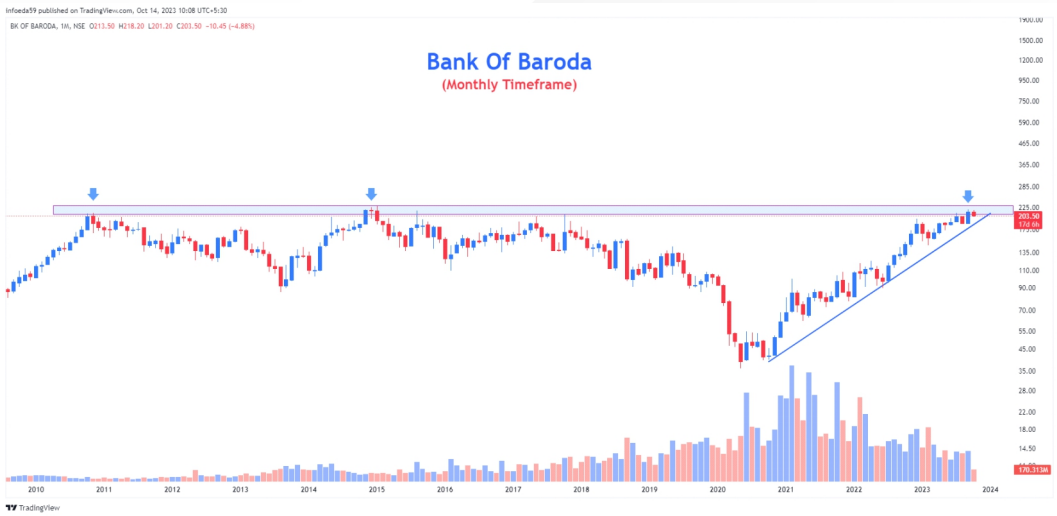
ROCE (%) & ROE (%)



Advance Growth (%) & NIM (%)



Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	94138.61	73385.46	74314.0
Interest Expense	49942.17	38815.5	43201.2
Net Interest Income	44196.4	34570.0	31112.8
Growth %	27.8%	11.1%	7.8%
Non Interest Income	16639.4	14394.7	14687.2
Net Income	60835.8	48964.7	45800.0
Employee Cost	14342.73	12643.8	11993.3
Other Operating Exp.	16301.74	12195.0	11124.2
Operating Income	30191-3	24125.9	22682.5
Provisions	9626.8	14117.6	21228.6
PBT	20564.5	10008.3	1453.9
Taxes	5876.7	2308.1	0.0
Net Profits	14687.9	7700.2	1453.9
Growth %	90.7%	429.6%	54.3%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	1035.5	1035.5	1035.5
Reserves & Surplus	104019.2	90832.6	81354.1
Shareholders Fund	105054.7	91868.1	82389.6
Minority Interest	994.6	757.8	436.2
Deposits	1234682.0	1075804.4	995909.8
Borrowings	107910.2	109526.1	71263.3
Other Liabilities	77237.5	62180.7	52676.9
Total	1525879.0	1340137.1	1202675.8
Application of Funds			
Cash with RBI & Call Money	102373.4	130228.6	128661.1
Investments	397487.2	347587.1	281859.0
Advances	963651.8	797280.9	723242.3
Fixed Assets	9867.6	11098.8	8440.8
Other Assets	52498.9	53941.6	60472.6
Total	1525879.0	1340137.1	1202675.8

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	28.8	15.2	3.3	CASA (%)	53.4%	57.9%	54.0%
Book Value (Rs)	202.9	177.4	159.1	Cost to Income (%)	50.4%	50.7%	49.9%
P/E Ratio	5.9	7.3	22.5	GNPA (%)	3.8%	6.6%	8.9%
P/B Ratio	0.8	0.6	0.5	NNPA (%)	0.9%	1.7%	3.1%
ROCE (%)	5.5%	4.9%	5.7%	CAR (%)	16.2%	15.8%	15.0%
Net Profit Margin (%)	15.6%	10.5%	2.0%	Advance Growth (%)	21.1%	10.0%	2.3%
ROA (%)	1.0%	0.6%	0.1%	Credit to Deposits (%)	78.2%	74.3%	73.0%
ROE (%)	14.2%	8.5%	1.9%	PCR (%)	92.4%	88.7%	81.8%

Bank of India (BOI:IN)

Founded in 1906, Bank of India is a testament to India's banking resilience and growth. Headquartered in Mumbai, it has, over the years, expanded its footprint not only across the country but also overseas. By harmoniously blending traditional banking with modern solutions, the bank has positioned itself as a go-to institution for diverse financial needs, catering to both retail and corporate sectors.

Financial Performance: Bank of India maintains a robust financial profile, with key ratios reflecting its stability and profitability. The Capital Adequacy Ratio stands strong at 16.28%, ensuring the bank's ability to cover risks adequately. Furthermore, the Net Interest Margin, a critical measure of profitability, is at a healthy 2.48%. The bank's asset quality is commendable, with Gross Non-Performing Assets (NPA) at 6.38% and Net NPA at a low 0.92%. Its focus on low-cost deposits is evident through the impressive CASA Ratio of 38.32%.

Branch Network: Bank of India boasts an extensive branch network, with 5,153 branches and 8,225 ATMs spread across India. In addition, the bank operates 21 branches in foreign countries, enhancing its global presence.

Domestic Loan Book: The bank's domestic loan book exhibits a diversified portfolio. Corporate and other sectors constitute the largest share at 35.1%, followed by Retail (22.1%), MSME (16.4%), Agriculture (16.5%), and government advances (9.5%). Within the Retail category, Home loans dominate with a 54.6% share, followed by Vehicle (14.2%), Mortgage (8.6%), Personal (7.4%), Education (3.1%), and other loans (12%).

International Business: Bank of India has strategically expanded its international footprint, with 21 branches, 1 Representative Office, 4 Subsidiaries, and 1 Associate/Joint Venture spanning 15 countries across various time zones. Foreign business now contributes 8.95% to the bank's total business, as of FY23.

Subsidiaries and Joint Ventures : Bank of India subsidiaries and joint ventures encompass a diverse range of financial services. Notable entities include BOI Shareholding Ltd, BOI AXA Investment Managers Pvt Ltd, BOI Merchant Bankers Ltd, STCI Finance Ltd, and Star Union Dai-Chi Life Insurance Co. Ltd. These subsidiaries engage in activities such as depository participation, mutual fund management, merchant banking, non-deposit taking NBFC operations, and life insurance services.

Capital Raises: Over the past three years, Bank of India has successfully raised approximately ₹2,000 crores through equity issuances. These initiatives include preferential allotments to the Government of India, with an average issue price of approximately ₹141 per share. Notably, in August 2021, the bank raised ₹2,550.01 crores through a Qualified Institutional Placement by issuing 40,54,71,866 equity shares. These capital raises reflect the bank's commitment to strengthening its financial position and supporting its growth initiatives.

Stock Data	
CMP	105
52 Week High/Low	114/46
Face Value (Rs)	10
Market Cap (In Crs)	42985
NSE	BANKINDIA
BSE	532149
Bloomberg	BOI:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	81.41%	81.41%
FII	2.67%	2.25%
DII	10.36%	9.90%
Public	5.57%	6.44%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
BOI	-0.99	30.96	123.24

Key Ratios	
P/E	9.07
Debt To Equity	12.20
ROE (%)	6.33%
ROCE (%)	4.42%
Dividend Yield	1.86%

Bank of India's Q1 FY 2023-24 Earnings Call Highlights

Financial Resilience: In an impressive display of financial resilience, Bank of India reported a remarkable 176% year-on-year surge in net profits for Q1 FY24, reaching Rs. 1551 crore. This significant growth reflects the bank's adept management of its operations and assets.

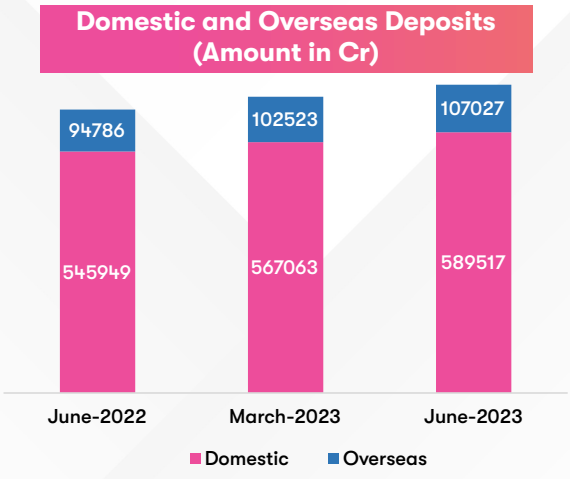
Strengthened Margins: Bank of India exhibited improved Net Interest Margins (NIM), with figures climbing from 2.54% in Q1 FY23 to a robust 3.03% in Q1 FY24. This enhancement underscores the bank's efficient utilization of its interest-earning assets.

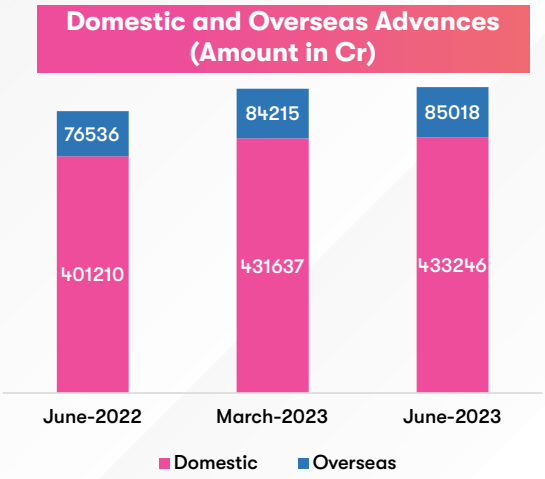
NPA Recovery: The bank showcased a commendable reduction in its Gross Non-Performing Asset (NPA) ratio, which decreased to 6.67% in June 2023, down from 9.30% in June 2022. This achievement highlights the bank's effective measures in addressing non-performing assets.

Strategic Vision: Bank of India has taken proactive steps to foster engagement, including initiating town hall meetings and customer interactions. Moreover, the bank has a substantial corporate credit pipeline worth nearly Rs. 40,000 crores, indicating its commitment to expanding its credit portfolio. Additionally, the bank anticipates gains on its treasury book, driven by an Asset-Liability Management (ALM) approach.

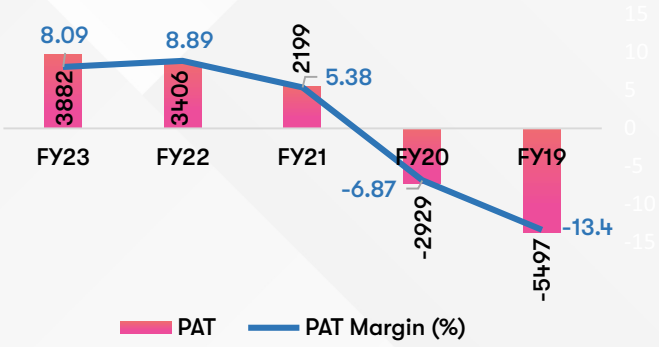
Deposit Growth and CASA Strength: The bank reported robust deposit growth, with an approximate 4% quarter-on-quarter increase. Simultaneously, borrowings witnessed a significant decline of 27% QoQ. The bank has witnessed an upswing in retail deposits and overall deposit growth. Notably, the Current Account Savings Account (CASA) base has surged by Rs. 18,000 crores year-on-year. Bank of India maintains a deposit growth projection of 10% to 11% for FY24, supported by a substantial retail term deposit and CASA base that constitutes 88% of its liabilities.

Future Guidance and Outlook: The bank remains committed to preserving margins and NIMs above 3%. Additionally, it has retained its guidance for Return on Assets (RoA) at 0.75% and Cost to Income Ratio at 47%. Bank of India maintains a loan book that is predominantly floating (94%) and anticipates a peak in deposit costs within the next one or two quarters. Furthermore, it has no immediate plans to transition to the new tax regime. The Credit-Deposit (CD) ratio is expected to hover around 76% to 77% for March 2024. The bank has set a credit cost guidance range of 60 to 70 basis points for the year and anticipates a 30% YoY growth in operating profit. Bank of India is actively working towards recovering and upgrading Rs. 12,000 crores of assets in the coming year and has pruned government-guaranteed advances by 15%. The bank is committed to maintaining its international book at 16% of the total book and is gearing up for a digital transformation with an allocation of approximately Rs. 800 crores for digital initiatives. Lastly, considering the possibility of raising Tier-1 capital through equity and AT-1 bonds, the bank is well-prepared to navigate future challenges effectively. This robust performance and strategic outlook reaffirm Bank of India's position as a resilient and forward-looking financial institution in the ever-evolving banking landscape.

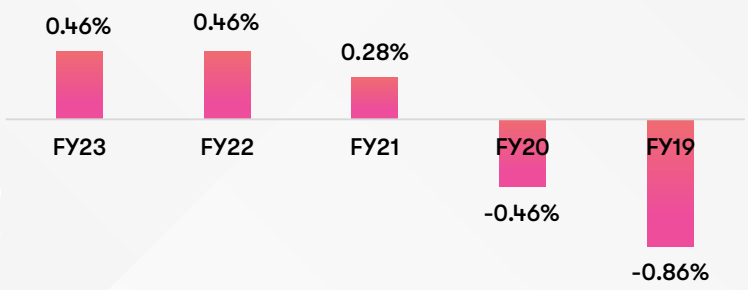




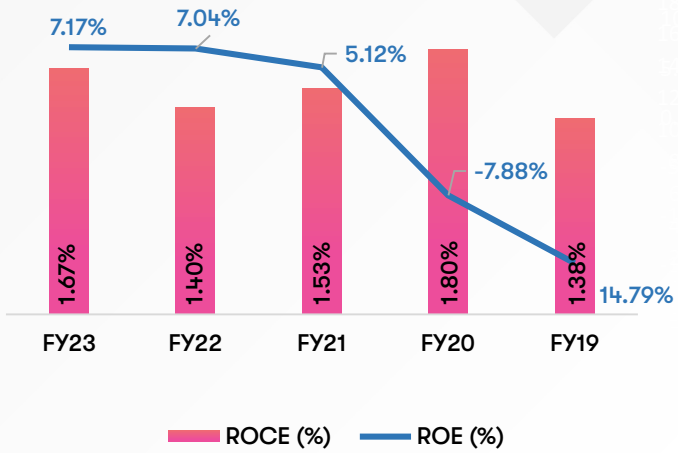
PAT & PAT Margins (%)



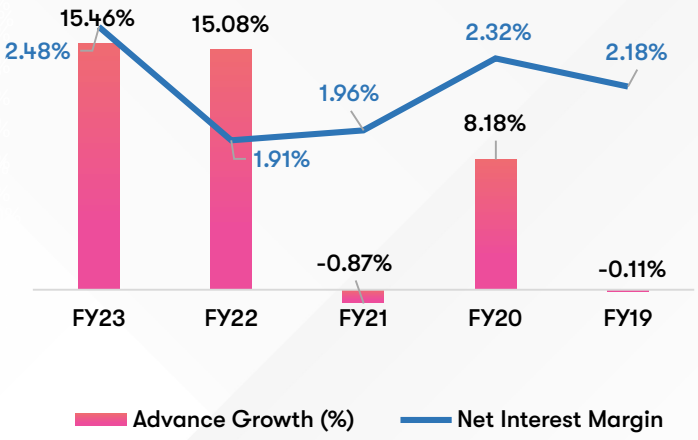
ROA (%)



ROCE (%) & ROE (%)



Advance Growth (%) & NIM (%)



Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	47931.7	38280.9	40853.8
Interest Expense	27440.6	24083.4	26421.0
Net Interest Income	20491.1	14197.5	14432.9
Growth %	44.3%	-1.6%	-6.3%
Non Interest Income	7211.2	8010.5	7496.2
Net Income	27702.2	22208.0	21929.1
Employee Cost	8452.9	7112.1	6528.9
Other Operating Exp.	5920.6	5058.0	4477.5
Operating Income	13328.7	10037.9	10922.7
Provisions	7230.0	4464.3	7644.9
PBT	6098.7	5573.7	3277.8
Taxes	2216.6	2167.5	1079.0
Net Profits	3882.1	3406.1	2198.8
Growth %	14.0%	54.9%	175.1%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	4104.3	4104.3	3277.7
Reserves & Surplus	56328.6	52417.6	43702.6
Shareholders Fund	49373.7	45435.8	37398.0
Minority Interest	156.5	129.5	159.3
Deposits	672194.1	629980.8	629098.4
Borrowings	65015.2	26821.1	32464.1
Other Liabilities	28237.0	29678.1	21088.1
Total	826035.8	743131.4	732790.1
Application of Funds			
Cash with RBI & Call Money	84683.3	91708.9	126693.6
Investments	211323.6	180274.0	191693.0
Advances	488687.7	423001.1	367667.4
Fixed Assets	10060.6	9856.1	9001.4
Other Assets	31280.7	38291.3	37734.7
Total	826035.8	743131.4	732790.1

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	9.3	9.1	6.4	CASA (%)	38.3%	40.0%	36.6%
Book Value (Rs)	130.3	120.7	124.1	Cost to Income (%)	51.9%	54.8%	51.6%
P/E Ratio	8.0	5.0	7.3	GNPA (%)	7.3%	10.0%	13.8%
P/B Ratio	0.6	0.4	0.5	NNPA (%)	1.7%	2.3%	3.4%
ROCE (%)	5.1%	4.8%	5.3%	CAR (%)	16.3%	17.0%	14.9%
Net Profit Margin (%)	8.1%	8.9%	5.4%	Advance Growth (%)	15.5%	15.1%	-0.9%
ROA (%)	0.5%	0.5%	0.3%	Credit to Deposits (%)	72.6%	67.0%	58.3%
ROE (%)	7.2%	7.0%	5.1%	PCR (%)	89.7%	87.8%	86.2%

Bank of Maharashtra (BOMH:IN)

Bank of Maharashtra, founded in 1935 in Pune, embodies the spirit of financial inclusivity. As a major public sector bank, it holds a significant presence across the nation, with a vast network of branches. Through its wide array of banking and financial services, it has championed the cause of the common man, fostering economic growth and facilitating entrepreneurial ventures.

Financial Health and Key Ratios: Bank of Maharashtra, a prominent player in the banking industry, offers a broad spectrum of banking services encompassing Treasury, Corporate/Wholesale Banking, Retail Banking, and other banking operations. Delving into the bank's financial ratios, it demonstrates a robust Capital Adequacy Ratio of 18.1%, affirming its strong capital base. Its Net Interest Margin stands at 2.9%, reflecting a healthy difference between the interest earned and expended. The bank has maintained its asset quality with a Gross NPA of 2.3% and a commendably low Net NPA of 0.2%. Moreover, the CASA Ratio is 53.4%, indicating a significant portion of the bank's deposit portfolio is in current and savings accounts.

Operational Network and Specialized Units: The bank possesses a vast operational presence with a total of 2203 branches and 2330 ATMs spread across India. Significantly, rural areas are home to 33% of these branches, emphasizing the bank's commitment to reaching underserved regions. To keep pace with the digital era, the bank has inaugurated 3 Digital Banking Units located in Satara, Aurangabad, and Pune. Furthermore, recognizing the importance of specific sectors, the bank has augmented its specialized branches. This includes branches dedicated to housing finance, micro, small, and medium enterprises (MSMEs), and mid-sized corporate clients. By expanding its footprint both physically and digitally, the bank aims to cater to a diverse range of customers and their unique banking needs.

Diverse Loan Portfolio and Exposure: Bank of Maharashtra's diversified loan portfolio emphasizes its commitment to diverse sectors, fostering balanced economic growth. Corporate lending leads at 42%, followed by retail (26%), MSME (19%), and agriculture (13%). The bank's industry-wise exposure reveals a significant presence in agriculture (15.30%), housing (13.08%), infrastructure (11.33%), trade (8.40%), NBFCs (7.23%), professional services (3.85%), and HFCs (1.5%). This distribution showcases the bank's dedication to risk diversification and alignment with national economic priorities across various sectors.

Subsidiaries and Equity Distribution: A noteworthy subsidiary of the bank is Maharashtra Executor & Trustee Company Pvt Ltd (METCO). Holding 100% ownership, METCO furnishes auxiliary banking services, which range from consultation, management of investments, will drafting and execution, to guidance on property sale/purchase. Focusing on its equity issues, the bank has majorly directed its equity shares to the Government of India over the past three years. With a considerable issuance of shares in FY18, FY20, and August 2020, the central government's shareholding in the bank has risen from 81.6% in FY17 to 86.46% in FY23.

Stock Data	
CMP	46.5
52 Week High/Low	51.9/17.7
Face Value (Rs)	10
Market Cap (In Crs)	32,957
NSE	MAHABANK
BSE	532525
Bloomberg	BOMH:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	90.97%	86.46%
FII	0.26%	0.68%
DII	3.33%	6.43%
Public	5.44%	6.42%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
BOM	3.22	62.48	146.95

Key Ratios	
P/E	9.65
Debt To Equity	15.50
ROE (%)	17.4%
ROCE (%)	4.44%
Dividend Yield	2.87%

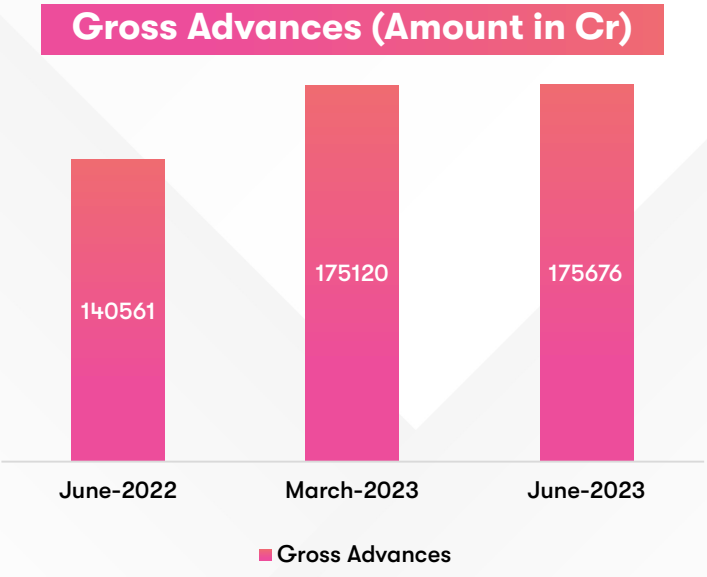
Bank of Maharashtra's Q1 FY 2023-24 Earnings Call Highlights

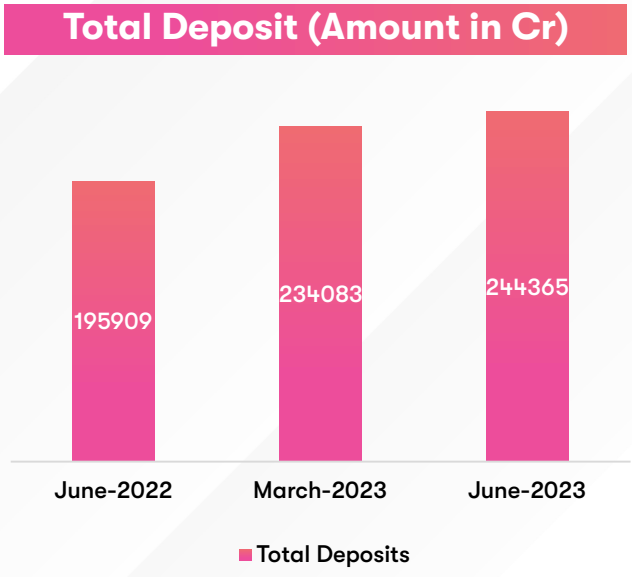
Strong Financial Performance: Bank of Maharashtra's financial performance for the period under review demonstrates strength and resilience. Total business exhibited remarkable growth, surging by 25% to reach INR 4,20,000 crore. Deposits, a crucial component of the bank's stability, swelled by 25% to INR 2,44,000 crore, with CASA deposits contributing significantly at 51% of total deposits. Advances also witnessed substantial growth, registering a 25% increase to INR 1,75,676 crore, with an impressive CD ratio of 72%. The bank made notable progress in asset quality, with Gross NPA improving to 2.28% and Net NPA to a commendable 0.24%. The provision coverage ratio also achieved an impressive 98%. The bank's financial performance is highlighted by a 95% increase in net profit, reaching INR 882 crore, alongside an improved operating profit of INR 1,863 crore. Additionally, NII saw a robust growth of 39%, and fee-based income increased by 17%. The bank effectively managed its cost-to-income ratio, which improved to 37%. Notably, ROA improved to a strong 1.33%, while CRAR Basel III Capital Adequacy Ratio improved to 18.07%.

Digital Transformation and HR Investments: Bank of Maharashtra is committed to staying ahead in the digital age, allocating a substantial INR 1,200 crore towards its digital transformation initiatives. This investment underscores the bank's determination to enhance customer experience, streamline operations, and stay competitive in the evolving banking landscape. Additionally, the bank has strengthened its workforce by adding 812 new staff members, emphasizing HR initiatives and comprehensive staff training programs to ensure they are well-equipped to meet the challenges of the digital era.

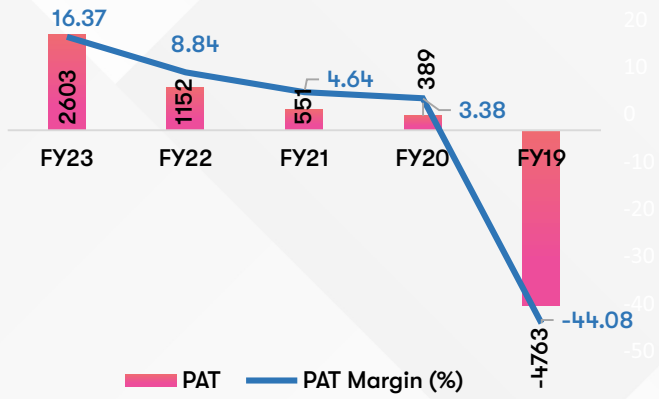
Strategic Expansion: Bank of Maharashtra's vision extends beyond its home state, Maharashtra. The bank is strategically expanding its footprint, aiming to establish at least one branch in each district, thereby enhancing its presence and accessibility to customers across various regions. This expansion strategy aligns with the bank's goal of becoming a truly pan-Indian institution.

Effective Provisioning and Risk Management: Maintaining a proactive approach to risk management, Bank of Maharashtra has consistently allocated higher provisions for doubtful debts. It has prudently addressed potential slippages, setting aside provisions of INR 500-600 crore per quarter, reflecting its commitment to asset quality maintenance and risk mitigation. The bank's well-capitalized position, coupled with provisions for contingencies such as the COVID-19 pandemic and Expected Credit Losses (ECL), underscores its commitment to prudent risk management practices.

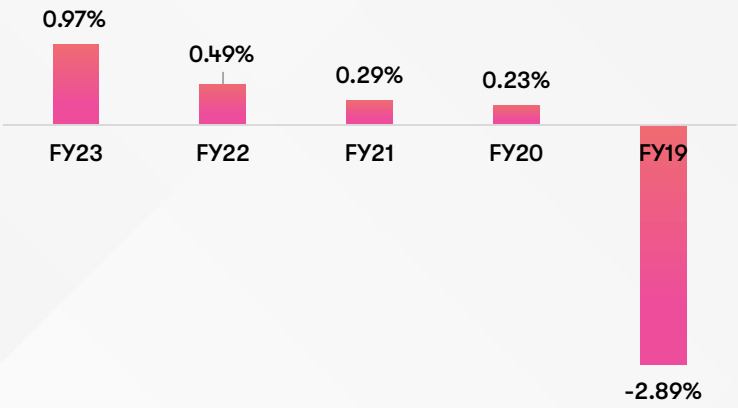




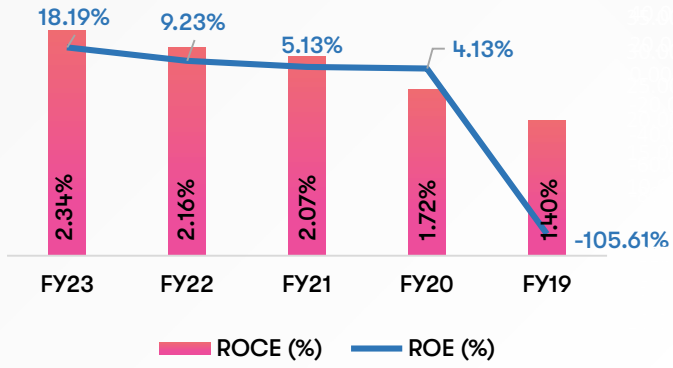
PAT & PAT Margins (%)



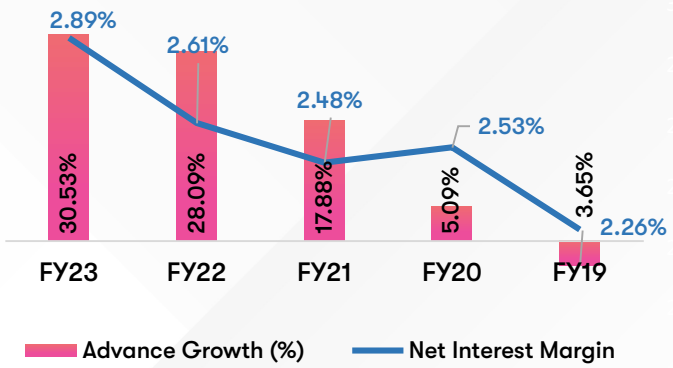
ROA (%)



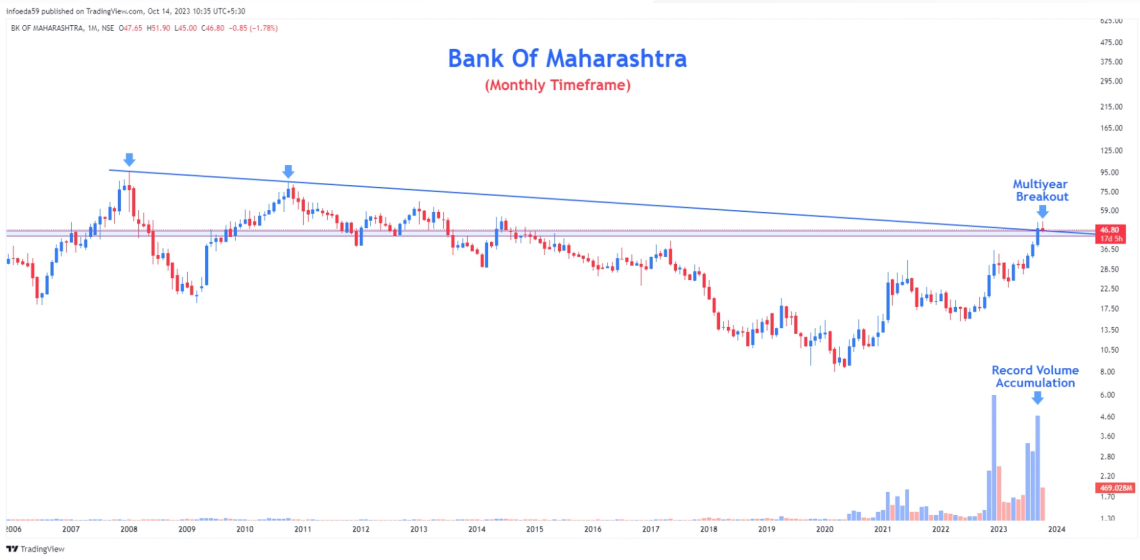
ROCE (%) & ROE (%)



Advance Growth (%) & NIM (%)



Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	15898.6	13019.3	11868.6
Interest Expense	8156.8	6974.0	6970.2
Net Interest Income	7741.8	6045.4	4898.5
Growth %	28.1%	23.4%	14.5%
Non Interest Income	2280.9	2652.9	2626.5
Net Income	10022.8	8698.2	7525.0
Employee Cost	2058.1	2071.4	2255.8
Other Operating Exp.	1864.3	1778.7	1310.1
Operating Income	6100.3	4848.2	3959.1
Provisions	3497.5	3696.5	3407.7
PBT	2602.8	1151.6	551.4
Taxes	0.0	0.0	0.0
Net Profits	2602.8	1151.6	551.4
Growth %	126.0%	108.9%	41.6%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	6730.5	6730.5	6560.2
Reserves & Surplus	9059.7	7331.4	5748.1
Shareholders Fund	7,586.91	5,754.41	4,575.51
Minority Interest	0.0	0.0	0.0
Deposits	234064.1	202275.3	173989.3
Borrowings	10765.7	7746.7	4238.8
Other Liabilities	7207.2	6699.6	6298.8
Total	267827.2	230783.5	196835.1
Application of Funds			
Cash with RBI & Call Money	18529.0	19916.0	12941.8
Investments	69042.0	68761.6	68281.4
Advances	171220.7	131170.4	102405.2
Fixed Assets	2156.7	2241.7	1674.0
Other Assets	6878.8	8693.8	11532.7
Total	267827.2	230783.5	196835.1

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	3.9	1.7	0.9	CASA (%)	53.4%	57.9%	54.0%
Book Value (Rs)	21.3	18.5	17.0	Cost to Income (%)	39.1%	44.3%	47.4%
P/E Ratio	6.4	9.8	23.1	GNPA (%)	2.5%	3.9%	7.2%
P/B Ratio	1.2	0.9	1.2	NNPA (%)	0.3%	1.0%	2.5%
ROCE (%)	5.5%	5.3%	5.7%	CAR (%)	18.1%	16.5%	14.5%
Net Profit Margin (%)	16.4%	8.8%	4.6%	Advance Growth (%)	30.5%	28.1%	17.9%
ROA (%)	1.0%	0.5%	0.3%	Credit to Deposits (%)	73.2%	64.8%	58.9%
ROE (%)	18.2%	9.2%	5.1%	PCR (%)	98.3%	94.8%	89.9%

Canara Bank (CBK:IN)

Established in 1906 in Mangalore, Canara Bank has a legacy spanning over a century. As one of India's oldest and most trusted public sector banks, Canara Bank provides a wide spectrum of banking services. It has consistently expanded its footprint, not only within India but also overseas, symbolizing both trust and growth.

Financial Performance: Canara Bank boasts robust financial ratios, including a Capital Adequacy Ratio of 16.68%, demonstrating its strong capital position. The Net Interest Margin stands at 2.88%, reflecting the bank's efficient management of its interest-bearing assets. On the asset quality front, Gross Non-Performing Assets (NPA) are at 5.35%, while Net NPA is impressively low at 1.73%. The bank also maintains a healthy Current Account and Savings Account (CASA) Ratio of 31.07%.

Branch Network: The bank operates an extensive branch network, with approximately 9,653 branches and 10,683 ATMs spanning across India. Notably, post the merger with Syndicate Bank, the branch network expanded by around 4,000 branches and 4,500 ATMs. Furthermore, nearly 60% of its branches are strategically located in rural and semi-urban areas, contributing to financial inclusion.

Loan Book: Canara Bank loan portfolio is diversified, with corporate loans comprising 44.6% of the total loan book, followed by Agriculture (25.1%), Retail (16%), and MSME (14.2%). Within the retail segment, housing loans dominate at 60.3%, followed by personal loans (18.3%) and vehicle loans (10.8%). The bank's corporate book stands at a substantial ~₹396,196 crores. Key sectors in which the bank's corporate book is exposed include NBFCs (36.5%), Infrastructure (29.1%), metals & metal products (3.9%), textiles (4.5%), food processing (3.1%), and engineering (3.4%).

International Business: Canara Bank has a global presence, with 5 overseas branches in the UK, South Africa, USA, DIFC, and UAE. Additionally, it operates in Tanzania through Canara Bank Tanzania Ltd. and in Russia through Commercial Indo Bank LLC, a joint venture with State Bank of India. International business contributes 5.2% to the bank's total business.

Equity Issues: To bolster its capital base, Canara Bank raised ₹6,500 crores by issuing 27.6 crore equity shares to the Government of India in FY20. In December 2020, it raised an additional ₹2,000 crores through a Qualified Institutional Placement (QIP) by issuing 19 crore equity shares, with LIC emerging as the largest investor. Moreover, in FY 2022-23, the Central Government approved a capital infusion of ₹130.65 crores into Kerala Gramin Bank, with contributions from the Government of India, Canara Bank, and the Government of Kerala as per the RRB Act, 1976.

Stock Data	
CMP	372
52 Week High/Low	386/221
Face Value (Rs)	10
Market Cap (In Crs)	67467
NSE	CANBK
BSE	532483
Bloomberg	CBK:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	62.93%	62.93%
FII	8.95%	8.91%
DII	16.20%	15.93%
Public	11.92%	12.21%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
Canara Bank	1.92	25.01	56.63

Key Ratios	
P/E	5.27
Debt To Equity	15.80
ROE (%)	14.80%
ROCE (%)	5.33%
Dividend Yield	3.22%

Canara Bank's Q1 FY 2023-24 Earnings Call Highlights

Financial Performance: Global business grew by 9.38% YoY to 20.80 lakh crores. Gross Advances showed a growth of 13.27% YoY to 8.87 lakh crore. Operating Profit and Net Profit reached their highest levels with a growth rate of 15.11% and 74.83% YoY, respectively. Net Interest Income grew by 27.72% YoY to 8,666 crores. Gross NPA decreased to 5.15% with a YoY decline of 183 bps, while Net NPA decreased to 1.57% with a YoY decline of 91 bps.

Gold Loan Portfolio: Significant growth in the gold loan portfolio, especially in the agriculture sector. Agriculture sector accounts for around 85% of the gold loan portfolio. Expanded branch network for gold lending, with over 6,000 branches enabled for gold loans.

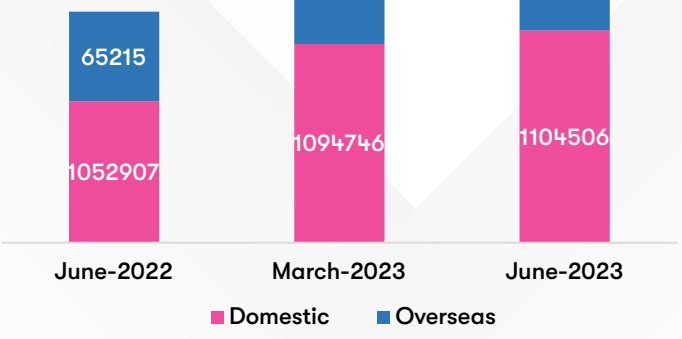
Strategic Goals: Aim to maintain a double-digit growth rate in Operating Profit. Strengthen Provision Coverage Ratio (PCR) to cross 90%. Expect a reasonable credit growth rate of 10.5% for the year, with a focus on CASA and liability products. PSLC income expected to be higher in Q1 and decline in subsequent quarters. Aim to maintain a Net Interest Margin (NIM) of 3% or slightly above. Expect steady growth rate in Net Profit and maintain a minimum dividend payout of 20% of Net Profit. Expect consistent interest on call money, deposits with banks, reverse repos, and CBLO, with a figure above 1000 crores in the medium term. No apprehension about a shortfall in interest on call money and deposits, as any shortfall can be compensated by interest on advances.

Technology Initiatives: Ranked #1 by the Ministry of Electronics and Information Technology for digital journey and transparency in vendor management. Introduced innovative products in CASA and focusing on customer retention and satisfaction.

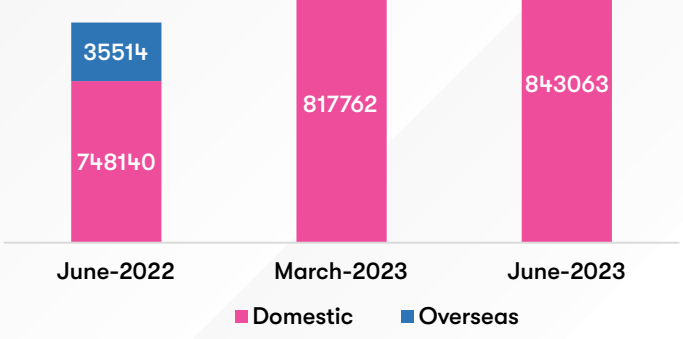
Subsidiaries and Associates: Subsidiaries and associates have been earning net profits. Plan to list Canara HSBC and Canara Robeco through IPOs in the next financial year.

ECL Provision Estimate: Reduced ECL provision estimate to around 2-2.25%. Onboarded a consultant to further guide in reducing this figure.

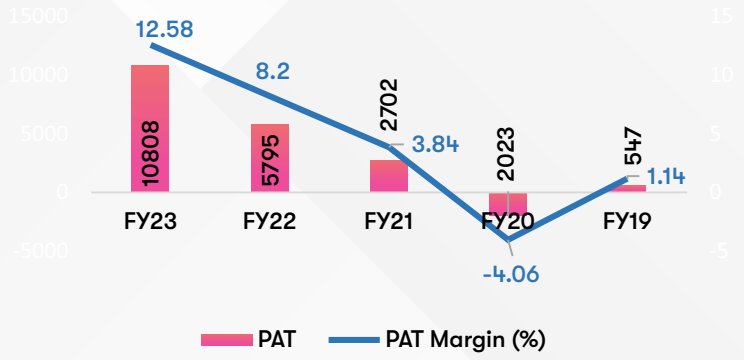
Domestic and Overseas Deposits (Amount in Cr)



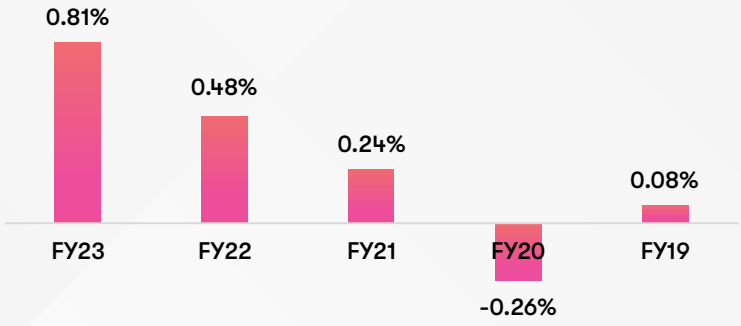
Domestic and Overseas Advances (Amount in Cr)



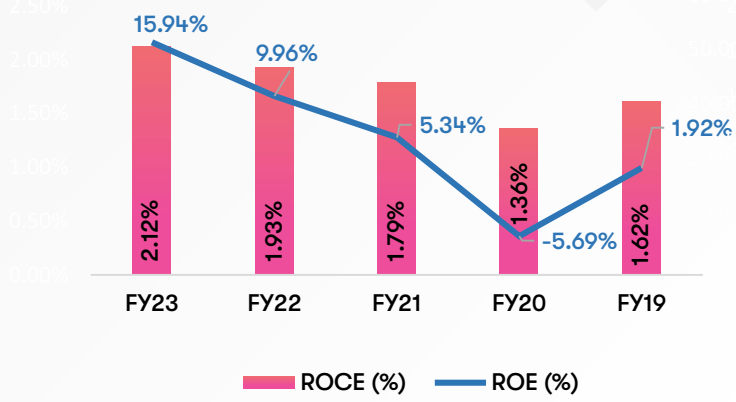
PAT & PAT Margins (%)



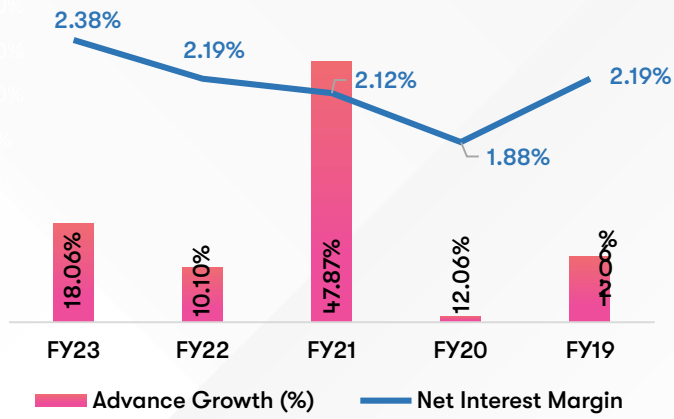
ROA (%)



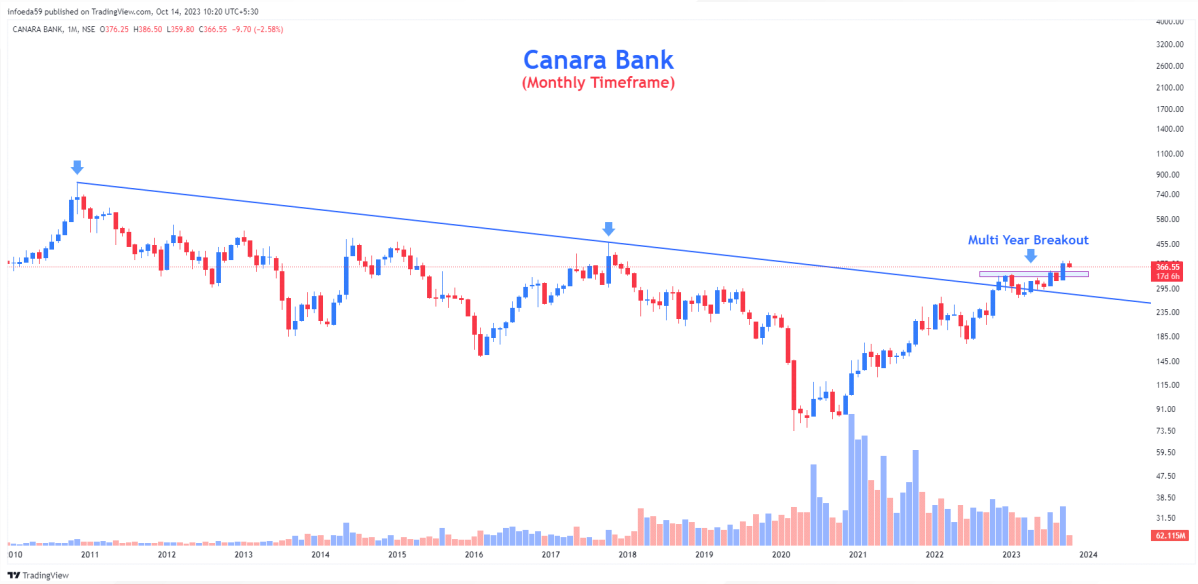
ROCE (%) & ROE (%)



Advance Growth (%) & NIM (%)



Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	85884.7	70613.8	70212.6
Interest Expense	52990.1	43035.5	45182.5
Net Interest Income	32894.7	27578.3	25030.1
Growth %	19.3%	10.2%	79.5%
Non Interest Income	25325.0	23643.1	23447.2
Net Income	58219.7	51221.4	48477.3
Employee Cost	14292.8	13208.7	13099.5
Other Operating Exp.	15952.7	14715.0	15185.4
Operating Income	27974.3	23297.7	20192.4
Provisions	13547.6	14152.7	17490.4
PBT	14426.7	9145.0	2702.0
Taxes	3618.9	3349.9	0.0
Net Profits	10807.8	5795.1	2702.0
Growth %	86.5%	114.5%	233.6%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	1814.1	1814.1	1646.7
Reserves & Surplus	76239.6	68147.2	60762.9
Shareholders Fund	68750.4	59641.0	52478.6
Minority Interest	903.8	824.7	793.4
Deposits	1179086.5	1086341.0	1010985.0
Borrowings	58073.2	46285.0	50012.8
Other Liabilities	64912.4	54251.6	55338.8
Total	1381029.6	1257663.5	1179539.6
Application of Funds			
Cash with RBI & Call Money	141702.8	182391.4	178866.4
Investments	352892.7	311347.2	286191.3
Advances	830929.2	703864.1	639286.5
Fixed Assets	10334.0	11449.7	11271.2
Other Assets	45171.0	48611.1	63924.3
Total	1381029.6	1257663.5	1179539.6

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	62.0	35.0	19.1	CASA (%)	31.1%	33.9%	32.7%
Book Value (Rs)	389.0	338.8	328.7	Cost to Income (%)	52.0%	54.5%	58.7%
P/E Ratio	2.5	6.5	14.9	GNPA (%)	5.4%	7.5%	8.9%
P/B Ratio	0.7	0.7	0.5	NNPA (%)	1.7%	2.7%	3.8%
ROCE (%)	6.2%	5.5%	5.8%	CAR (%)	16.7%	14.9%	13.2%
Net Profit Margin (%)	12.6%	8.2%	3.8%	Advance Growth (%)	18.1%	10.1%	47.9%
ROA (%)	0.8%	0.5%	0.2%	Credit to Deposits (%)	70.4%	64.8%	63.2%
ROE (%)	15.9%	10.0%	5.3%	PCR (%)	87.3%	84.2%	79.7%

Central Bank (CBOI:IN)

Established in 1911, Central Bank of India is one of the oldest and largest public sector banks in the country. With its head office in Mumbai, the bank has consistently played an active role in India's socio-economic development and has a widespread network of branches across the nation.

Financial Performance: Central Bank maintains a robust financial position with key ratios as follows: Capital Adequacy Ratio stands at 14.12%, indicating a healthy capital base. The Net Interest Margin is stable at 2.88%, reflecting efficient management of interest income. The bank's Gross Non-Performing Assets (NPA) ratio is 8.44%, while the Net NPA ratio is notably lower at 1.77%, indicating prudent asset quality management. A significant portion of its funding comes from Current Account and Savings Account (CASA) deposits, constituting 50.38% of the total.

Branch Network: Central Bank boasts an extensive presence across India with approximately 4,493 branches, with a strategic focus on rural and semi-urban centers, where 65% of its branches are located. Complementing this network, the bank operates 3,888 ATMs and 10,990 Business Correspondent (BC) outlets. This expansive footprint spans 28 states and 7 Union Territories, ensuring widespread accessibility for customers.

Loan Book: The bank's loan book is diversified, with corporate advances accounting for 34.3% of total advances, followed by Retail (28.9%), Agriculture (18.5%), and MSME (18.2%). Within the retail segment, home loans hold the lion's share at 61.7%, with other segments making up the remaining 38.3%, including Auto (4.9%), education (5.9%), and other retail loans.

Sector-wise Exposure: Central Bank's lending portfolio is well-distributed across sectors. The bank's highest sectoral exposure is to Farm credits at 17.5%, followed by Infrastructure (10.5%), engineering (0.9%), basic metals (0.9%), and textiles (1.1%).

Strategic Partnerships: In Fy22, Central Bank forged co-lending partnerships with seven leading NBFC/HFCs in India, expanding its lending capabilities in the Retail, MSME, and Agriculture sectors under the Priority Sector. This brought the total number of co-lending alliances to 14, underscoring the bank's commitment to enhancing its lending reach and capabilities.

RRB Associate: Central Bank holds a substantial 35% stake in two Rural-Regional Banks - Uttar Bihar Gramin Bank, Muzaffarpur (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. Preferential Allotment to Govt.: In FY22, the Government of India received preferential allotment of equity shares worth Rs. 4,800 crores, demonstrating the government's continued support and investment in the bank.

Stock Data	
CMP	47.10
52 Week High/Low	56/19
Face Value (Rs)	10
Market Cap (In Crs)	40887
NSE	CENTRALBK
BSE	532885
Bloomberg	CBOI:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	93.08%	93.08%
FII	0.19%	0.15%
DII	2.86%	2.83%
Public	3.85%	3.95%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
Central Bank	-0.21	74.72	141.65

Key Ratios	
P/E	21.5
Debt To Equity	12.60
ROE (%)	5.92%
ROCE (%)	4.29%
Dividend Yield	0.0%

Central Bank's Q1 FY 2023-24 Earnings Call Highlights

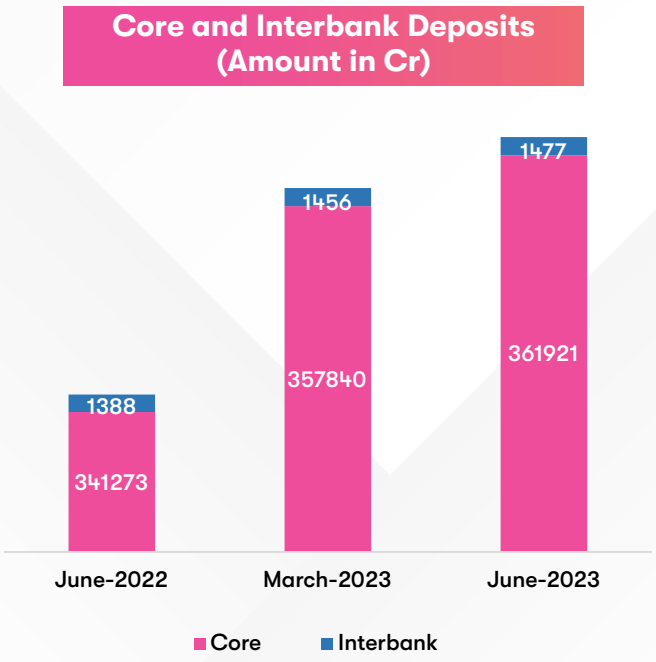
Financial Performance: In Q2 2023, Central Bank witnessed a remarkable surge in net profit, marking a substantial 77.87% increase from the corresponding period in the previous year. This growth reflects the bank's robust financial performance. The bank has made significant progress in managing its asset quality, with gross NPA reducing to 4.95% and net NPA standing at a commendable 1.75%. The provision coverage ratio, a key indicator of risk management, stands strong at 92.23%. Operating profit has shown substantial growth, increasing by an impressive 50.53%. Furthermore, the net interest income has surged by 48%, demonstrating the bank's ability to generate income efficiently.

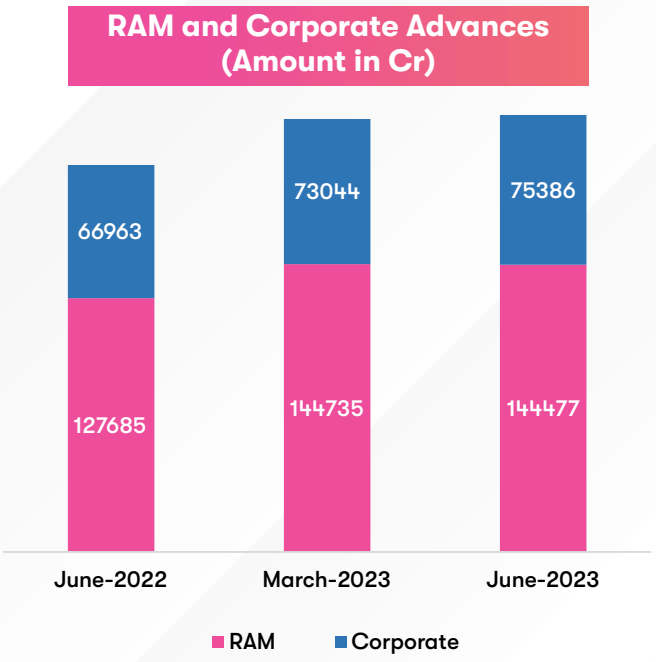
Business Focus: Central Bank has strategically directed its focus towards key sectors, including retail, agriculture, MSMEs, and corporate credit. This diversified approach allows the bank to tap into various segments of the market, contributing to its overall growth. The co-lending portfolio of the bank has flourished, reaching an impressive INR 7,178.50 crores, and it's noteworthy that this achievement has been accomplished with minimal non-performing assets (NPAs).

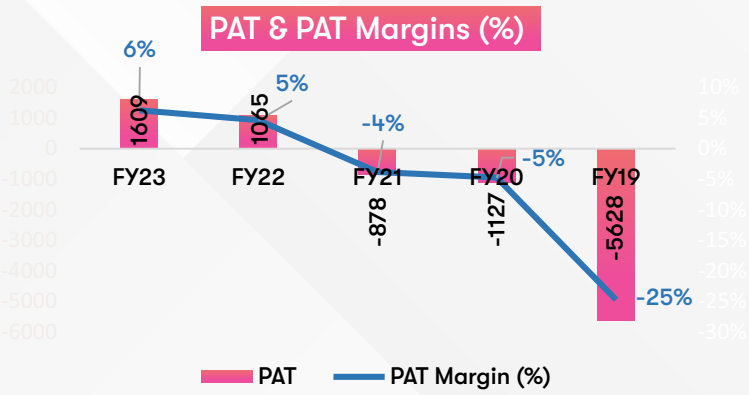
Guidance: For the fiscal year 2024, Central Bank aims to maintain a credit cost below 1%, a clear testament to its commitment to prudent financial management. The bank also has ambitious plans for its return on equity (ROE), targeting a range of 7% to 8%, showcasing its dedication to enhancing shareholder value. In terms of credit growth, Central Bank has set a guidance of 14% for the fiscal year 2024, demonstrating its ambition in expanding its lending operations. The bank expects to sustain a net interest margin (NIM) above 3% and aims to stabilize NIM despite potential increases in deposit rates.

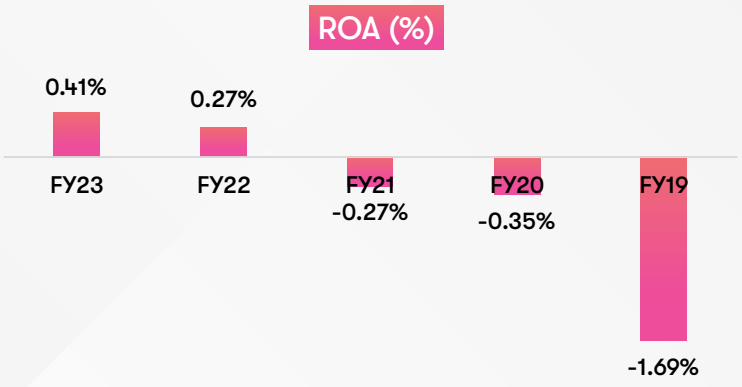
Treasury and Risk Management: Central Bank's treasury division places a strong emphasis on risk management, with the primary goal of minimizing losses while maintaining reasonable returns. The bank has taken proactive measures to secure its exposure to the airline industry, ensuring that it has ample provisions and collateral in place to safeguard against potential risks.

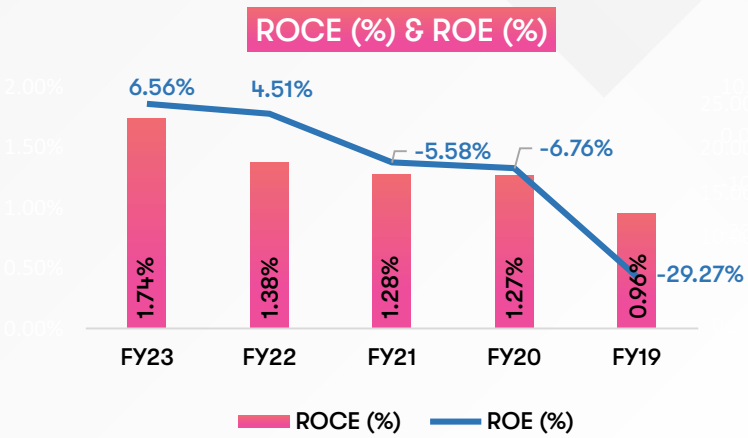
Assurance to Investors: Central Bank extends its assurance to investors, reaffirming its solid financial position and steadfast commitment to its stated guidance.

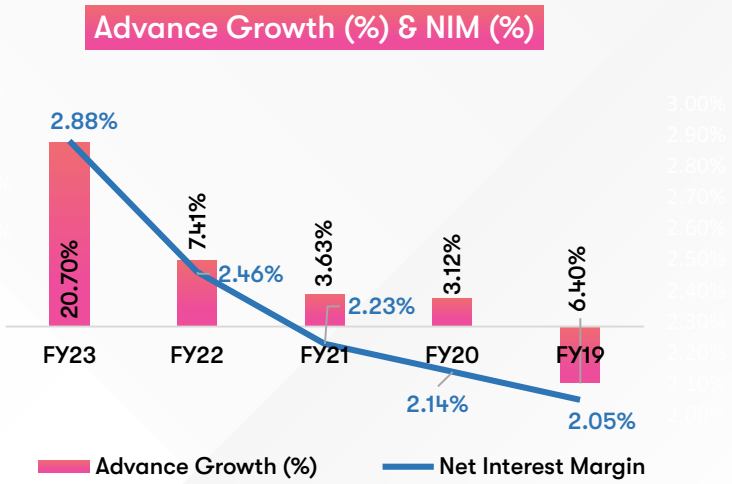












Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	25657.1	22903.3	22829.5
Interest Expense	13905.1	13360.9	14543.0
Net Interest Income	11752.0	9542.5	8286.6
Growth %	23.2%	15.2%	8.0%
Non Interest Income	4084.5	2967.5	3162.3
Net Income	15836.5	12510.0	11448.9
Employee Cost	5615.7	4482.2	4150.2
Other Operating Exp.	3294.3	2794.9	2648.4
Operating Income	6926.5	5232.9	4650.3
Provisions	5317.2	4168.4	5964.8
PBT	1609.3	1064.5	-1314.5
Taxes	0.0	0.0	-436.0
Net Profits	1609.3	1064.5	-878.5
Growth %	51.2%	221.2%	22.1%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	8680.9	8680.9	5875.6
Reserves & Surplus	20535.8	18868.5	15821.3
Shareholders Fund	16886.2	15153.5	12029.0
Minority Interest	67.3	57.7	50.5
Deposits	359775.1	343164.6	330328.3
Borrowings	8333.9	7663.3	5759.7
Other Liabilities	9686.6	9000.3	7339.1
Total	407079.7	387435.3	369974.5
Application of Funds			
Cash with RBI & Call Money	44101.9	53096.9	38953.8
Investments	136569.4	140774.5	148518.0
Advances	203893.3	169041.5	157389.1
Fixed Assets	4785.6	4964.3	5141.8
Other Assets	17729.5	19558.0	19971.8
Total	407079.7	387435.3	369974.5

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	1.9	1.3	-1.7	CASA (%)	50.4%	50.6%	49.2%
Book Value (Rs)	29.5	27.5	30.5	Cost to Income (%)	56.3%	58.2%	59.7%
P/E Ratio	12.7	14.1	N.A	GNPA (%)	8.4%	14.8%	16.6%
P/B Ratio	0.8	0.7	0.5	NNPA (%)	1.8%	4.0%	5.8%
ROCE (%)	5.2%	4.9%	5.3%	CAR (%)	14.1%	13.8%	14.8%
Net Profit Margin (%)	6.3%	4.6%	-3.8%	Advance Growth (%)	20.7%	7.4%	3.6%
ROA (%)	0.4%	0.3%	-0.3%	Credit to Deposits (%)	56.5%	49.1%	47.5%
ROE (%)	6.6%	4.5%	-5.6%	PCR (%)	92.5%	86.7%	82.5%

IDBI Bank (IDBI:IN)

Initially set up in 1964 as an apex institution for term finance, IDBI Bank transitioned into a commercial bank in the early 2000s. Balancing its developmental and commercial roles, IDBI offers a versatile array of services to its customers. It has effectively carved a niche in the banking sector, merging innovation with tradition.

Financial Performance: IDBI Bank, as of the latest data available, maintains a strong financial position with key ratios indicating stability and profitability. The Capital Adequacy Ratio stands at an impressive 20.44%, ensuring a robust capital base. The Net Interest Margin is a healthy 3.45%, and the Gross NPA remains at 6.38%, with the Net NPA significantly lower at 0.92%. The CASA Ratio, a measure of core deposits, is a commendable 53.03% .

Revenue Composition: In the fiscal year 2023, IDBI Bank's revenue is diversified across various segments. Corporate/Wholesale Banking contributes 14.75%, while Retail Banking constitutes a substantial 60.3%. Treasury operations contribute 23.09% to the revenue, and Other Banking Operations account for 1.08% .

Extensive Branch Network: On March 31, 2022, IDBI Bank had 1,928 branches in India. This network has 434 metro, 472 urban, 599 semi-urban, and 421 rural branches, including 264 Financial Inclusion branches. The bank also has a branch at the Dubai International Financial Centre (DIFC) and an IFSC Banking Unit (IBU) at Gujarat International Finance Tec–City (GIFT), Gandhinagar. There are 3,334 ATMs and 58 e-lounges at the bank.

Loan Portfolio and Geographic Breakup: IDBI Bank's loan portfolio is well-diversified, with 54% retail and 31% corporate as of June 30, 2023. Agricultural and MSME loans are 8% and 7%, respectively, showing the bank's commitment to numerous sectors. The bank's advances are 95% domestic and 5% international. In terms of sector-wise breakup for Q1FY24, Industry holds a share of 25.1%, Personal loans stand at 38.1%, Services at 20.7%, Agriculture at 11.6%, and Others at 4.5%.

LIC of India's Stake: LIC owns 49.24% of IDBI Bank as of March 31, 2023. The acquisition was gradual, with LIC buying 50 crore equity shares in FY18, 3,200 crore in FY19, and 1,350 crore in FY20. Since January 2019, the companies have taken many steps to maximise business synergies.

Strategic Focus: IDBI Bank's strategic focus centers on achieving a 12-14% business growth rate, maintaining a 35:65 corporate-to-retail ratio, and sustaining RoA and RoE above 1.20% and 14%, respectively. The bank aims to maintain a CRAR above 18% and expand its reach through co-lending in new areas. It is committed to optimizing expenses, keeping the cost-to-income ratio below 48%, and exploring fintech partnerships to enhance Personal and Education Loan sourcing.

Stock Data	
CMP	69
52 Week High/Low	74.8/36.6
Face Value (Rs)	10
Market Cap (In Crs)	74138
NSE	IDBI
BSE	500116
Bloomberg	IDBI:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	94.72%	94.72%
FII	0.22%	0.30%
DII	0.16%	0.16%
Public	4.90%	4.84%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
IDBI Bank	-1.15	33.08	60.56

Key Ratios	
P/E	17.8
Debt To Equity	5.79
ROE (%)	8.34%
ROCE (%)	4.26%
Dividend Yield	1.43%

IDBI Bank's Q1 FY 2023-24 Earnings Call Highlights

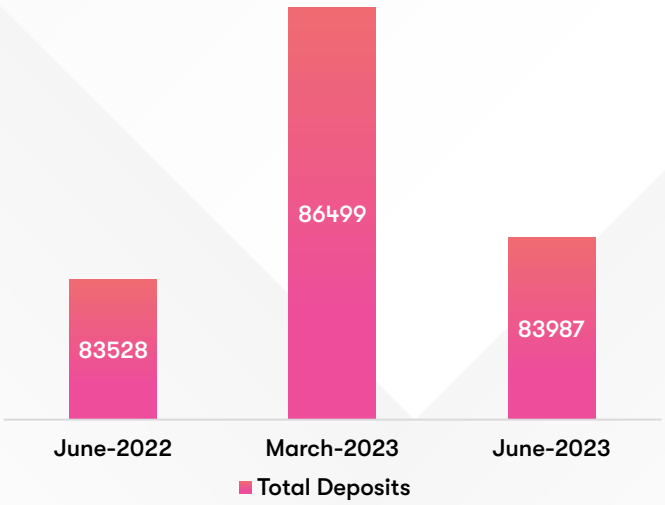
Profitability: Strong operating momentum: The bank reported robust profitability in its recent financial results. Profit After Tax (PAT) reached Rs. 1224 crore, marking a 62% YoY increase and an 8% QoQ increase. Profit Before Tax (PBT) stood at Rs. 1828 crore, reflecting a 67% YoY growth and a significant 27% QoQ improvement. The bank's Operating Profit reached Rs. 3019 crore, registering a strong 47% YoY increase and a notable 24% QoQ growth. Net Interest Income (NII) saw substantial growth, reaching Rs. 3998 crore, which represents a remarkable 61% YoY increase and a significant 22% QoQ rise. The Net Interest Margin (NIM) improved to 5.80%, marking an impressive 178 bps YoY improvement and a notable 79 bps QoQ increase. Additionally, the bank made strides in cost management, with the Cost to Net Income Ratio (CIR) reducing to 37.75%, representing a substantial 569 bps YoY reduction and a noteworthy 916 bps QoQ decrease.

Business Performance: Focus on Granularity: The bank places a strong emphasis on granularity in its business performance. The CASA ratio stands at 52.61%, and CASA deposits reached Rs. 128870 crore, showing a 3% YoY growth. The bank has maintained a favorable Retail to Corporate Ratio (Gross Advances) of 69:31, compared to 63:37 as of June 2022. Net Advances have grown to Rs. 165403 crore, marking a significant 20% YoY increase and a notable 2% QoQ growth.

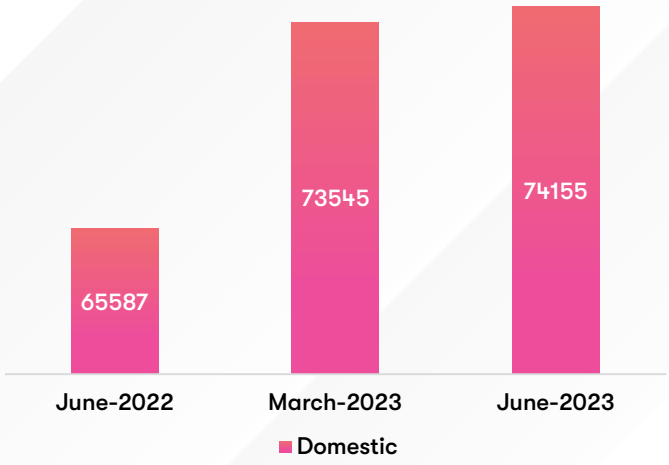
Asset Quality: Improving Trend: The bank's asset quality shows a positive trend with significant improvements. Net Non-Performing Assets (NPA) decreased to 0.44%, reflecting an 82 bps reduction YoY and a notable 48 bps decrease QoQ. Gross Non-Performing Assets (GNPA) also improved, standing at 5.05%, which represents a substantial 1485 bps YoY reduction and a noteworthy 133 bps QoQ decrease. The Provision Coverage Ratio (PCR) stood at 98.99%, showing improvement by 121 bps YoY and a notable 105 bps QoQ increase.

Capital-Adequately Capitalized: In terms of capital adequacy, the bank maintains a strong position. The Tier 1 Capital stands at 17.93%, marking an 80 bps YoY increase. The Total Capital to Risk-Weighted Assets Ratio (CRAR) is at 20.33%, reflecting a notable 76 bps YoY increase. The bank's Total Risk-Weighted Assets (RWA) amounted to Rs. 166660 crore.

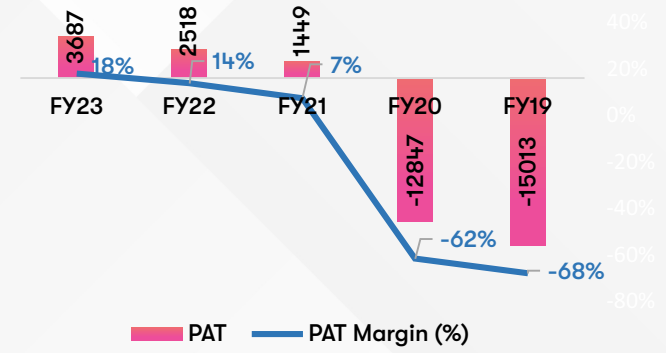
Total Deposits (Amount in Cr)



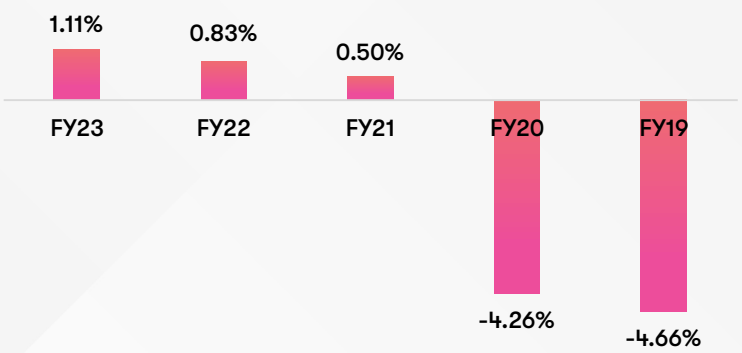
Gross Advances (Amount in Cr)



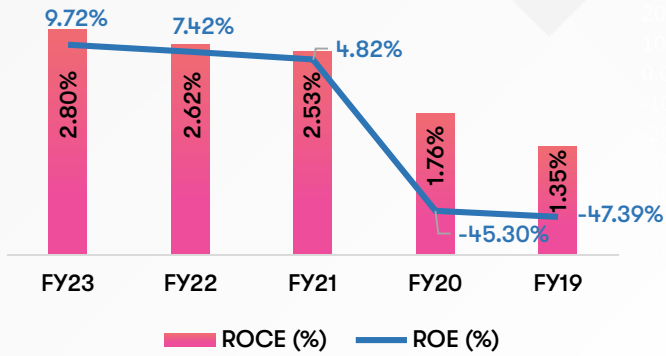
PAT & PAT Margins (%)



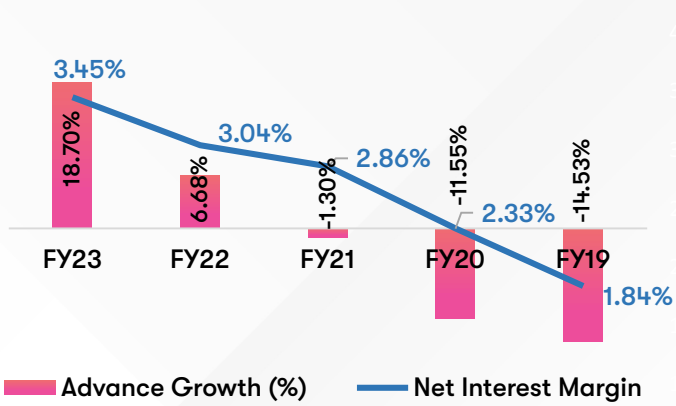
ROA (%)



ROCE (%) & ROE (%)



Advance Growth (%) & NIM (%)



Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	20591.5	18319.2	19955.5
Interest Expense	9130.5	9124.9	11407.5
Net Interest Income	11461.1	9194.3	8548.0
Growth %	24.7%	7.6%	21.9%
Non Interest Income	4575.4	4919.2	4848.1
Net Income	16036.5	14113.5	13396.1
Employee Cost	3691.4	3261.5	3223.5
Other Operating Exp.	3541.2	3241.6	2952.5
Operating Income	8803.9	7610.4	7220.1
Provisions	5117.1	5092.7	5771.5
PBT	3686.9	2517.8	1448.7
Taxes	0.0	0.0	0.0
Net Profits	3686.9	2517.8	1448.7
Growth %	46.4%	73.8%	111.3%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	10752.4	10752.4	10752.4
Reserves & Surplus	35566.8	31819.3	26875.6
Shareholders Fund	27365.9	23351.5	20594.2
Minority Interest	138.5	128.2	113.0
Deposits	255322.2	232849.6	230706.8
Borrowings	12637.8	14345.0	15908.1
Other Liabilities	17080.1	12461.8	14297.0
Total	331497.7	302356.3	298652.8
Application of Funds			
Cash with RBI & Call Money	29352.0	26800.5	35308.1
Investments	100408.7	83475.0	81470.9
Advances	162545.9	145775.3	128152.4
Fixed Assets	9780.4	9987.0	7872.7
Other Assets	29410.8	36318.4	45848.7
Total	331497.7	302356.3	298652.8

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	3.5	2.4	1.4	CASA (%)	53.0%	56.8%	50.5%
Book Value (Rs)	35.5	31.7	29.2	Cost to Income (%)	45.1%	46.1%	46.3%
P/E Ratio	12.9	17.8	27.5	GNPA (%)	6.4%	19.1%	22.4%
P/B Ratio	1.3	1.3	1.3	NNPA (%)	0.9%	1.3%	2.0%
ROCE (%)	5.7%	5.8%	6.6%	CAR (%)	20.4%	19.1%	15.6%
Net Profit Margin (%)	17.9%	13.7%	7.3%	Advance Growth (%)	18.7%	6.7%	-1.3%
ROA (%)	1.1%	0.8%	0.5%	Credit to Deposits (%)	63.6%	58.8%	55.5%
ROE (%)	9.7%	7.4%	4.8%	PCR (%)	97.9%	97.6%	96.9%

Indian Bank (INBK:IN)

Indian Bank, rooted in Chennai since 1907, stands as a classic example of banking excellence. Throughout its illustrious journey, the bank has catered to the financial aspirations of countless individuals and businesses. With its robust infrastructure and keen emphasis on technological integration, Indian Bank continues to uphold its legacy while charting paths for modern banking frontiers.

Financial Strength: Indian Bank demonstrates robust financial performance with key ratios showcasing its stability. The Capital Adequacy Ratio stands strong at 16.49%, ensuring a healthy buffer against risks. Net Interest Margin is maintained at 2.84%, indicating efficient management of interest income. Non-Performing Assets (NPAs) are well-controlled with Gross NPA at 5.95% and Net NPA at a commendable 0.90%. The CASA (Current Account Savings Account) Ratio is 41.98%, reflecting a stable deposit base.

Diverse Loan Portfolio: Indian Bank's loan portfolio spans across sectors. Corporate loans constitute 38.6% of the total, followed by agriculture (23.2%), MSME (17.4%), and retail (20.7%) as of Q1FY24. In agriculture, crop loans dominate with a share of 76.7%, while in retail, home loans hold a significant 65.1% share.

Global Reach: Indian Bank also owns 35% of Tamil Nadu Grama Bank, Saptagiri Grameena Bank, and Paduvai Bharathiar Grama Bank. As of June 2023, these associates run 935 branches with a total business worth ₹66,877 Crores. As part of the merger, Allahabad Bank stockholders received 115 Indian Bank shares for every 1,000 shares held in the amalgamated firm on April 1, 2020. The merger involved issuing equity shares worth ₹520 Crores to Allahabad Bank shareholders.The bank now has branches in Singapore, Colombo, Jaffna, and Gandhi Nagar, Gujarat, an IFSC Banking Unit (IBU). As of March 31, 2023, foreign branch gross advances, including IBU, reached ₹29,665 Crores, a 48% YoY increase. International operations make up 6.2% of the bank's business.

Embracing Digitalization: Indian Bank has embraced digital advancements, with transactions through digital channels soaring from 16% to 85% between FY19 and June 2023. The bank also ensured that 100% of its ATMs can accept EMV cards, enhancing customer convenience and security.

Subsidiaries, Associates, Merger: Indian Bank owns 51% of IndBank Housing Ltd and 64.84% of Indbank Merchant Banking Services Ltd. Ind Bank Housing Ltd is resuming operations, while Indbank Merchant Banking Services Ltd provides various financial services, including merchant banking, advisory, stock broking, depository participant activities, mutual funds, and online trading. As of June 2023, stock broking income was ₹3.38 Crores.

Indian Bank also owns 35% of Tamil Nadu Grama Bank, Saptagiri Grameena Bank, and Paduvai Bharathiar Grama Bank. As of June 2023, these associates run 935 branches with a total business worth ₹66,877 Crores. As part of the merger, Allahabad Bank stockholders received 115 Indian Bank shares for every 1,000 shares held in the amalgamated firm on April 1, 2020. The merger involved issuing equity shares worth ₹520 Crores to Allahabad Bank shareholders.

Stock Data	
CMP	417
52 Week High/Low	446/191
Face Value (Rs)	10
Market Cap (In Crs)	51992
NSE	INDIAB
BSE	532814
Bloomberg	INBK:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	79.86%	79.86%
FII	4.17%	4.0%
DII	11.55%	11.57%
Public	4.43%	4.58%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
Indian Bank	4.70	34.54	103.67

Key Ratios	
P/E	8.50
Debt To Equity	13.0
ROE (%)	11.8%
ROCE (%)	4.55%
Dividend Yield	2.05%

Indian Bank's Q1 FY 2023-24 Earnings Call Highlights

Business Performance: Indian Bank, a stalwart in the banking sector, has witnessed remarkable growth in its business, with a total business volume surpassing Rs. 11 lakh crore. This impressive figure is underpinned by a substantial deposit base of Rs. 6.21 lakh crore and advances reaching an admirable Rs. 4.08 lakh crore. What's truly noteworthy is the bank's credit growth, which stands at an impressive 13%. This growth is prominently driven by a robust 16% increase in retail and agriculture loans, highlighting the bank's commitment to supporting diverse sectors of the economy.

Notably, Indian Bank has demonstrated commendable asset quality management, effectively reducing its gross Non-Performing Asset (NPA) ratio to a low 5.47%. The net NPA ratio is even more impressive, standing at a mere 0.7%. These indicators reflect the bank's prudent lending practices and strong risk management.

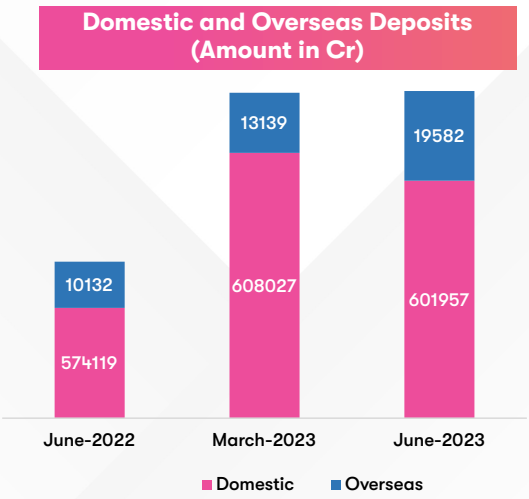
Digitization: Indian Bank is at the forefront of digital transformation within the banking industry. The bank has launched 36 digital journeys to enhance customer experience and efficiency. Moreover, it has ambitious plans to introduce 13 more digital initiatives in the upcoming quarter. This digital push aligns seamlessly with the bank's commitment to maintaining a cost-to-income ratio at a competitive 44.22%, showcasing its dedication to operational excellence.

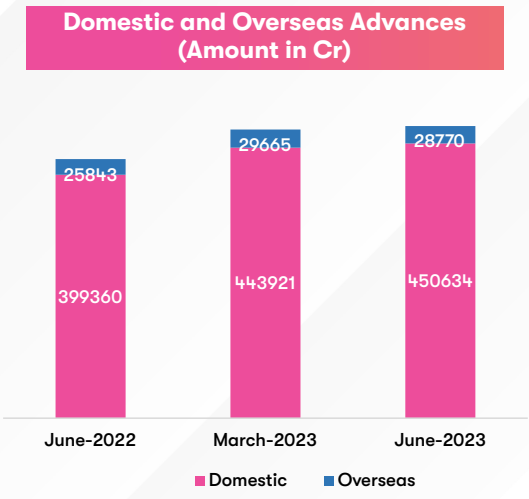
Recovery and Provisioning: Indian Bank has strategically focused on recovering outstanding dues by implementing One-Time Settlements (OTS) and bolstering its provisioning. These measures fortify the bank's ability to address restructured assets and accounts classified under Special Mention Account-2 (SMA2).

Expansion and Focus: With an unwavering commitment to growth, Indian Bank is aggressively expanding its geographical footprint, penetrating new regions and sectors. A substantial focus is placed on bolstering support for the Micro, Small, and Medium Enterprises (MSME) segment, which plays a vital role in driving economic development.

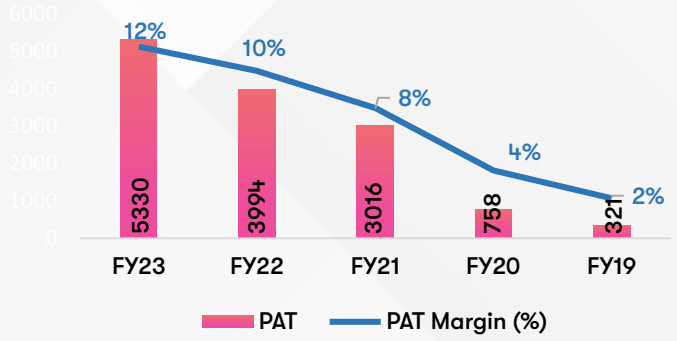
HR Initiatives: Indian Bank recognizes the significance of a skilled and motivated workforce in its journey towards excellence. As such, the bank is making substantial investments in HR initiatives, aiming to nurture talent and enhance productivity. These efforts are especially directed towards areas crucial to the bank's success, such as digital banking and risk management.

Contingency Planning: Indian Bank is well-prepared to navigate challenges with a robust contingency plan. The bank maintains a sufficient buffer and provisions, ensuring it can effectively address unforeseen circumstances while safeguarding the interests of its stakeholders. This proactive approach underscores Indian Bank's commitment to financial stability and resilience in a dynamic banking landscape.

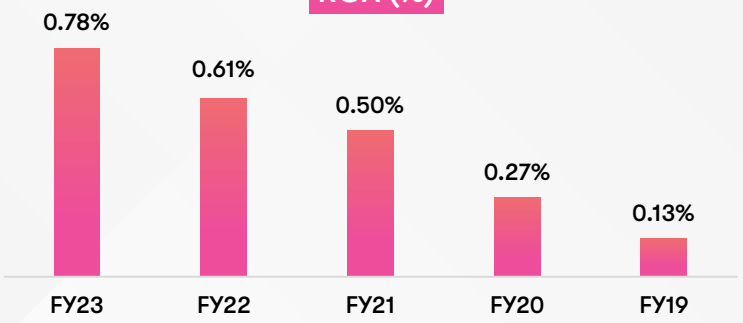




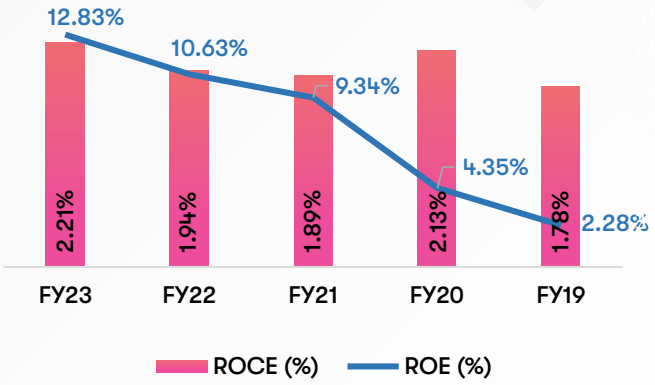
PAT & PAT Margins (%)



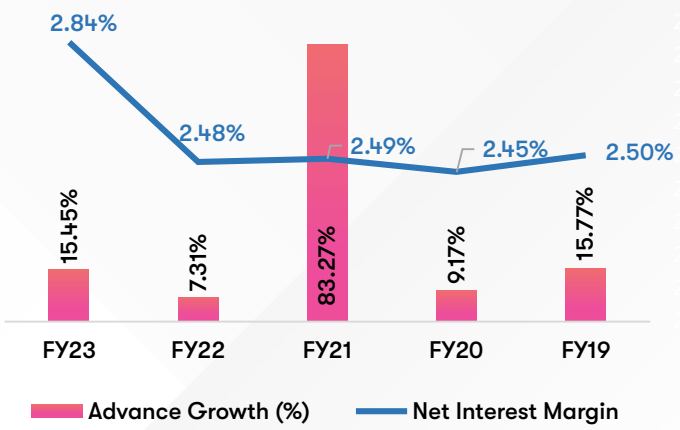
ROA (%)



ROCE (%) & ROE (%)



Advance Growth (%) & NIM (%)



Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	44985.2	38861.7	39108.1
Interest Expense	24717.3	22129.3	23438.8
Net Interest Income	20267.9	16732.4	15669.3
Growth %	21.1%	6.8%	106.1%
Non Interest Income	7804.5	7406.5	6540.5
Net Income	28072.4	24138.9	22209.7
Employee Cost	7578.9	6738.4	6411.6
Other Operating Exp.	5145.9	4615.1	4377.7
Operating Income	15347.6	12785.4	11420.5
Provisions	10017.1	8791.5	8503.8
PBT	5330.5	3993.9	2916.6
Taxes	0.0	0.0	-99.1
Net Profits	5330.5	3993.9	3015.7
Growth %	33.5%	32.4%	297.8%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	1245.4	1245.4	1129.4
Reserves & Surplus	48261.4	43706.5	38328.7
Shareholders Fund	42154.5	37495.5	32573.7
Minority Interest	26.2	25.0	22.6
Deposits	621123.2	593570.9	538029.8
Borrowings	22092.4	17152.9	26203.0
Other Liabilities	20585.3	18395.8	24400.0
Total	713334.0	674096.4	628113.5
Application of Funds			
Cash with RBI & Call Money	50216.8	79968.2	54099.6
Investments	188366.3	176501.6	178292.4
Advances	449294.0	389186.1	364010.2
Fixed Assets	7480.7	7698.9	7392.6
Other Assets	17976.3	20741.6	24318.7
Total	713334.0	674096.4	628113.5

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	44.7	34.0	27.9	CASA (%)	42.0%	41.8%	42.3%
Book Value (Rs)	348.5	311.1	298.4	Cost to Income (%)	45.3%	47.0%	49.5%
P/E Ratio	6.5	4.5	4.2	GNPA (%)	5.5%	6.0%	6.5%
P/B Ratio	0.8	0.5	0.4	NNPA (%)	0.7%	0.9%	1.0%
ROCE (%)	5.8%	5.3%	5.8%	CAR (%)	16.5%	16.5%	15.7%
Net Profit Margin (%)	11.8%	10.2%	7.7%	Advance Growth (%)	15.5%	7.3%	83.3%
ROA (%)	0.8%	0.6%	0.5%	Credit to Deposits (%)	72.3%	65.6%	67.4%
ROE (%)	12.8%	10.6%	9.3%	PCR (%)	93.8%	87.4%	82.1%

Indian Overseas Bank (IOB:IN)

Founded in 1937 with the vision of specializing in foreign exchange and overseas banking, Chennai-based Indian Overseas Bank has established a significant presence both domestically and internationally. IOB, with its emphasis on tech-driven banking, remains a preferred choice for many looking for comprehensive banking solutions.

Financial Ratios : Indian Overseas Bank, a prominent public sector bank in India, boasts of a solid financial position. As of the latest available data, its Capital Adequacy Ratio stands at a healthy 16.10%, indicating its ability to absorb losses and maintain stability. Additionally, the bank maintains a competitive Net Interest Margin (NIM) of 2.82%, ensuring a favorable spread between interest earned and interest expended. However, it faces challenges in managing non-performing assets (NPAs), with Gross NPAs at 7.44% and Net NPAs at 1.83%. Nevertheless, its robust Current and Savings Account (CASA) Ratio of 43.73% demonstrates its capacity to manage low-cost deposits efficiently.

Branch Network: With a wide-reaching presence, Indian Overseas Bank currently operates approximately 3,222 branches and 3,495 ATMs throughout India. This extensive branch network is strategically distributed, with a significant portion located in rural (28%) and semi-urban (30%) areas, enabling it to cater to a diverse customer base.

Loan Portfolio: The bank's loan book reflects diversification across various sectors. Notably, the retail sector accounts for 25% of the loan book, followed closely by agriculture (26%) and MSME (20%). Corporate and other segments make up the remaining 29%. Within the retail category, home loans constitute a significant portion, representing 55.8% of the retail loan book. Other retail segments include education (9.5%), auto (9.3%), personal (3.2%), and miscellaneous (22%).

General Insurance JV : The bank holds an 18% stake in Universal Sompo General Insurance Company Ltd, an important player in the non-life insurance sector. This joint venture involves other notable investors like Indian Bank, Dabur Investment, Sompo Japan, and Karnataka Bank. This diversification into insurance aligns with the bank's strategy to expand its financial services portfolio.

Government Capital Infusion: Over the years, the government has actively infused capital into Indian Overseas Bank. The bank's equity base saw significant increases with government investments, raising the government's stake from 77% in FY17 to 96.38% in FY23. This infusion ensures financial stability and supports the bank's growth initiatives.

Stock Data	
CMP	43.10
52 Week High/Low	51.1/17.0
Face Value (Rs)	10
Market Cap (In Crs)	81432
NSE	IOB
BSE	532388
Bloomberg	IOB:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	96.38%	96.38%
FII	0.14%	0.09%
DII	1.35%	1.33%
Public	2.11%	2.20%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
IOB	9.11	75.92	150.58

Key Ratios	
P/E	36.90
Debt To Equity	11.20
ROE (%)	8.69%
ROCE (%)	4.53%
Dividend Yield	0.0%

Indian Overseas Bank's Q1 FY 2023-24 Earnings Call Highlights

Branch Network: Indian Overseas Bank (IOB) operates approximately 3,200 branches and around 3,100 ATMs across India, with a significant presence in rural and semi-urban areas.

Loan Portfolio: IOB maintains a diversified loan portfolio, with retail loans accounting for 27% of the total loan book, followed by agriculture (27%), MSME (24%), and corporate/other segments (22%). In the retail category, home loans make up the largest share at 48%, followed by education (14%), auto loans (9%), and other retail categories (29%).

International Business: The bank has an international presence with six establishments abroad, including four overseas branches, one Remittance Center, and one Joint Venture Subsidiary. These establishments are located in Singapore, Hong Kong, Bangkok, Colombo, and a Remittance Centre in Serangoon, Singapore. A Joint Venture Subsidiary operates in Malaysia. Overseas deposits constitute approximately 2% of the bank's total deposits.

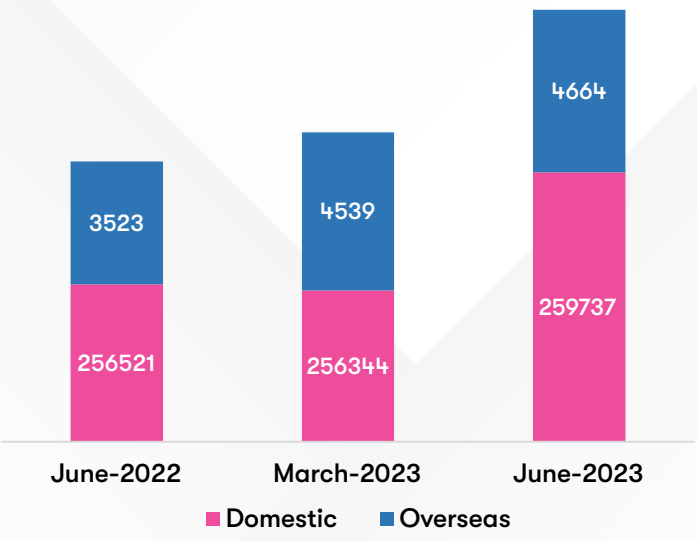
High Corporate NPAs: A significant challenge for IOB is a high level of non-performing assets (NPAs) in the corporate segment, with around 40% of corporate loans classified as NPAs. Furthermore, only 44% of the bank's corporate loans have received a credit rating of 'A' or above, with the remaining 56% rated 'BBB' or below by credit rating agencies.

General Insurance JV: IOB holds an 18% stake in Universal Sompo General Insurance Company Ltd, a non-life insurance business. Other stakeholders in this venture include Indian Bank, Dabur Investment, Sompo Japan, and Karnataka Bank.

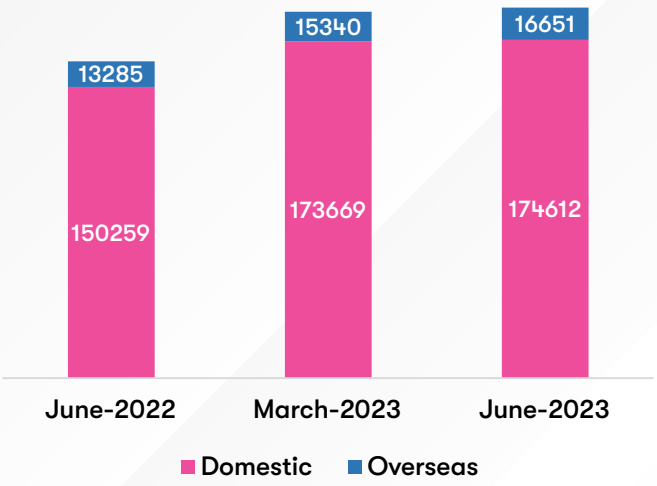
Capital Infusion by Government: The government has infused capital into IOB by preferentially allotting equity shares in recent years. This included issuing 55 crore equity shares in FY17, 242 crore shares in FY18, 407 crore shares in FY19, and 729 crore shares in FY20. Consequently, the government's ownership stake in the bank increased from 77% in FY17 to 96% in FY20.

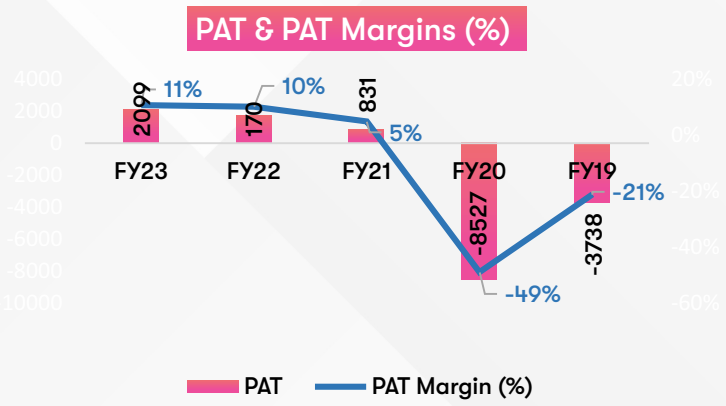
Prompt Corrective Action: IOB came under Prompt Corrective Action (PCA) in October 2015 due to its elevated non-performing assets (NPAs) and subdued Return on Assets (ROA). PCA is a regulatory framework applied to select public sector banks with high NPAs, with the aim of facilitating overall performance and financial health improvements.

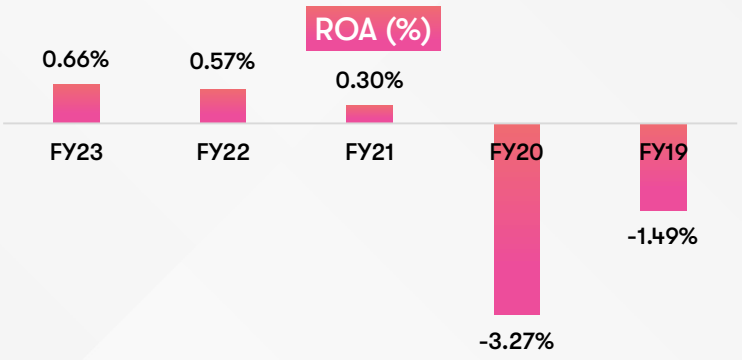
Domestic and Overseas Deposits (Amount in Cr)

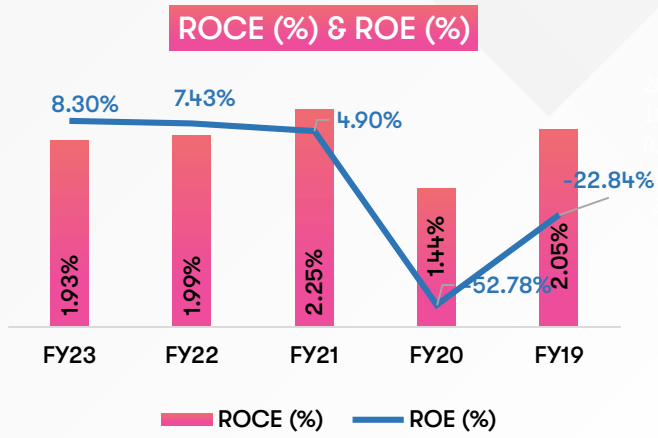


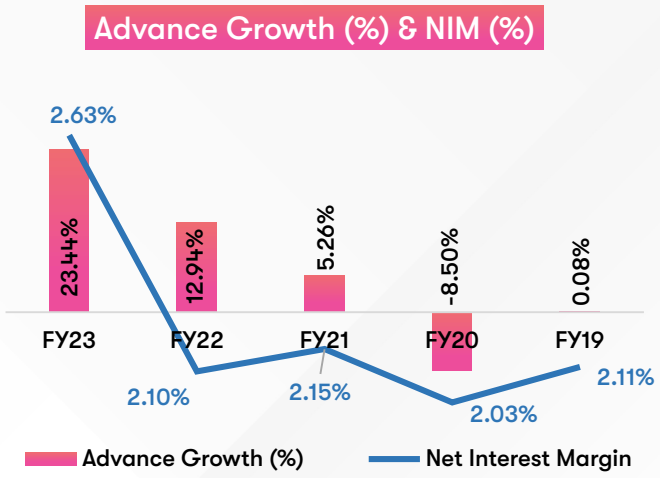
Domestic and Overseas Advances (Amount in Cr)











Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	19407.0	16735.8	16975.6
Interest Expense	11146.3	10419.5	11069.5
Net Interest Income	8260.7	6316.4	5906.1
Growth %	30.8%	6.9%	11.4%
Non Interest Income	4116.5	4905.3	5485.7
Net Income	12377.1	11221.7	11391.8
Employee Cost	4102.4	3488.9	3705.9
Other Operating Exp.	2327.5	1970.1	1863.1
Operating Income	5947.3	5762.7	5822.7
Provisions	3843.3	4053.4	5064.4
PBT	2104.0	1709.3	758.4
Taxes	0.0	0.0	0.0
Net Profits	2104.0	1709.3	758.4
Growth %	23.1%	125.4%	108.9%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	18902.4	19108.5	16646.8
Reserves & Surplus	5973.6	4115.7	451.9
Shareholders Fund	24876.0	23224.2	17098.7
Minority Interest	0.0	0.0	0.0
Deposits	260973.6	262213.8	240352.8
Borrowings	20803.8	3070.6	3671.6
Other Liabilities	6796.5	11147.8	13106.3
Total	313449.9	299656.4	274229.3
Application of Funds			
Cash with RBI & Call Money	20820.8	36951.3	30982.4
Investments	93642.5	98267.2	95484.9
Advances	178067.7	144253.6	127741.4
Fixed Assets	3710.7	3366.0	2919.0
Other Assets	17208.1	16818.3	17101.6
Total	313449.9	299656.4	274229.3

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	1.1	0.9	0.5	CASA (%)	43.7%	43.4%	42.5%
Book Value (Rs)	13.2	12.2	10.3	Cost to Income (%)	51.9%	48.6%	48.5%
P/E Ratio	20.4	20.2	32.0	GNPA (%)	7.4%	9.8%	11.7%
P/B Ratio	1.7	1.5	1.6	NNPA (%)	1.8%	2.7%	3.6%
ROCE (%)	5.6%	5.6%	6.5%	CAR (%)	16.1%	13.8%	15.3%
Net Profit Margin (%)	10.8%	10.2%	4.5%	Advance Growth (%)	23.4%	12.9%	5.3%
ROA (%)	0.7%	0.6%	0.3%	Credit to Deposits (%)	68.3%	55.0%	53.2%
ROE (%)	8.5%	7.4%	4.4%	PCR (%)	92.6%	91.7%	90.3%

Punjab National Bank (PNB:IN)

Originating from Lahore in 1894, Punjab National Bank stands as one of the oldest banks in India. Over the decades, PNB has expanded its services, emphasizing inclusiveness. With its vast branch network and diverse services, PNB has played a pivotal role in bolstering India's economic growth.

Financial Strength: Punjab National Bank maintains a robust financial position, evident in its key financial ratios. The Capital Adequacy Ratio stands at a healthy 15.50%, ensuring a strong buffer against potential risks. The Net Interest Margin, a crucial measure of profitability, is at a respectable 2.34%. While the Gross NPA (Non-Performing Assets) ratio is reported at 8.74%, the Net NPA ratio stands at a lower 2.72%. Additionally, the bank boasts a solid Current Account and Savings Account (CASA) Ratio of 41.92%.

Expansive Branch Network: With a widespread presence, Punjab National Bank operates an extensive network of 10,080 branches and 12,820 ATMs throughout India. Notably, a significant portion of its branches is concentrated in North India, with 913 branches in Punjab and 1,659 branches in Uttar Pradesh. Post-merger, Punjab National Bank has amassed an impressive customer base of over 18 crore individuals and entities

Diverse Loan Portfolio: The bank's loan book showcases a diverse mix of lending categories. Corporate advances account for the largest share at 45.2%, followed by retail loans (23%), MSME (16.5%), and agriculture (15%). Within the retail segment, housing loans dominate at 40.9%, with personal (9.2%) and vehicle loans (8.3%) also contributing significantly.

Industrial Exposure: Punjab National Bank's corporate loan portfolio exhibits exposure to various industries, including energy (4.6%), roads & ports (4.0%), basic metals (2.3%), telecom (0.9%), textiles (1.2%), chemicals (0.6%), and food processing (2.2%). Additionally, other industries collectively constitute 7.6% of the bank's corporate loans. As of March 31, 2023, the bank has expanded its international footprint, operating in six countries. This includes one branch in Dubai (with another branch in GIFT City Gujarat for international operations), two subsidiaries in London (UK) and Bhutan, one joint venture in Nepal, and two representative offices in Myanmar and Bangladesh. The bank's overseas business has grown significantly, reaching Rs. 64,440 crore and accounting for 2.0% of its total business in FY23, reflecting a notable YoY growth of 37%.

Industrial NPAs: Punjab National Bank faces industrial NPAs worth Rs. 23,925 crore in Q1FY24, with a GNPA ratio of 11.2%. A substantial portion of these NPAs arises from the food processing and textile sectors, constituting 22.10% and 15.9% of total advances, respectively.

Stock Data	
CMP	74.20
52 Week High/Low	83.5/35.4
Face Value (Rs)	2.0
Market Cap (In Crs)	81713
NSE	PNB
BSE	532461
Bloomberg	PNB:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	73.15%	73.15%
FII	1.71%	1.82%
DII	13.53%	13.44%
Public	11.61%	11.57%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
PNB	0.07	52.05	101.08

Key Ratios	
P/E	18.5
Debt To Equity	13.2
ROE (%)	3.34%
ROCE (%)	4.10%
Dividend Yield	0.85%

Punjab National Bank's Q1 FY 2023-24 Earnings Call Highlights

Financial Performance: PNB reported strong financial performance in Q1 FY '24. Gross business grew by 14.34% YoY, with healthy growth in deposits and advances. Net interest income increased by 26% YoY. Asset quality improved, with a decline in gross and net NPAs. Revised guidance targets gross NPA around 6.5% by March '24 and net NPA below 1%.

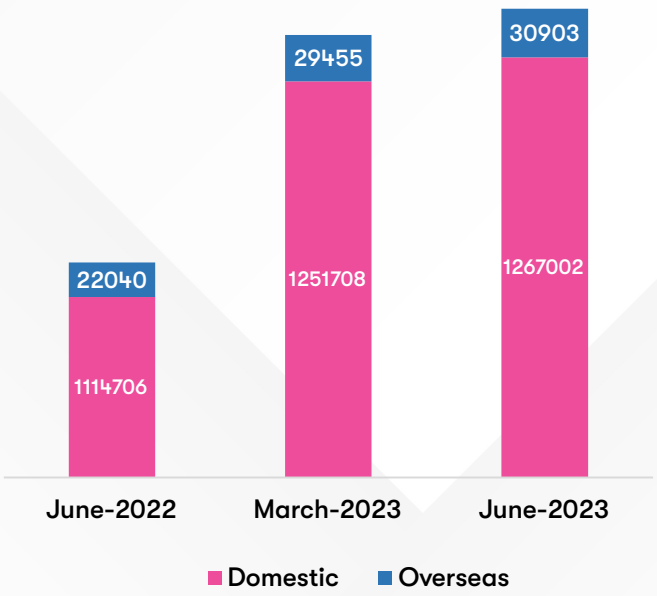
Capital Adequacy and Fundraising: PNB has adequate capital adequacy and raised Rs 3,090 crore through Tier 2 bonds.

Costs and Efficiency: The cost-to-income ratio increased due to wage revision provisions and pension liabilities.

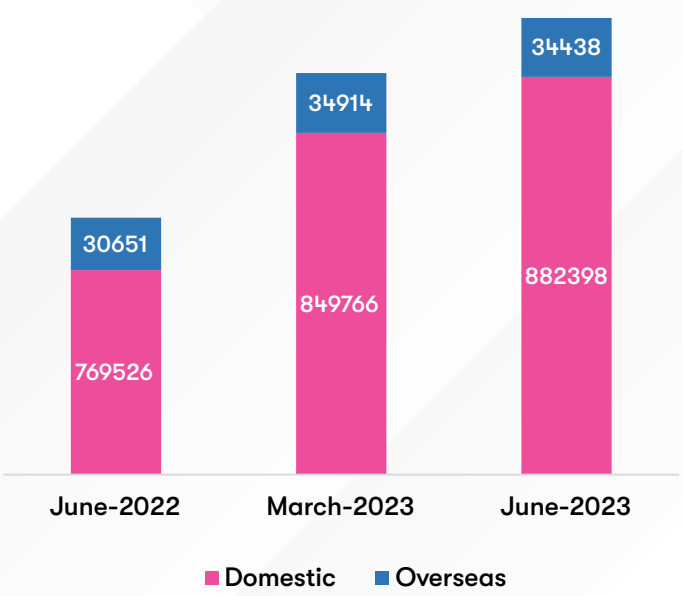
Business Strategies: PNB's strategies include focusing on cross-selling and increasing fee income through partnerships with insurance and mutual fund companies. They are also investing in digital capabilities and HR transformation to enhance customer experience and improve performance. The bank is closely monitoring interest rates and treasury operations to maximize profitability. They are targeting recovery of Rs 22,000 crore in the current financial year and maintaining a cautious approach to credit growth and deposit mobilization. PNB's subsidiaries and international branches are performing well, and they are committed to maintaining their stake in PNB Housing Finance while exploring opportunities for fee income generation.

Future Outlook: PNB expects AS-15 provision to be around Rs 400-500 crore in the next quarter. They are focused on reducing slippages and improving asset quality in retail and corporate segments. With a strong focus on recovery, they aim to achieve double the amount of recovery compared to additions in the current financial year. PNB is optimistic about digital transformation and HR initiatives driving growth and enhancing customer service. They aim to increase fee income through cross-selling, partnerships, and a focus on non-interest income sources. The bank is continuously monitoring interest rates and treasury operations to optimize profitability.

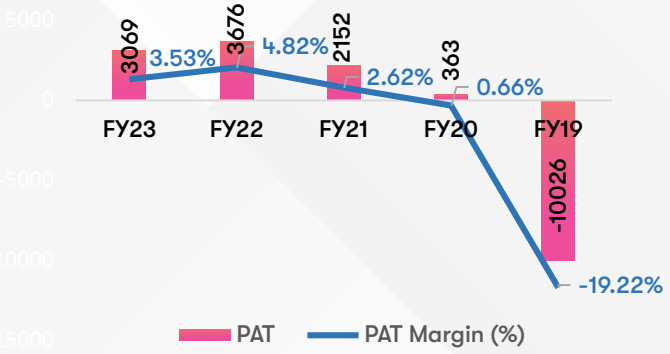
Domestic and Overseas Deposits (Amount in Cr)



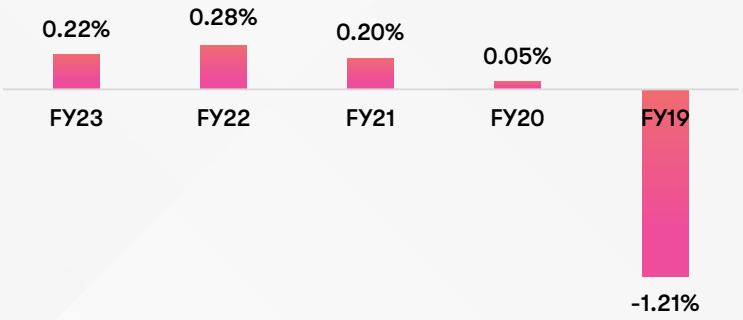
Domestic and Overseas Advances (Amount in Cr)



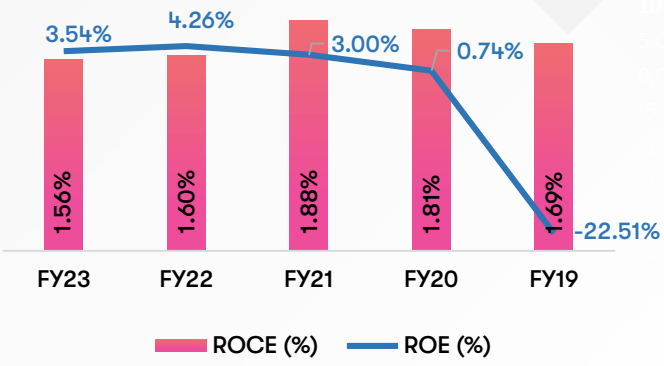
PAT & PAT Margins (%)



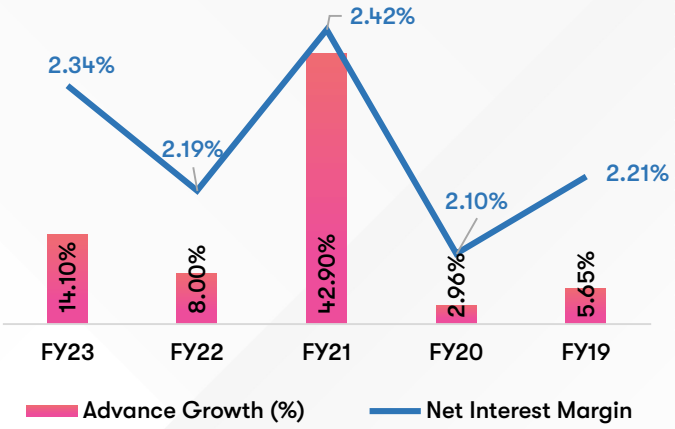
ROA (%)



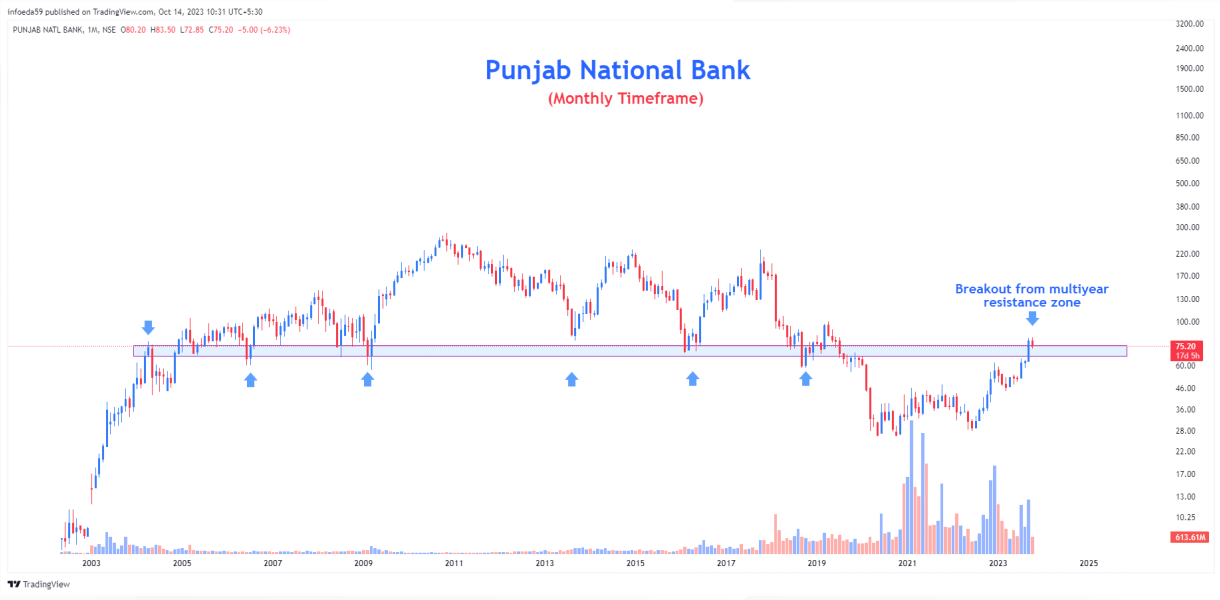
ROCE (%) & ROE (%)



Advance Growth (%) & NIM (%)



Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	86845.3	76241.8	81866.4
Interest Expense	51817.0	46823.1	50804.6
Net Interest Income	35028.3	29418.8	31061.8
Growth %	19.1%	-5.3%	73.3%
Non Interest Income	12239.6	12097.7	13124.5
Net Income	47267.9	41516.4	44186.3
Employee Cost	14942.6	11971.9	12296.7
Other Operating Exp.	9393.1	8518.8	8219.1
Operating Income	22932.2	21025.6	23670.5
Provisions	18070.8	16431.2	19888.1
PBT	4861.4	4594.5	3782.4
Taxes	1792.1	918.5	1629.9
Net Profits	3069.3	3676.0	2152.4
Growth %	-16.5%	70.8%	492.4%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	2202.2	2202.2	2095.5
Reserves & Surplus	100678.3	95379.7	90438.8
Shareholders Fund	92223.2	88331.1	83238.4
Minority Interest	459.4	473.5	486.8
Deposits	1290347.1	1154234.5	1113716.9
Borrowings	70148.6	59371.7	52298.1
Other Liabilities	29813.4	27639.6	20688.9
Total	1493648.9	1339301.1	1279725.1
Application of Funds			
Cash with RBI & Call Money	157328.5	134193.9	113334.4
Investments	416913.8	388585.8	404369.0
Advances	837459.0	733765.8	679345.8
Fixed Assets	12084.0	10696.2	11048.7
Other Assets	69863.7	72059.4	71627.2
Total	1493648.9	1339301.1	1279725.1

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	3.0	3.5	2.6	CASA (%)	41.9%	46.5%	44.4%
Book Value (Rs)	85.8	82.2	81.4	Cost to Income (%)	51.5%	49.4%	47.3%
P/E Ratio	15.5	10.0	14.1	GNPA (%)	8.7%	11.8%	14.1%
P/B Ratio	0.5	0.4	0.5	NNPA (%)	2.7%	4.8%	5.7%
ROCE (%)	5.1%	5.2%	5.9%	CAR (%)	15.5%	14.5%	14.3%
Net Profit Margin (%)	3.5%	4.8%	2.6%	Advance Growth (%)	14.1%	8.0%	42.9%
ROA (%)	0.2%	0.3%	0.2%	Credit to Deposits (%)	64.9%	63.5%	60.9%
ROE (%)	3.5%	4.3%	3.0%	PCR (%)	86.9%	81.6%	80.1%

Punjab & Sind Bank (PJSB:IN)

Established in 1908, Punjab & Sind Bank, often referred to as PSB, has a rich heritage of serving the banking needs of the common man. With a dedication to social empowerment and a blend of traditional values and modern infrastructure, PSB continues to serve its customers with trust and commitment.

As a prominent public sector bank in Northern India, PSB plays a vital role in the region's financial landscape. It operates in four core divisions: retail banking, corporate banking, priority sector banking, and agency services. In retail banking, PSB provides loans for housing, trade, education, and more, along with deposit products like current, savings, and term deposits. Corporate clients benefit from term loans, short-term financing, credit facilities, and cash management. In the priority sector, the bank supports farmers and infrastructure projects while offering essential services like ATM cards and remittances. Additionally, it acts as an agent for government bodies, managing tasks such as tax collection, salary payments, and pension disbursements.

With its rich history and commitment to customer service, PSB remains a trusted institution in Northern India's financial landscape.

Financial Strength and Ratios: As of FY23, Punjab and Sind Bank demonstrates a strong financial footing with a Capital Adequacy Ratio of 17.10% and a Net Interest Margin of 2.17%. Its Gross Non-Performing Assets (NPA) stand at 6.97%, while Net NPA is relatively lower at 1.84%. The bank maintains a healthy Current and Savings Account (CASA) Ratio of 33.58%, indicating a stable source of low-cost funds.

Expansive Branch Network: Punjab and Sind Bank boasts an extensive network of 1,553 branches strategically located across India, with a notable 36.8% of these branches serving rural areas. Complementing its branch presence are 896 operational ATMs, further enhancing accessibility for its customers.

Diverse Loan Portfolio: The bank's loan book showcases its diversified approach. Corporate advances dominate the portfolio, constituting 46.4% of total loans as of June 2023. This is followed by loans to the MSME sector at 17.91%, agriculture at 13.95%, and retail at 17.71%, reflecting a balanced lending strategy.

Strategic Capital Raises: Punjab and Sind Bank has strategically raised capital over the years to fortify its financial foundation. Notably, it issued approximately ₹165 crores of equity capital to the government in FY18 and raised an additional ₹785 crores. In FY20, it raised ₹787 crores by issuing ₹100 crores worth of equity capital to the government. In 2021, the bank executed a substantial capital raise, gathering ₹5,500 crores by issuing ₹3,350 crores worth of equity capital to the Government of India on a preferential basis. This move significantly bolstered the bank's equity capital from ~₹701 crores to ~₹4,050 crores, with the government's shareholding increasing from 83% to 97%.

Stock Data	
CMP	42.20
52 Week High/Low	53.6/14.80
Face Value (Rs)	10
Market Cap (In Crs)	28564
NSE	PSB
BSE	533295
Bloomberg	PJSB:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	98.25%	98.25%
FII	0.01%	0.00%
DII	0.67%	0.66%
Public	1.07%	1.10%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
PSB	-5.82	30.59	179-40

Key Ratios	
P/E	22.6
Debt To Equity	7.86
ROE (%)	9.01%
ROCE (%)	5.26%
Dividend Yield	1.06%

Punjab & Sind Bank's Q1 FY 2023-24 Earnings Call Highlights

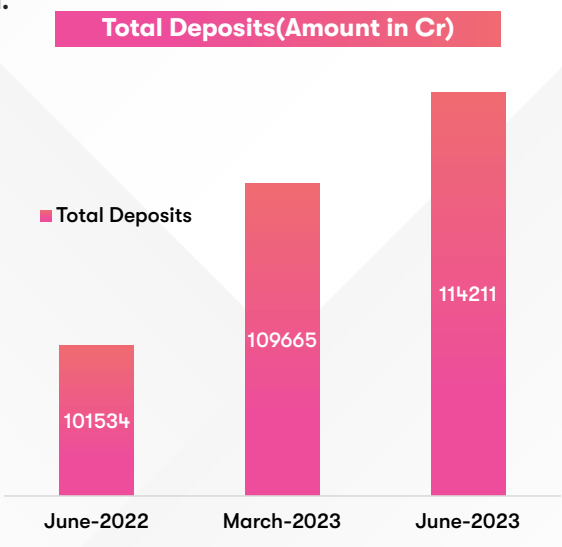
Financial Performance: Punjab and Sind Bank's financial performance in the latest reporting period has displayed positive trends. The total business volume witnessed a noteworthy 11.63% increase, surging to a substantial Rs. 1,94,525 crore. Deposits, a critical aspect of the bank's operations, grew by an impressive 12.49%, reaching Rs. 1,14,211 crore. The gross advances, a measure of the bank's lending activities, expanded by 10.43% to reach Rs. 80,314 crore. In terms of asset quality, there was significant improvement as gross NPAs decreased from 11.34% to 6.80%, and net NPAs showed improvement by declining from 2.56% to 1.95%. The bank's operating profit amounted to Rs. 257 crore, reflecting its operational efficiency.

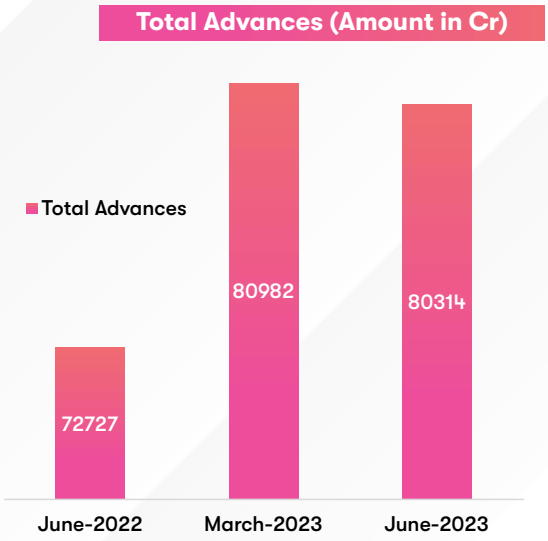
Strategic Outlook and Initiatives: Punjab and Sind Bank is strategically focused on achieving capital-optimized growth. The bank is undertaking a critical core banking platform upgrade from Finacle 7 to Finacle 10. Recovery efforts remain a priority, with a guidance target of above Rs. 1500 crore for the fiscal year. Human resource capacity-building initiatives, including specialized hires, are planned to strengthen various aspects of the bank's operations. There's also an emphasis on increasing non-interest and fee income, as well as exploring co-lending opportunities with a portfolio target of Rs. 1000 crore. The bank is actively engaged in digital transformation efforts, including innovative process delivery, operational efficiency enhancements, and fintech collaborations.

Guidance and Targets: Punjab and Sind Bank has set clear guidance and targets for the near future. These include a recovery and upgradation goal exceeding Rs. 1500 crore, deposit growth in the range of 8% to 10%, and advances growth between 13% and 14%. Asset quality remains a key focus, with targets of maintaining gross NPAs below 6% and net NPAs below 1.5%. Improving the Provision Coverage Ratio (PCR) to approximately 90% and enhancing the net interest margin to at least 2.90% are also part of the bank's strategic objectives. Punjab and Sind Bank aims to maintain credit costs below 1% and a slippage ratio of less than 1.25%.

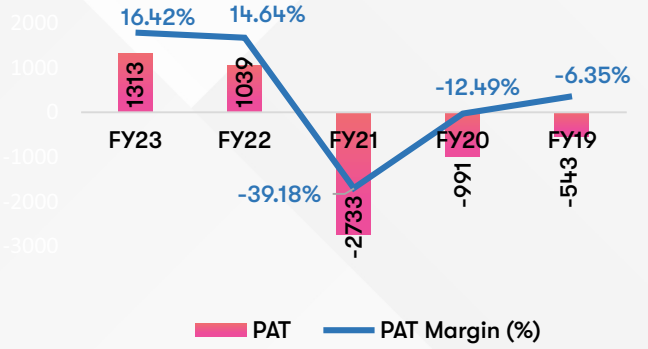
Operational Enhancements: The bank is actively working on operational enhancements, including addressing issues related to accounts categorized as Special Mention Accounts Stage 2 (SMA 2). Initiatives such as establishing a dedicated CASA back office are geared towards regulatory compliance and streamlining customer onboarding. Technological upgrades are being implemented to improve the efficiency and speed of acquiring CASA accounts.

Expansion and Partnerships: Punjab and Sind Bank has strategic plans for expanding its presence through new branches and strengthening its ATM network. Additionally, the bank aims to attract retail term deposits and introduce new products in the current and savings segments. The introduction of co-branded credit cards and partnerships in the bank assurance business is also on the agenda. The successful launch of a mutual fund fintech platform and partnerships in the health and non-life insurance sectors are indicative of the bank's commitment to diversification and growth.

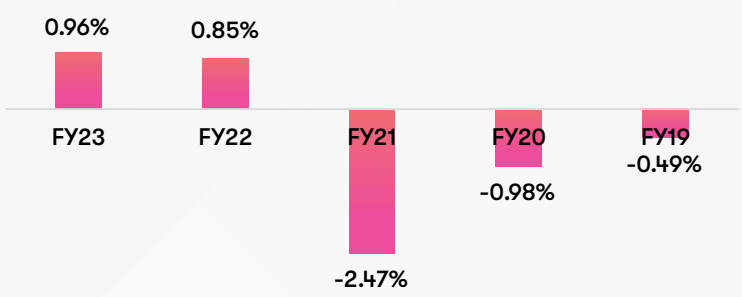




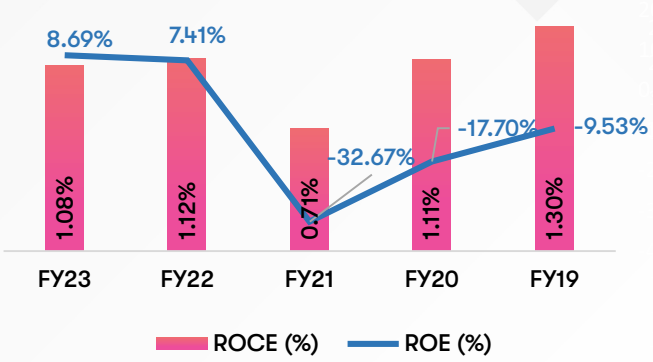
PAT & PAT Margins (%)



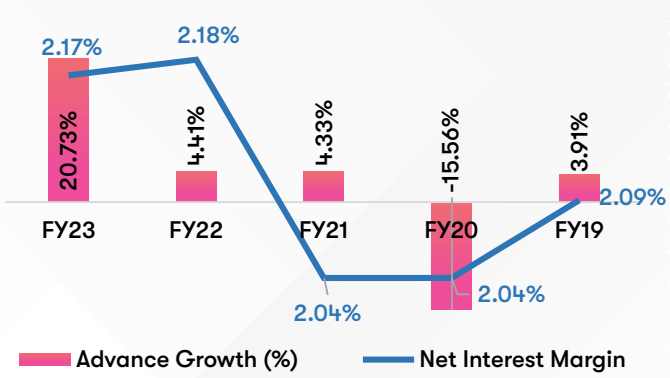
ROA (%)



ROCE (%) & ROE (%)



Advance Growth (%) & NIM (%)



Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	7992.7	7095.8	6973.9
Interest Expense	5019.4	4444.5	4712.0
Net Interest Income	2973.4	2651.3	2261.9
Growth %	12.1%	17.2%	9.9%
Non Interest Income	940.0	959.4	902.8
Net Income	3913.3	3610.7	3164.7
Employee Cost	1544.4	1453.4	1688.1
Other Operating Exp.	919.0	827.2	705.4
Operating Income	1449.9	1330.1	771.2
Provisions	136.9	291.0	3504.1
PBT	1313.0	1039.0	-2732.9
Taxes	0.0	0.0	0.0
Net Profits	1313.0	1039.0	-2732.9
Growth %	26.4%	138.0%	-175.8%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	6777.8	6777.8	4052.7
Reserves & Surplus	8330.7	7232.8	4310.4
Shareholders Fund	15108.5	14010.6	8363.0
Minority Interest	0.0	0.0	0.0
Deposits	109665.5	102137.0	96108.2
Borrowings	9018.4	2443.6	2643.6
Other Liabilities	2662.1	2476.3	3367.1
Total	136454.5	121067.5	110481.9
Application of Funds			
Cash with RBI & Call Money	6296.7	6288.2	8339.5
Investments	44838.4	42280.9	32022.8
Advances	76819.4	63626.6	60941.7
Fixed Assets	1519.4	1577.4	1584.9
Other Assets	6980.5	7294.4	7593.1
Total	136454.5	121067.5	110481.9

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	1.9	2.6	-35.7	CASA (%)	33.6%	33.8%	32.8%
Book Value (Rs)	22.3	20.7	20.6	Cost to Income (%)	63.0%	63.2%	75.6%
P/E Ratio	13.5	5.9	N.A	GNPA (%)	7.0%	12.2%	13.8%
P/B Ratio	1.2	0.7	0.9	NNPA (%)	1.8%	2.7%	4.0%
ROCE (%)	4.8%	4.9%	5.1%	CAR (%)	17.1%	18.5%	17.1%
Net Profit Margin (%)	16.4%	14.6%	-39.2%	Advance Growth (%)	20.7%	4.4%	4.3%
ROA (%)	1.0%	0.9%	-2.5%	Credit to Deposits (%)	70.1%	62.3%	63.4%
ROE (%)	8.7%	7.4%	-32.7%	PCR (%)	89.1%	87.9%	82.9%

State Bank Of India (SBIN:IN)

Founded in 1806 as the Bank of Calcutta, the State Bank of India (SBI) has grown to become the largest public sector bank in the nation. With a vast network of branches in India and overseas, SBI offers a comprehensive range of banking and financial services. Its robust infrastructure, combined with a deep-rooted presence in rural and urban India, underscores its significant role in the Indian banking sector.

Financial Health and Key Metrics: State Bank of India, an illustrious Fortune 500 entity, stands as an embodiment of banking excellence in the form of an Indian multinational public sector bank. Anchored in Mumbai, SBI's heritage spans over 200 years, intertwining India's banking history with its own. The Q1FY24 figures offer a glimpse into its financial might, boasting a Capital Adequacy Ratio of 14.50% and a Net Interest Margin of 3.34%. Additionally, the bank has managed to contain its Gross and Net NPAs at 4.77% and 1.23% respectively, with a healthy CASA Ratio of 45.15%.

Operational Reach: SBI's operational expanse is vast, with an impressive network of 22,219 branches and roughly 62,617 ATMs spread across India's length and breadth. Moreover, its commitment to servicing diverse customer segments is showcased by its stewardship of approximately 71,968 business correspondent outlets nationwide.

Market Dominance and Portfolio: Undoubtedly a market leader, SBI commands 22.84% and 19.69% of India's total deposits and advances, respectively. The bank's clientele is expansive, catering to nearly 45 crores of India's population. It maintains a well-balanced loan book with considerable diversification, with retail loans at 39%, corporate at 37%, SME at 14%, and agriculture at 10%. The emphasis on retail is evident with home loans constituting 68% of the segment.

Global Presence and Specialized Operations: On the global frontier, SBI's influence extends to 233 branches/offices in 32 countries, marking its presence in major economies like the USA, Canada, Russia, and Australia. This international venture garners 3% of its total deposits and 13% of its advances. Parallelly, SBI's diversified interests are mirrored in its portfolio of subsidiaries, encompassing SBI Capital Markets Ltd, SBI DHFI Ltd, SBI Cards and Payment Services Ltd, and SBI Life Insurance Co. Ltd, to name a few. The bank's alignment with governmental goals is further emphasized by its dominant role in government business, realizing a massive turnover in FY20. It also champions financial inclusion, leading with 40% of all PMJDY accounts.

Expansion and Integration: In a strategic move that fortified its market position, SBI underwent amalgamation with five of its associate state banks and the Bharatiya Mahila Bank in March 2017. To encapsulate, State Bank of India, with its vast networks, robust financials, and unwavering commitment to service, continues to play a pivotal role in steering India's banking trajectory towards unprecedented heights.

Stock Data	
CMP	573
52 Week High/Low	630/499
Face Value (Rs)	1
Market Cap (In Crs)	511112
NSE	SBIN
BSE	500112
Bloomberg	SBIN:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	57.49%	57.47%
FII	9.89%	10.36%
DII	25.20%	24.83%
Public	7.40%	7.30%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
SBIN	-4.37	5.27	5.33

Key Ratios	
P/E	7.64
Debt To Equity	13.90
ROE (%)	16.80%
ROCE (%)	5.20%
Dividend Yield	1.90%

State Bank of India's Q1 FY 2023-24 Earnings Call Highlights

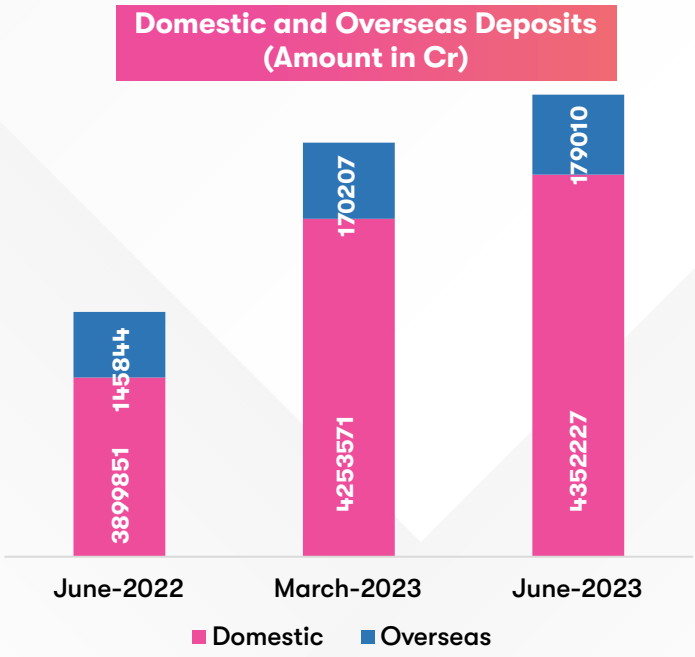
Financial Performance: In Q1FY24, SBI achieved its highest-ever quarterly profit of 16,884 crores, reflecting a remarkable 178.25% YoY increase in net profit, coupled with a substantial 98.37% growth in operating profit. Notably, the bank achieved a historic low in its gross NPA ratio, now standing at 2.76%, the lowest in over a decade. Domestic advances experienced robust growth, up by 15.08% YoY, with expectations for further credit and deposit growth of 14-15% in FY24. SBI remains well-capitalized, boasting a capital adequacy ratio of 14.56% and CET one ratio of 10.19%.

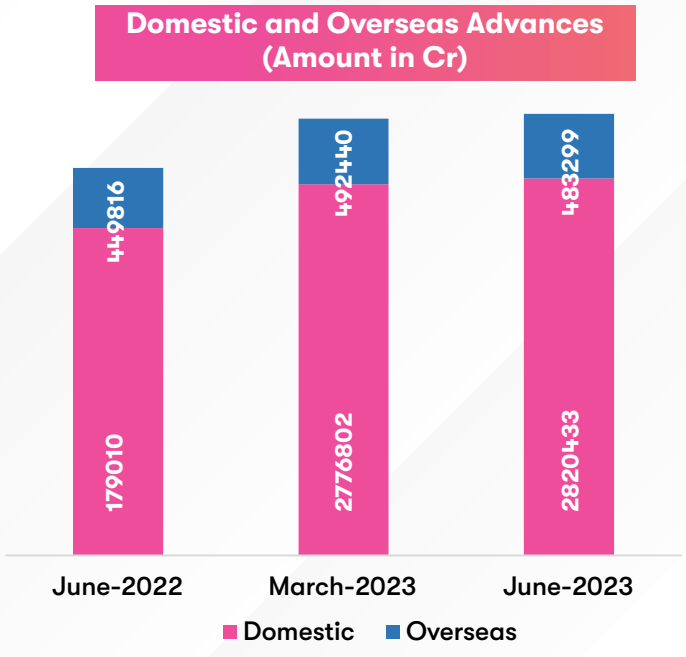
Digital Transformation and Customer Acquisition: SBI's strategic focus extends to digital and physical channels for customer acquisition, with promising growth in its subsidiaries. The bank anticipates a net interest margin (NIM) of approximately 3.47% in FY24, demonstrating confidence in expanding across various sectors, including retail, corporate, SME, and rural segments. Despite the HDFC and HDFC Bank merger, SBI does not foresee significant competition.

CASA Behavior and Strategy: SBI's CASA behavior throughout different phases, pre-pandemic, during the pandemic, and post-pandemic, highlights its resilience. Currently, CASA stands at around 42-43% post-pandemic, with efforts to strengthen it further. The bank aims to augment current accounts from trade, commerce, industry, trusts, and more to compensate for decreased government accounts. Focus remains on enhancing CASA and resource cost reduction.

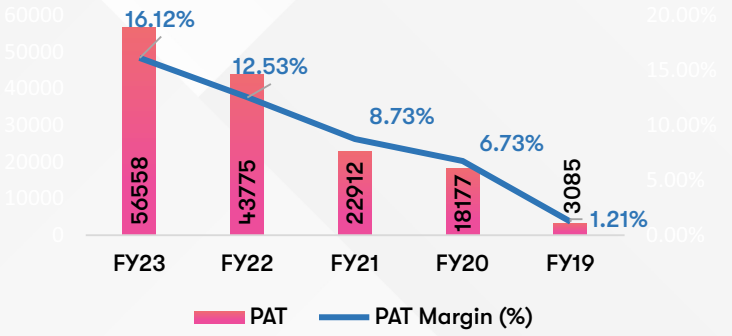
Business Strategy and Growth Opportunities: SBI strives to boost cross sales, exploring open architecture for further growth, and addressing sluggishness in fee income lines. Slippages across segments reveal potential recovery opportunities, with significant improvements expected in the renewable sector, infrastructure, road construction, and steel entities. The bank focuses on deepening relationships with existing branches and leveraging digital channels.

Outlook and Loan Book: SBI anticipates a deposit growth of 12-13% and an advance growth of 14-15%. Their loan book breakdown shows 26% fixed-rate and 74% floating-rate loans. SBI's remarkable financial performance, digital transformation initiatives, and strategic outlook reflect its commitment to growth and customer-centric banking services.

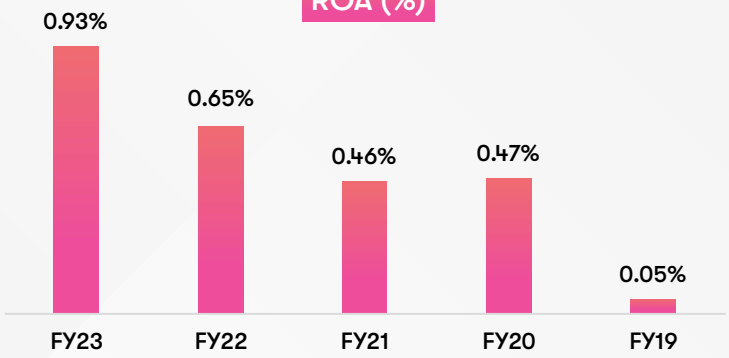




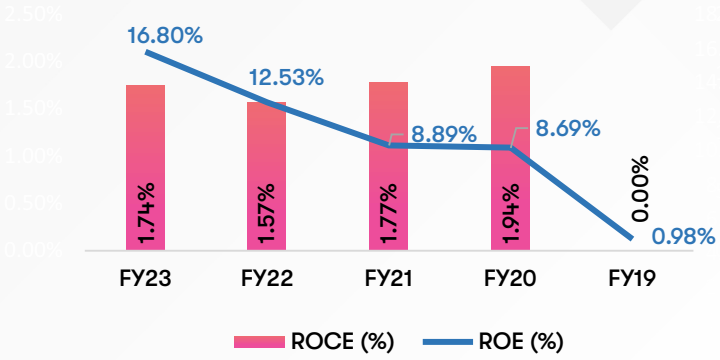
PAT & PAT Margins (%)



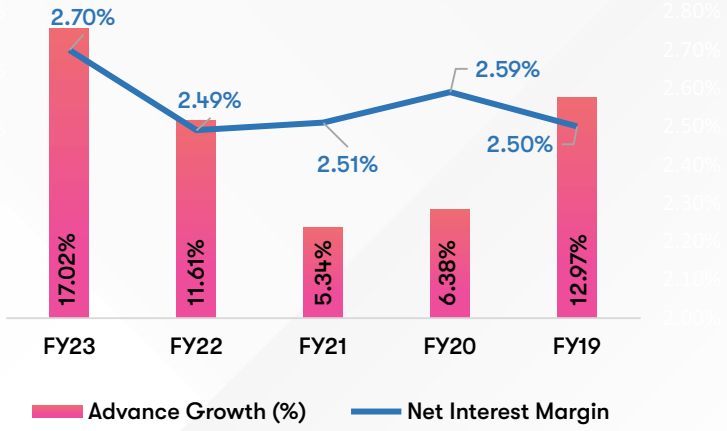
ROA (%)



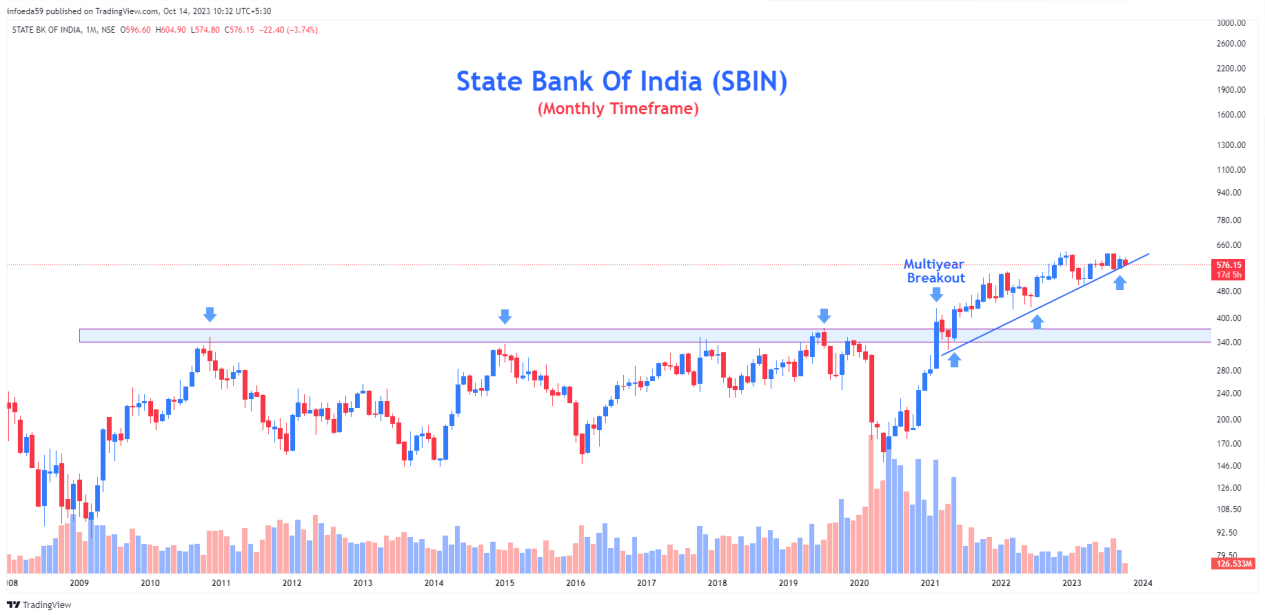
ROCE (%) & ROE (%)



Advance Growth (%) & NIM (%)



Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	350844.6	289972.7	278115.5
Interest Expense	189980.8	156194.3	156010.2
Net Interest Income	160863.8	133778.4	122105.3
Growth %	20.2%	9.6%	12.3%
Non Interest Income	122533.6	117000.4	107222.4
Net Income	283397.3	250778.8	229327.7
Employee Cost	61920.9	61445.1	54330.8
Other Operating Exp.	127893.6	112918.3	96098.8
Operating Income	93582.8	76415.3	78898.1
Provisions	18184.6	40059.2	54618.4
PBT	75398.3	36356.2	24279.7
Taxes	18839.9	0.0	0.0
Net Profits	56558.4	36356.2	24279.7
Growth %	55.6%	49.7%	33.6%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	892.5	892.5	892.5
Reserves & Surplus	358038.9	304695.6	274669.1
Shareholders Fund	330282.6	281317.7	251091.8
Minority Interest	12836.6	11207.4	9625.9
Deposits	4468535.5	4087410.6	3715331.2
Borrowings	521152.0	449159.8	433796.2
Other Liabilities	592962.9	507517.7	411303.6
Total	5954418.3	5360883.5	4845618.6
Application of Funds			
Cash with RBI & Call Money	318311.9	398905.1	347707.0
Investments	1913107.9	1776489.9	1595100.3
Advances	3267902.1	2794076.0	2500599.0
Fixed Assets	44407.4	39510.0	40166.8
Other Assets	410689.0	351902.5	362045.5
Total	5954418.3	5360883.5	4845618.6

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	62.4	39.6	25.1	CASA (%)	42.7%	44.5%	45.4%
Book Value (Rs)	371.1	316.2	282.3	Cost to Income (%)	67.0%	69.5%	65.6%
P/E Ratio	8.4	12.5	14.5	GNPA (%)	2.8%	4.0%	5.0%
P/B Ratio	1.4	1.6	1.3	NNPA (%)	0.7%	1.0%	1.5%
ROCE (%)	5.3%	4.8%	5.3%	CAR (%)	14.7%	13.9%	13.7%
Net Profit Margin (%)	16.1%	12.5%	8.7%	Advance Growth (%)	17.0%	11.6%	5.3%
ROA (%)	0.9%	0.7%	0.5%	Credit to Deposits (%)	72.3%	67.5%	66.5%
ROE (%)	16.8%	12.5%	8.9%	PCR (%)	91.9%	90.2%	87.8%

Union Bank (UNBK:IN)

Union Bank of India, established in 1919, stands as one of the largest public sector banks in the country. With its headquarters in Mumbai, the bank boasts a rich legacy of serving a wide clientele base. It has persistently evolved, leveraging technology and modern banking tools to offer a comprehensive suite of financial services. The bank's commitment to nation-building and economic development has made it a trusted financial partner for millions.

Organizational Overview and Branch Network: Union Bank of India stands as a key player in the banking arena, offering a plethora of services that include Banking Services, Government Business, Merchant Banking, Agency Business, Insurance, Mutual Funds, and Wealth Management. With a pivotal role as the third-largest lender in the MSME and Agriculture sector and the fourth largest in the retail sector among the PSBs, Union Bank's commitment is evident. Its vast presence encompasses 8,580 branches, including 8,577 domestic and three international branches in locations like Hong Kong, Sydney, and Dubai. Notably, nearly 59% of these branches cater to the rural and semi-urban regions, emphasizing the bank's dedication to serving diverse demographics.

Financial Health and Key Metrics: Union Bank's financial stability is reflected in its key ratios. A Capital Adequacy Ratio of 16.04% and a Net Interest Margin of 2.57% are indicative of its robust financial framework. While the bank maintains a Gross NPA of 7.34% and a Net NPA of 1.18%, its CASA Ratio is at 35.17%. Union Bank has also witnessed a notable Advance Growth of 15.26% and maintains a Provisions Coverage Ratio (PCR) of 90.34%.

Customer Base and Loan Portfolio: Post the merger with Andhra and Corporation Bank, Union Bank proudly serves a vast customer base of 21.67 crore. Diving deeper into its loan book reveals that corporate advances dominate at 46%, followed by MSME at 15%, Retail at 20%, and Agriculture at 19%. The retail book is further diversified with home loans forming half of the advances, followed by other segments like mortgage loans, vehicle loans, education loans, and personal loans.

Mergers and Equity Infusions: The union of Andhra Bank and Corporation Bank with Union Bank in April 2020 has been transformative. This amalgamation saw the allotment of around 100 crore equity shares to Andhra Bank shareholders and nearly 198 crore equity shares to Corporation Bank shareholders. Following this merger, the bank's total business almost doubled. Furthermore, Union Bank received significant equity infusion from the Government of India across three fiscal years, with the government's shareholding increasing progressively.

With its widespread presence, diversified portfolio, and strong government support, Union Bank continues its journey, forging paths of growth and customer-centricity.

Stock Data	
CMP	102
52 Week High/Low	113/42.60
Face Value (Rs)	10
Market Cap (In Crs)	75717
NSE	UNIONBANK
BSE	532477
Bloomberg	UNBK:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	83.49%	83.49%
FII	1.66%	1.46%
DII	8.27%	7.88%
Public	6.57%	7.17%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
Union Bank	6.30	39.93	132.42

Key Ratios	
P/E	7.43
Debt To Equity	14.80
ROE (%)	11.40%
ROCE (%)	5.02%
Dividend Yield	2.82%

Union Bank's Q1 FY 2023-24 Earnings Call Highlights

Financial Performance: Union Bank's Remarkable Growth: Union Bank has achieved impressive financial performance, with a total business volume exceeding 19.5 trillion, reflecting a remarkable year-on-year growth of 32% in operating profit.

Net Profit Surge: The bank's net profit has surged by a notable 108%, underscoring its robust financial position.

Enhanced Net Interest Margin: Union Bank has improved its net interest margin (NIM), reaching 3.13%, indicating efficient management of interest-bearing assets.

Asset Quality Improvement: The bank has successfully reduced both gross and net non-performing assets (NPA), showcasing its commitment to maintaining a healthy loan portfolio.

Digital Initiatives: Digital Banking Transformation: Union Bank is strategically focusing on digital initiatives to enhance digital banking services and elevate the overall customer experience.

Margin Aspirations: The bank aims to achieve a margin of around 3%, reflecting its commitment to financial growth and efficiency.

Cost-to-Income Management: Union Bank is dedicated to maintaining a cost-to-income ratio within the range of 44-45%, ensuring optimal operational efficiency.

Robust Recovery Efforts: The bank sets a clear target of keeping gross NPA below 6% and net NPA below 1%, emphasizing the importance of asset quality management.

Credit Cost and Recoveries: Prudent Credit Cost Management: Union Bank closely monitors credit cost, with the expectation that it will remain under control, contributing to financial stability.

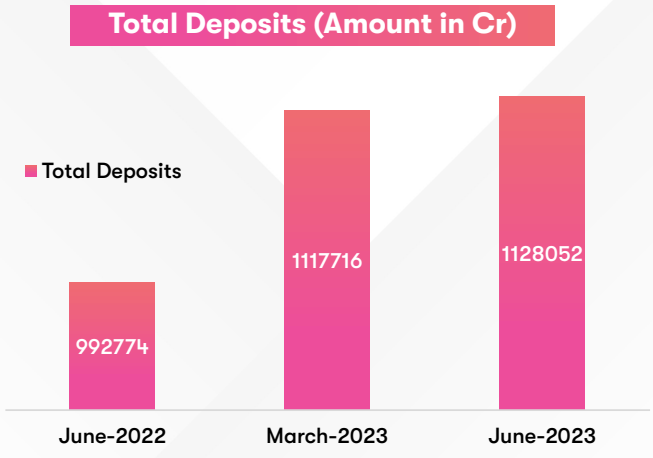
NARCL Settlements: The bank actively utilizes the National Asset Reconstruction Company Limited (NARCL) for account settlements, anticipating further recoveries.

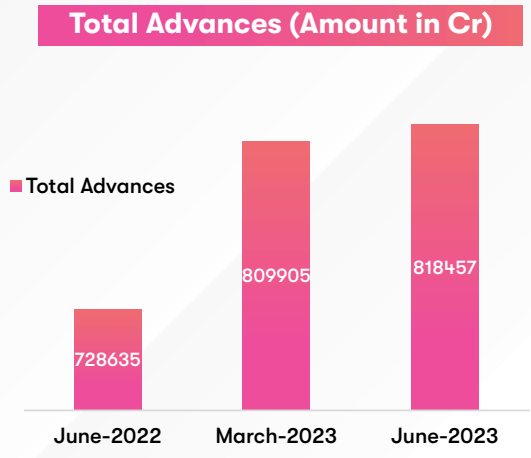
Fee-Based Income: Union Bank reports a noteworthy fee-based income of INR 1,947 crores, diversifying its income streams.

Treasury Income: The bank also records a treasury income of INR 775 crores, contributing to its overall revenue.

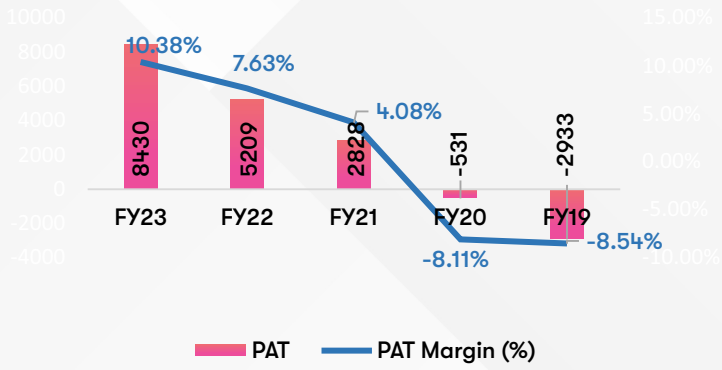
QIP Endeavor: Union Bank is in the process of raising funds through a Qualified Institutional Placement (QIP), bolstering its financial resources for future growth initiatives.

In summary, Union Bank's financial performance reflects a robust and dynamic institution with a clear strategic vision. The bank is committed to enhancing its financial strength, embracing digital transformation, and maintaining a strong focus on asset quality and operational efficiency.

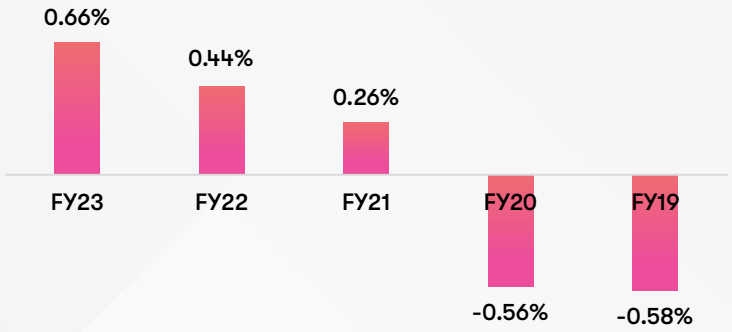




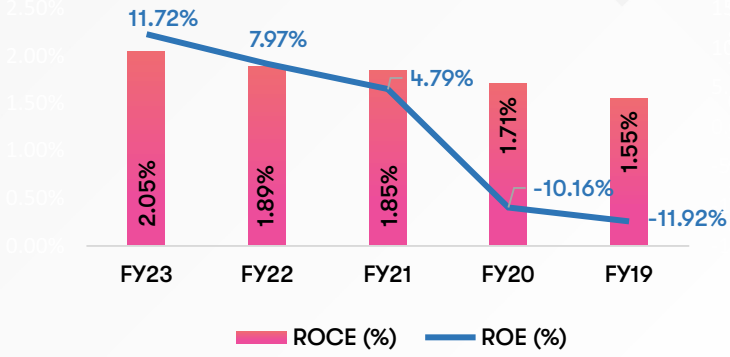
PAT & PAT Margins (%)



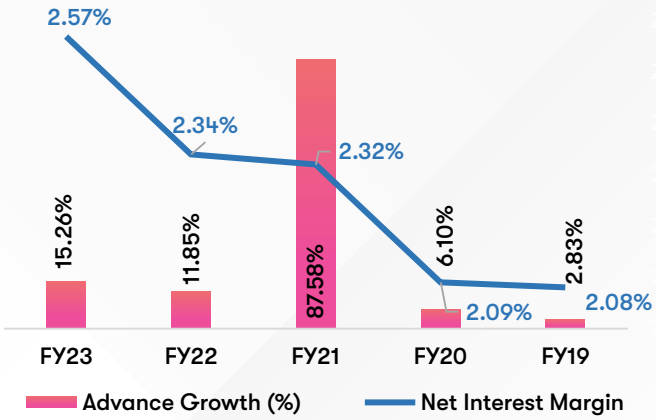
ROA (%)



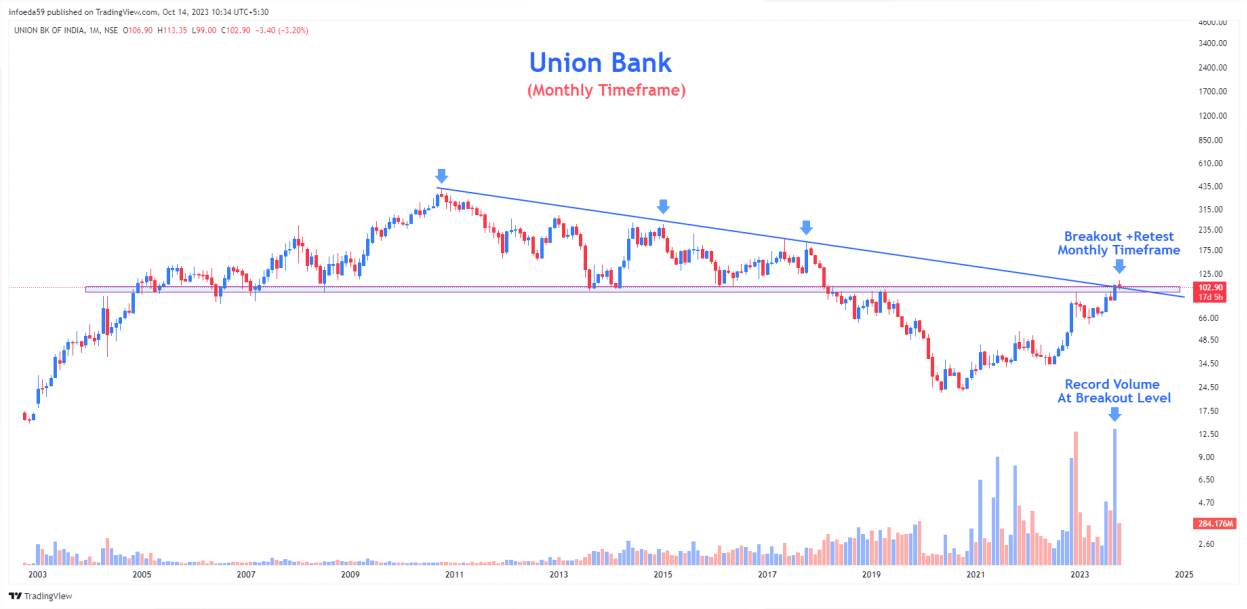
ROCE (%) & ROE (%)



Advance Growth (%) & NIM (%)



Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	81,163.2	68,229.7	69,311.5
Interest Expense	48,032.8	40,178.5	44,112.4
Net Interest Income	33,130.3	28,051.2	25,199.1
Growth %	18.1%	11.3%	116.4%
Non Interest Income	15,915.4	13,524.4	13,899.1
Net Income	49,045.7	41,575.6	39,098.1
Employee Cost	12,524.0	10,263.7	9,230.8
Other Operating Exp.	10,963.3	9,438.9	10,520.7
Operating Income	25,558.4	21,873.0	19,346.6
Provisions	13,411.8	13,306.7	17,019.4
PBT	12,146.5	8,566.3	2,327.2
Taxes	3,716.2	3,357.8	-500.8
Net Profits	8,430.3	5,208.5	2,828.0
Growth %	61.9%	84.2%	193.0%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	6938.8	6938.8	6510.9
Reserves & Surplus	71864.8	63922.4	58226.9
Shareholders Fund	65732.3	59165.3	53328.5
Minority Interest	0.0	0.0	0.0
Deposits	1120321.9	1034367.8	925653.9
Borrowings	42736.6	51245.2	51922.2
Other Liabilities	46495.1	37291.5	40063.5
Total	1288357.1	1193765.6	1082377.4
Application of Funds			
Cash with RBI & Call Money	112598.9	119758.2	84763.3
Investments	343727.0	351839.0	339058.5
Advances	764276.7	663355.7	593320.1
Fixed Assets	8848.0	7208.3	7366.4
Other Assets	58906.6	51604.4	57869.1
Total	1288357.1	1193765.6	1082377.4

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	12.4	7.8	4.5	CASA (%)	35.2%	36.5%	36.3%
Book Value (Rs)	106.2	96.6	93.2	Cost to Income (%)	47.9%	47.4%	50.0%
P/E Ratio	5.4	5.0	7.6	GNPA (%)	7.5%	11.1%	13.7%
P/B Ratio	0.6	0.4	0.4	NNPA (%)	1.7%	3.7%	4.6%
ROCE (%)	5.93%	5.37%	6.09%	CAR (%)	16.0%	14.5%	12.6%
Net Profit Margin (%)	10.38%	7.63%	4.08%	Advance Growth (%)	15.3%	11.9%	87.6%
ROA (%)	0.66%	0.44%	0.26%	Credit to Deposits (%)	68.2%	64.0%	64.0%
ROE (%)	11.72%	7.97%	4.79%	PCR (%)	90.3%	83.6%	81.3%

UCO Bank (UCO:IN)

UCO Bank, originally known as the United Commercial Bank, was established in 1943 in Kolkata. With its rich heritage, the bank has played a pivotal role in advancing banking services across the country. Committed to ethical practices and customer satisfaction, UCO Bank has diversified its services over time, ensuring its relevance in an ever-evolving banking landscape.

Capital Adequacy and Financial Health: UCO Bank exhibits a robust capital position, surpassing regulatory requirements with a Capital Adequacy Ratio of 16.51%. This financial strength is complemented by a healthy Net Interest Margin of 2.57%, showcasing the bank's capacity to efficiently generate revenue from core banking operations. Asset quality is reassuring, with Gross Non-Performing Assets (NPA) at 4.78% and Net NPA at 1.29%. Additionally, a strong Current and Savings Account (CASA) Ratio of 36.78% underscores the bank's efficient management of low-cost deposits.

Extensive Branch Network: The bank's vast branch network includes around 3,209 branches and 2,411 ATMs spread across India, primarily concentrated in the North and East regions. This extensive network ensures convenient access to services for a diverse customer base.

Diverse Loan Portfolio: UCO Bank maintains a diversified loan portfolio, with retail advances constituting 24.3% of total advances, followed by Micro, Small, and Medium Enterprises (MSMEs) at 21.7%. Corporate and other sectors make up 37.4%, while agriculture represents 16.4%. This diversification mitigates risk and enables the bank to serve a wide range of customers effectively.

Credit Rating and Industry Exposure: The bank's loan book is solid, with 69% rated 'A' or higher, inspiring confidence. Only 8.89% are rated 'BBB' or lower, reflecting measured credit risk. The bank also has substantial exposure to sectors like infrastructure and NBFCs, demonstrating prudent risk management in its diverse portfolio.

Business Diversification and Global Presence: UCO Bank has diversified its business by entering the banc-assurance sector, collaborating with LIC, Future Generali Indian Insurance, and SBI Life Insurance to offer life insurance policies to customers. This strategic move expands the bank's service offerings. While primarily domestic, the bank maintains a limited international presence with branches in Hong Kong and Singapore. As of March 31, 2023, overseas branches contributed 7.49% to the bank's global business, including deposits and advances.

Capital Infusions: Over the past seven years, the bank has significantly raised capital from the Government of India, increasing its equity capital from ₹1,000 crores to ₹11,956 crores. These capital infusions have strengthened the bank's financial stability, enabling it to meet regulatory requirements and support its expansion plans.

Stock Data	
CMP	39.9
52 Week High/Low	48.5/11.50
Face Value (Rs)	10
Market Cap (In Crs)	47704
NSE	UCOBANK
BSE	532505
Bloomberg	UCO:IN
Sector	PSU Banks

Shareholding Pattern (in %)		
	Mar-23	June-23
Promoter	95.39%	95.39%
FII	0.16%	0.05%
DII	1.37%	1.35%
Public	3.08%	3.20%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.58	11.09	13.63
UCO	-1.36	44.91	243.53

Key Ratios	
P/E	24.30
Debt To Equity	10.50
ROE (%)	7.55%
ROCE (%)	4.75%
Dividend Yield	0.0%

UCO Bank's Q1 FY 2023-24 Earnings Call Highlights

Financial Performance: UCO Bank reported robust financial performance in Q1FY24, with total business expanding by 16%. Deposits contributed to a 10.80% growth, while advances exhibited remarkable growth at 25%. The bank effectively managed asset quality, resulting in a decrease in gross NPA to 4.48% and improved net NPA at 1.18%. Notably, net profit surged by an impressive 80.80% to reach Rs. 223 crores during this quarter.

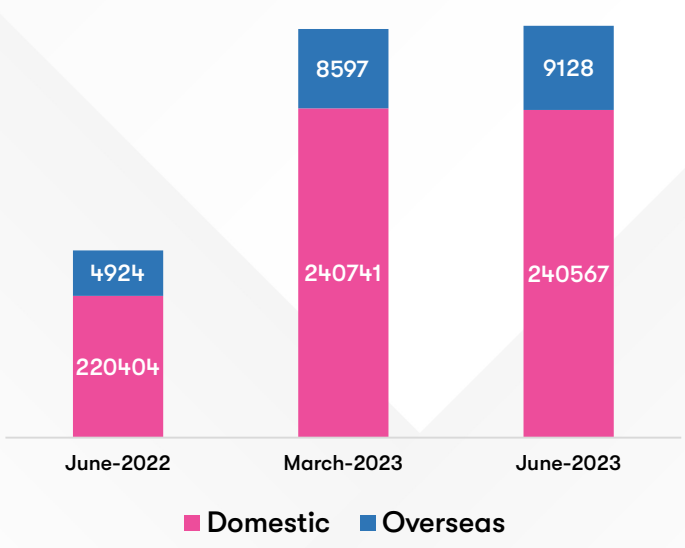
Business Strategy: UCO Bank's strategic focus is on maintaining a balanced portfolio comprising retail, agriculture, and MSME loans, with plans to rebalance the corporate credit portfolio. The bank aims to enhance CASA deposits and operational efficiency, ultimately boosting profitability and ROA. Furthermore, UCO Bank is proactively embracing digital transformation initiatives and has initiated tab banking.

Partnerships and Expansion: UCO Bank has positioned itself as a preferred banker for Russia settlements and is facilitating SBRA accounts for Russian banks. Leveraging its stronghold in the eastern region, the bank intends to bolster CASA deposits from individuals and institutions. By establishing accounts for Russian banks, UCO Bank seeks to cross-sell financial products to importers and exporters. The bank has also set up dedicated international divisions in Mumbai and Delhi to cater specifically to export businesses.

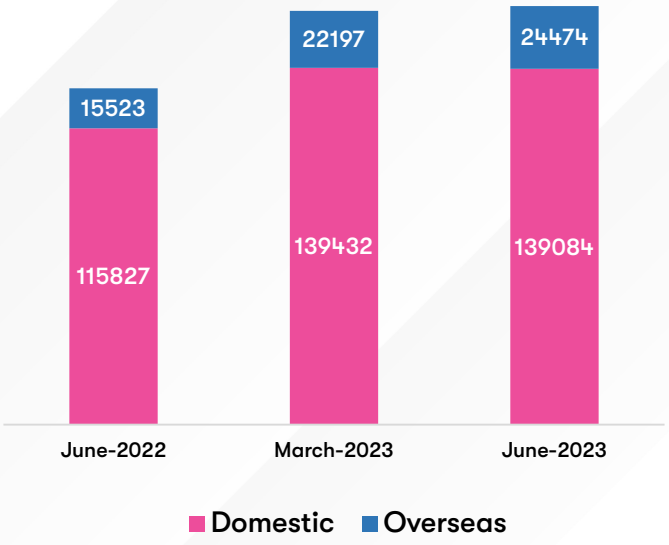
Loan Portfolio and Growth Plans: The bank's growth strategy includes expanding its gold loan portfolio and focusing on retail housing, vehicle, and personal loans. Exploring the possibility of converting equity capital into Tier 1 bonds to reduce government holding is under consideration. UCO Bank is committed to its growth trajectory and anticipates delivering stronger results in the future.

Provisions and Asset :Management: The bank conducts quarterly reviews of provisions, with an additional allocation of Rs. 1,000 crores. While actively monitoring its asset quality, UCO Bank currently does not have immediate plans for the monetization of surplus assets.

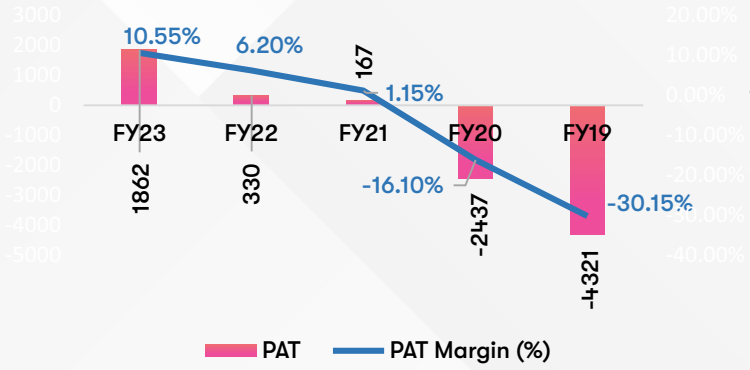
Domestic and Overseas Deposits (Amount in Cr)



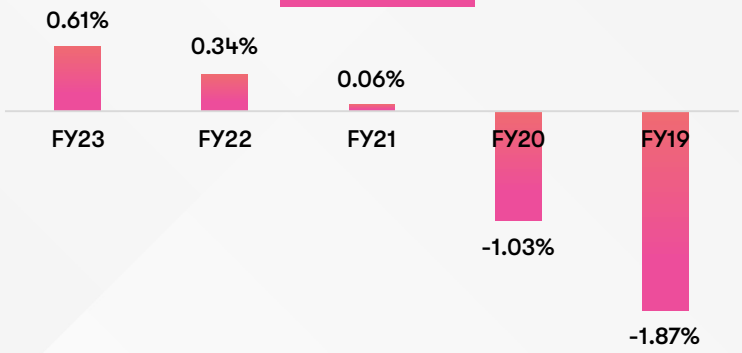
Domestic and Overseas Advances (Amount in Cr)



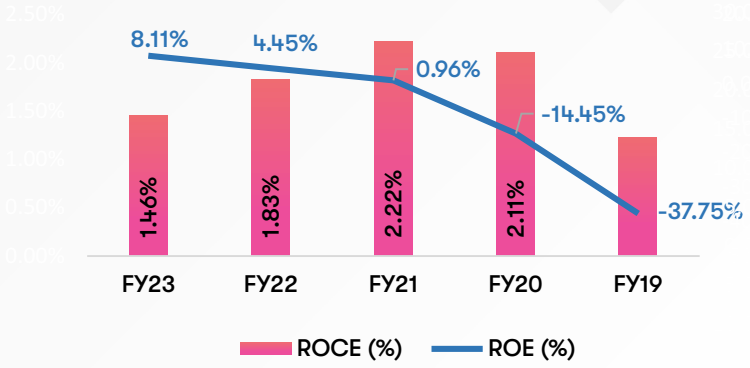
PAT & PAT Margins (%)



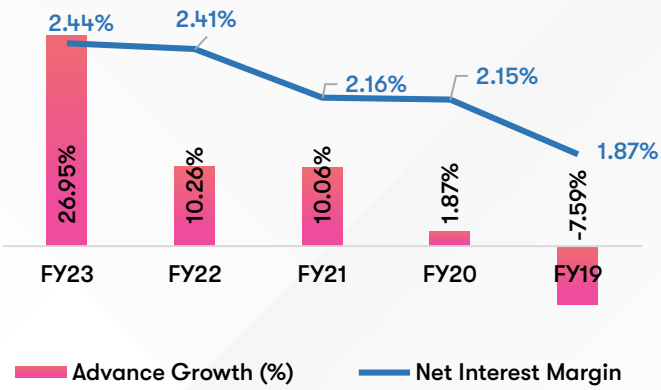
ROA (%)



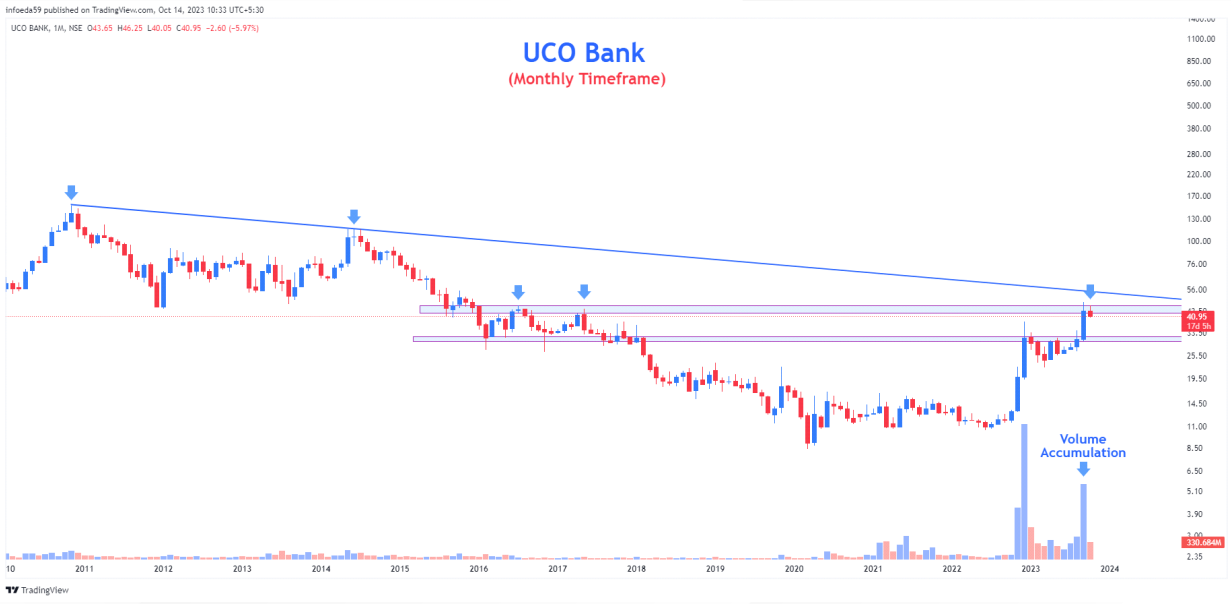
ROCE (%) & ROE (%)



Advance Growth (%) & NIM (%)



Technical Outlook



PROFIT & LOSS STATEMENT

Particulars	FY23	FY22	FY21
Interest Earned	17650.5	14981.3	14446.2
Interest Expense	10307.4	8508.4	8966.5
Net Interest Income	7343.1	6473.0	5479.7
Growth %	13.4%	18.1%	7.6%
Non Interest Income	2508.5	3100.8	3424.2
Net Income	9851.6	9573.8	8903.9
Employee Cost	3872.7	3314.3	3442.7
Other Operating Exp.	1638.2	1462.0	1312.2
Operating Income	4340.7	4797.4	4149.1
Provisions	2478.3	3867.7	3982.0
PBT	1862.4	929.8	167.0
Taxes	0.0	0.0	0.0
Net Profits	1862.4	929.8	167.0
Growth %	100.3%	456.6%	106.9%

BALANCE SHEET STATEMENT

Particulars	FY23	FY22	FY21
Sources of Funds			
Equity Capital	11956.0	11956.0	9918.3
Reserves & Surplus	13647.7	11512.8	9998.2
Shareholders Fund	10844.4	8780.6	7306.7
Minority Interest	0.0	0.0	0.0
Deposits	249337.7	224072.9	205919.4
Borrowings	20501.1	13508.1	15382.6
Other Liabilities	5259.7	6609.5	9427.7
Total	300702.2	267659.3	253246.2
Application of Funds			
Cash with RBI & Call Money	28728.1	26148.0	23600.2
Investments	95008.5	96749.1	93693.0
Advances	155870.2	122784.4	111354.5
Fixed Assets	21095.4	21977.8	24598.4
Other Assets	0.0	0.0	0.0
Total	300702.2	267659.3	253246.2

KEY RATIOS

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
EPS (Rs)	1.5	0.8	0.1	CASA (%)	36.8%	39.4%	39.2%
Book Value (Rs)	19.1	17.3	17.4	Cost to Income (%)	55.9%	49.9%	53.4%
P/E Ratio	16.2	14.8	110.0	GNPA (%)	4.8%	7.9%	9.6%
P/B Ratio	1.3	0.7	0.6	NNPA (%)	1.3%	2.7%	3.9%
ROCE (%)	5.0%	5.1%	5.4%	CAR (%)	16.5%	13.7%	13.7%
Net Profit Margin (%)	10.6%	6.2%	1.2%	Advance Growth (%)	27.0%	10.3%	10.1%
ROA (%)	0.6%	0.3%	0.1%	Credit to Deposits (%)	62.5%	54.8%	54.1%
ROE (%)	8.0%	4.3%	0.8%	PCR (%)	94.5%	91.4%	88.4%

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