Axis Annual Analysis 2021

MAS Financial Services Ltd.

AXIS SECURITIES

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Annual Report Analysis

03rd Nov 2021

MAS Financial Services Ltd.

NBFC

Buy

Target Price

925

COVID-19 Headwinds Well-Managed, Focus Shifts to Accelerate Growth!

Summary

FY21 was a tough year for the smaller NBFCs with the advent of COVID-19 decelerating growth momentum and denting asset quality as well as testing their business model resilience. MAS Financial's (MAS) persistent focus on maintaining asset quality instead of chasing growth enabled it to successfully contain both asset quality as well as credit costs within manageable levels. The company also maintained adequate liquidity and strong capital adequacy which helped it fuel growth over the medium term.

Key Highlights

- **Financial Performance:** COVID-19 induced lockdowns hampered the company's disbursement growth momentum in H1FY21. However, it regained the momentum in H2FY21 with geographies unlocking and borrower businesses picking up. Subdued performance on disbursements resulted in an AUM de-growth of 10% YoY. Resultantly, NII, too, de-grew by 2dc3% YoY. NIMs remained under pressure on account of excess liquidity and lower NII. Despite cost savings, a dip in NII and lower non-interest income resulted in PPOP de-growth of 14% YoY. The company managed its asset quality well which resulted in credit costs remaining in check at 2.1% vs 2.5% in FY20. PAT de-grew by 14% YoY.
- **Asset Quality**: Persistent focus on asset quality helped MAS maintain its asset quality at sub-2% levels, despite operating in the most-impacted SME/MSME segment which was reeling under the pandemic stress. GNPA/NNPA stood at 1.9/1.5% vs 1.4/1.1% in FY20. PCR improved to 24% in FY21 from 20% in FY20. Credit costs remained under check at 2.1% and MAS carried buffer COVID provisions of Rs 56 Cr (1.4% of on-book assets).
- **Key Competitive Strengths**: (a) Large customer base providing immense growth potential; (b) Extensive presence and a wide network of branches, partners, and service agents; (c) Effective Liability Management and Asset Creation, and (d) Priority to maintain asset quality over growth ensuring stable asset quality
- **Growth Drivers**: (1) Unique Distribution Network; (2) Diversified loan book enabling MAS to cater to the unserved and under-served segment of customers; (3) Scale up of Housing Finance book, and (4) Focus on higher-yielding products to support higher margins.

Outlook & Recommendation

The management's cautious approach of lending and prioritizing asset quality over chasing growth helped the company contain its asset quality under manageable levels during the testing times of COVID-19. With gradually normalizing macroeconomic conditions, MAS would now shift focus on growing AUM. Moreover, demand picking up and the management's confidence of growing the book at 20-25% CAGR sustainably are encouraging signs. The stock has corrected significantly and underperformed the benchmark index, thereby providing a good entry point at current levels. **With the company looking to restart its growth journey after a brief pause, MAS is likely to deliver strong returns over the long term. We maintain a BUY rating on the stock with target price of Rs 925/share (3.2x FY23E BV), implying an upside of 23% from CMP.**

Key Financials (Standalone)

(Rs. Cr)	FY20	FY21	FY22E	FY23E
NII	283	219	284	358
PPOP	311	268	320	399
Net Profit	167	144	189	237
EPS (Rs.)	30.5	26.3	34.6	43.4
BV	179	215	247	290
P/BV	4.2	3.5	3.0	2.6
ROAA (%)	4.0	3.0	3.4	3.8
NNPA (%)	1.1	1.5	1.4	1.2

Source: Company, Axis Research

(CMP as of Nov 02, 2021)

CMP (Rs)	753
Upside /Downside (%)	23%
High/Low (Rs)	1108/716
Market cap (Cr)	4,117
Avg. daily vol. (6m) Shrs.	39,928
No. of shares (Cr)	5.5

Shareholding (%)

	Sep-21	Jun-21	Mar-21
Promoter	73.6	73.6	73.6
FIIs	1.7	1.6	1.6
MFs / UTI	8.5	8.7	8.8
Others	16.2	16.1	16.0

Financial & Valuations

Y/E Mar (Rs. bn)	FY21	FY22E	FY23E
NII	219	284	358
PPOP	268	320	399
Net Profit	144	189	237
EPS (Rs.)	26.3	34.6	43.4
BV	215	247	290
P/BV	3.5	3.0	2.6
ROAA (%)	2.9	3.4	3.8
NNPA (%)	1.5	1.4	1.2

Change in Estimates (%)

Y/E Mar	FY22E	FY23E
NII	-	-
PPOP	-	-
PAT	-	-

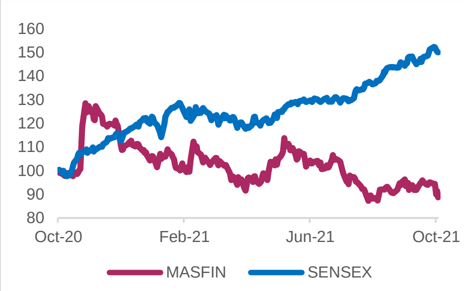
ESG disclosure Score**

Environmental Disclosure	N.A
Social Disclosure Score	N.A
Governance Disclosure Score	N.A
Total ESG Disclosure Score	N.A

Source: Bloomberg, Scale: 0.1-100

**Note: This score measures the amount of ESG data a company reports publicly, and does not measure the company's performance on any data point. All scores are based on 2020 disclosures

Relative performance



Source: Capitaline, Axis Securities

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Company Overview

MAS Financials Ltd. is a diversified financial services provider focused on low-income groups, economically weaker individuals that operate small businesses and SMEs with limited access to formal financing channels. The product portfolio is spread across categories such as micro-enterprise loans, SME loans, two-wheeler loans, and used car and commercial vehicle loans. MAS operates a unique business model of partnering with other smaller NBFCs which help it tap the emerging opportunity by extending financial services to under-penetrated regions with minimal risk. The company operates through 99 branches with the majority of its branches being present in Gujarat, Maharashtra, and Rajasthan.

FY21 Performance Round-up:

- **Muted Loan Growth** – The pandemic-induced nationwide lockdown derailed the company's growth momentum in H1FY21. However, disbursements picked up in H2FY21 led by significant pent-up demand and gradually normalizing business activities post lockdown relaxations. However, owing to the company's cautious approach, disbursements in FY21 remained below pre-COVID levels and de-grew by ~37% YoY. Furthermore, muted disbursement growth translated into AUM de-growth of 10% YoY. However, SME loans and CV loans (albeit on a lower base) registered a growth of 6%/ 31% YoY respectively.
    - ***Micro-Enterprise and SME Loans*** – This segment comprises loans extended to small enterprises spread across 190 business categories including retailers, traders, small manufacturers, and service providers. MAS provided a loan amounting to Rs 2,952 Cr to the under-served segment of MSME in FY21. The book forms ~90% of the mix of the total loan and is anticipated to be a major growth driver moving ahead.
    - ***Wheels Segment*** – This segment comprises loans extended towards the purchase of 2-wheelers (2W) and commercial vehicles (CV). As the pandemic heightened the need for personal mobility boosting the demand for 2-Wheelers and used cars, MAS disbursed loans of Rs 302 Cr during FY21. MAS has adopted a cautious approach in growing its wheels portfolio as it does not offer a favourable risk-reward ratio which the company has managed to achieve in Micro-Enterprise & SME segment.
- **Asset Quality under control and remains a key focus area** – MAS was successful in maintaining its asset quality despite multiple headwinds in the form of COVID-19 lockdowns impacting the business of borrowers, especially the MSME, which forms a large part of the customer base as well as the company's collection ability. However, through its persistent focus on collections and asset quality, MAS has successfully improved its collection efficiency (CE) to near pre-COVID levels as it exit FY21. Asset quality remained in check despite the moratorium as well as the pandemic impacting business activities of the company's core borrower base. GNPA/NNPA stood at 1.9%/1.5% while PCR improved to 24% from 20% in FY20.
- **Tightening of Credit Screens** – The company tightened its credit screens further as the uncertainty around the business and economic revival heightened in FY21. While the solvency, liquidity, and past track record of the borrowers are thoroughly assessed, the frequency has been increased to a monthly basis. The rejection rates, too, have been tightened to 40-45% vs. pre-COVID levels of 20-25%.
- **Effective Liability Management** – MAS efficiently managed its Asset Liability Management (ALM) with a strategy of a judicious mix of borrowings between term loans, debentures, direct assignment, and cash credit. Effective liquidity management helped the company maintain positive ALM across all buckets. As a prudent practice, MAS did not utilize more than 60-70% of its cash credit limits, leaving ample liquidity on hand. In such crucial times of COVID-19, where liquidity is the key, MAS remains comfortably placed to repay its debt obligations for the next 1 year despite offering a moratorium to its borrowers and not availing moratorium from lenders. Given the higher uncertainties posed by the pandemic, the company maintained higher liquidity, which put pressure on NIMs.
- **Cost Savings with business volumes remaining impacted** – During FY21, lower business volumes translated into lower Opex. Employee expense de-grew by 43% YoY mainly due to the salary cuts undertaken by the management. Other expenses de-growth was mainly aided by lower variable expenses and lower travelling costs. Overall Opex declined by 31% YoY, resulting in C-I ratio improvement to 18.7% from 22.4% in FY20. However, the management indicated that this level of C-I Ratio would not be sustainable and it would reach pre-COVID levels with the pick-up in the business activity.

Key Subisidiary Performance

- MAS Rural Housing and Mortgage Finance Ltd. aim at serving the middle income and the lower-income sector of the economy, especially in the semi-urban and rural areas. These are reckoned to be the key drivers for growth going ahead.
- The company offers affordable housing loans for middle and low-income individuals for the purchase of new and old houses, home improvement and loans for purchase and construction of the commercial property.
- The company continues its sharp focus on efficient execution. Being aware of the challenges involved in serving lower-income groups, MAS has adopted a very cautious approach in building up volumes. Nevertheless, it is confident of building substantial volumes in the near future

Particulars	FY20	FY21	Change	Comments
AUM	286.5	284.9	-0.6%	The cautious approach to slow down on the disbursements given the heightened Covid-19 related uncertainties which resulted in AUM de-growth
NII	13.3	13.1	-1.4%	AUM growth remaining flat resulted in muted performance on NII
PPOP	4.4	6.7	52.4%	Significant cost savings aided operating profit growth
Provisions	2.2	3.0	35%	
PAT	1.7	2.9	68%	Higher profitability due to lesser provisioning on account of the secure nature of housing loans
Networth	51	54		Good performance on the business front
Asset Quality				
GNPA %	0.34%	0.37%		Asset quality remained stable despite Covid-19 headwinds due to the company's persistent focus on maintaining it.
NNPA %	0.25%	0.26%		Same as above

Source: Company; Axis Securities

Key Operating Highlights

In a challenging operating environment, MAS concentrated on strengthening the balance sheet manifested in over 25% of Tier – I, close to Rs 1,000 Cr, of liquidity and a Covid-19 buffer provisions adequate to cover ~100% of net stage III assets.

- **Focus shifted away from growth –** MAS focused solely on improving collections. With a large part of the book remaining under the moratorium in Q1FY21, the company concentrated all its efforts on improving CE. Channelized efforts resulted in CE improving to near pre-Covid levels for both MAS and its NBFC partners as MAS exited FY21. However, with its primary focus being improving collection, the company's disbursement went below pre-COVID levels in FY21, translating into AUM de-growth of ~10% YoY.

Exhibit 11: Disbursement Growth decelerated in FY21

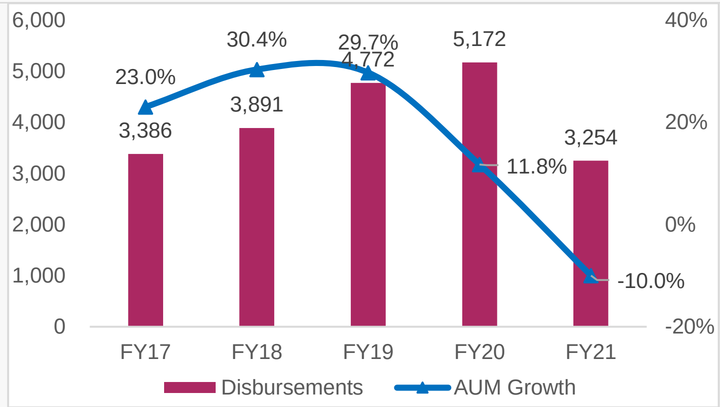
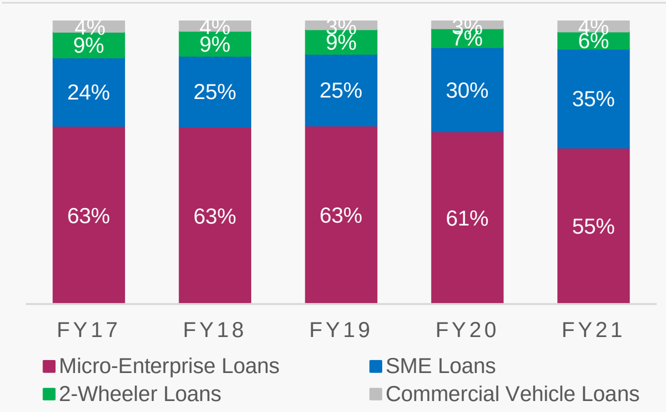


Exhibit 12: MSME dominates AUM Mix



Source: Company, Axis Securities

- **Focus on NBFC partners –** The NBFC partners through which MAS sources ~58-60% of its loans faced multiple headwinds given the customer profile and scale of its operations. Especially, NBFC-MFI partners continued to face difficulties in terms of collections with the microfinance sector being significantly impacted due to the lockdowns. The company has been regularly stress-testing the liquidity, and solvency positions of NBFC partners. While the smaller NBFC partners might face some stress on the liquidity front, the majority of these partners continued to pay even during the moratorium, reinstating the company's confidence in the resilience of its distribution model.

- **Partner NBFC: Sambandha Finserve Default –** Despite the continuous monitoring of NBFC partners' performance in terms of liquidity, solvency, capital adequacy, and asset quality, one of MAS' NBFC partners defaulted. Currently, a third-party administrator has been appointed and an aggregate amount of ~Rs 15 Cr has been recovered from Sambandha. MAS, too, is in touch with the administrator and all efforts for recovery are being made. However, the quantum of recovery cannot be ascertained. MAS has provided for 100% of the Sambandha Finserve exposure to the tune of Rs 18.4 Cr.

- **Tightening of credit screens –** The company has further tightened the credit screens. While the solvency, liquidity, and past track record of borrowers are thoroughly assessed, the frequency has also been increased to a monthly basis. The rejection rates currently stand at 40-45% vs. pre-COVID levels of 20-25% given the heightened uncertainty due to Covid-19.

- **Stressed Asset Pool remained under control** – Unabated focus on collection resulted in healthy collection efficiency and hence the company was successful in arresting the pace of slippages despite operating in the stressed customer segment. MAS was successful in capping its GNPA at 1.94% levels as it exited FY21, in line with the management guidance of below 2%. On a segmental basis, too, MAS witnessed elevated levels of stress in the 2W and CV business, while the stress in the core Micro and SME book remained relatively low.

Exhibit 11: Asset Quality Well managed

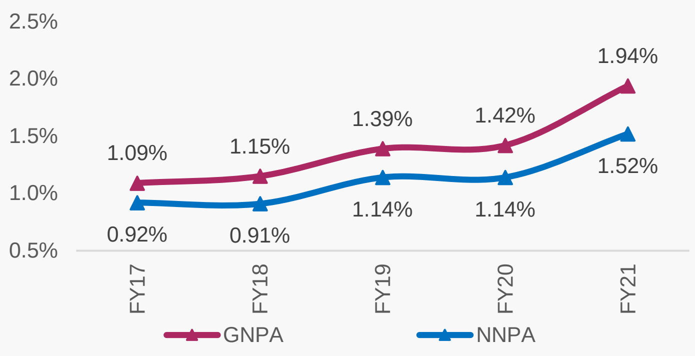
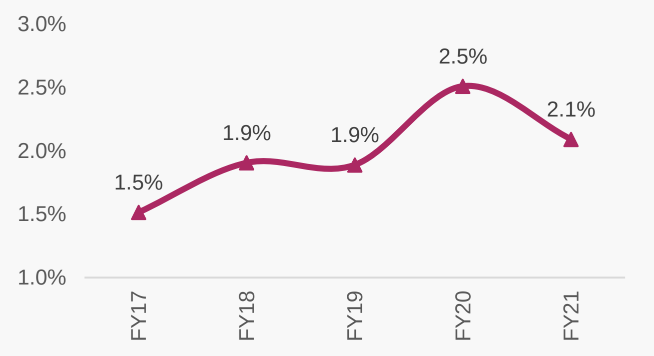


Exhibit 12: Credit Costs under control



Source: Company, Axis Securities

- **Lower Quantum of restructured loans -** The restructured book stood at Rs 15 Cr (0.3% of the total book) and was in line with the management's guidance of restricting the restructured book at sub-1% levels. The management extended the restructuring scheme only after a thorough assessment of the borrowers' repayment ability and the impact on the borrowers' cashflows post Covid-19. The lower quantum of restructuring kept the stressed asset pool under control.

Key Growth Drivers

- **Unique Business Model Provides Long Growth Runway –** MAS' partnership model with smaller NBFCs operating in similar segments with pan-India presence provides a long runway for growth. The model enables MAS to keep its Opex and credit costs under control as the entire Opex of sourcing the end-customers and the risk of default is borne by the partner NBFC. The partnership model also aids MAS' ability to understand geography better. The company currently has 120 partners.

- **Un-served and Underserved market access provides ample growth opportunities** – The customer segment to which MAS primarily caters has a huge market that needs an efficient last-mile delivery of credit, thus creating enormous opportunity to grow the book. The large part of the book namely Micro and SME is concentrated in key geographies of Maharashtra and Gujarat which remain key states for the MSME segment and among the Top-10 states housing MSME units. Similarly, with the pandemic increasing the need for personal mobility, the company will look to scale up the wheels book. The entry into the used car financing segment and 2-Wheeler financing will remain key growth drivers. Sound credit underwriting processes and focus on asset quality will help MAS maintain asset quality. The management expects to achieve an AUM of Rs 10,000 Cr over the next 3-3.5 years considering ample growth headroom, especially in the MSME segment where MAS has key competence. This implies AUM CAGR growth of 20-25% over the period.

- **Scaling up Housing Finance Subsidiary** – MAS intends to concentrate on growing the housing finance book and expects the book to contribute significantly to overall growth. The management remains optimistic about scaling up its housing finance book over the medium term (guidance of 30-35% CAGR over medium-term). The housing finance book is currently concentrated in the key states of Gujarat and Maharashtra and MAS will look to build a saleable book in these states currently. Focus markets remain in rural and Tier II (semi-urban) areas. MAS aims to generate a ROA of 2-2.5% on the housing finance book.

Risks & Mitigation

- **Higher exposure to informal sector –** MAS Financial caters to the under/un-catered customers with no or limited access to formal sources of borrowing, with a majority of its customers situated in the semi-urban and rural areas. The cash flows of these borrowers are dependent on the smooth functioning of their businesses and any major disruptive situation such as Covid-19 will trigger higher NPAs.

- **Regional Dependence on Gujarat and Maharashtra -** MAS faces concentration risk with over ~77% of its branches based in Gujarat and Maharashtra collectively. Any major change in the state's policies or swing in the regional environment can immediately affect the operational viability of the company.

- **Possibility of NBFC Partners Default** – While MAS had an unprecedented history of none of its NBFC partners defaulting even during testing times of demonetization, the default of Sambandha Finserve has increased the possibility of other NBFC partners defaulting, especially the NBFC-MFIs faced with lower collections and liquidity stress. The company has a stress-testing mechanism in place to monitor any potential stress that it may come across.

Operational Performance and Financial Statement Analysis

Operational Performance Analysis

Particulars	FY20	FY21	Change	Comments
Disbursements	5,172	3,254	-37%	H1FY21 disbursements were impacted due to nationwide lockdowns, followed by a pick-up in H2FY21 as lockdowns eased. Q4FY21 disbursements were near pre-COVID levels.
AUM	5,966	5,372	-10%	Sharp de-growth in disbursements resulted in AUM contraction by 10% YoY. De-growth was witnessed in the Micro-enterprise and 2-wheeler loans, whereas SME and Commercial vehicles registered a growth of 6% and 31% YoY respectively.

Source: Company, Axis Securities

Exhibit 11: Disbursement Growth decelerated in FY21

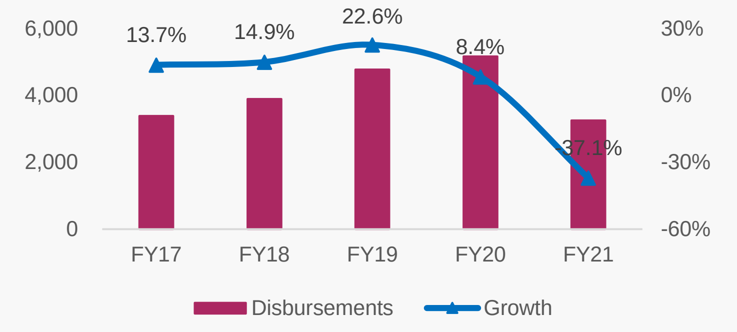
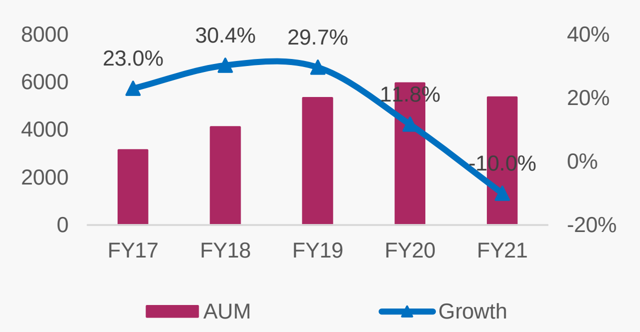


Exhibit 12: AUM de-grew owing to weak disbursements



Source: Company, Axis Securities

Profitability Analysis

Particulars	FY20	FY21	Change	Comments
Net Interest Income	283	219	-23%	AUM de-growth and excess liquidity resulted in pressure on NII and NIMs.
Non-Interest Income	118	111	-6%	Lower fee income backed by a drop in business volumes
Total Expenses	90	62	-31%	Variable cost savings especially in employee costs and travelling expenses
PPOP	311	268	-14%	Pressure on NII and fee income resulted in de-growth.
Provisions	82	75	-9%	Provisions remained above normalized levels owing to Covid-19 related uncertainties
PAT	167	144	-14%	Lower NII and fee incomes owing to AUM de-growth along with provisions above pre-COVID levels resulted in lower profitability.
EPS	30.5	26.4	-14%	In-line with PAT

Source: Company; Axis Securities

Spread Analysis

Particulars	FY20	FY21	Change	Comments
Yield on Advances (calc)	16.0%	12.3%	-370bps	Lower disbursements and AUM de-growth put pressure on yields
Yield on Total Assets (calc)	13.8%	10.2%	-360bps	Higher liquidity where yields are lower vs advances resulted in blended yield contraction
Cost of Funds (CoF) (reported)	9.3%	9.1%	-20bps	Declining interest rates led to a marginal reduction in the cost of funds
Spreads (calc.)	4.3%	2.4%	-190bps	Significantly lower yields reduced spreads which could not be supported by a drop in CoF.
NIMs (calc.)	7.1%	4.6%	-250bps	Excess Liquidity and lower yields impacted NIMs

Source: Company; Axis Securities

Asset Quality Analysis

Particulars	FY20	FY21	Change	Comments
GNPA	63	104	66%	Asset Quality was capped at manageable levels despite Covid-19 headwinds as focus remained on improving collections and maintaining asset quality rather than achieving growth
GNPA %	1.4%	1.9%	50bps	Same as above
NNPA	50	79	57%	Same as above
NNPA %	1.1%	1.5%	40bps	Same as above
PCR	19.9%	24.0%		

Source: Company; Axis Securities

Efficiency Ratios

Particulars	FY20	FY21	Change	Comments
Cost-Income Ratio	22.4%	18.7%	377bps	Lower employee and travelling expenses resulted in Opex de-growth, thus improving the C-I Ratio.
Cost-Assets Ratio	2.2%	1.3%	91bps	
ROA	4.0%	3.0%	107bps	Lower NIMs and marginally higher provisions put pressure on ROA.
ROE	17.6%	13.4%	424bps	ROE contraction was due to lower profits.
CRAR	32.0%	26.9%		Well-capitalised with a healthy Tier 1 capital ratio.
Tier I	29.9%	24.8%		

Source: Company; Axis Securities

Contingent Liability Analysis

Particulars	FY20	FY21	Change	Comments
Contingent Liabilities				
(a) Guarantees given on behalf of a subsidiary company to banks	3.0	1.1	-64%	Guarantees have been given by the company to various banks and NHB on behalf of the subsidiary company for the loan taken
(b) Guarantees given on behalf of a subsidiary company to NHB	1.7	1.4	-15%	Same as above
Commitments				
(c) Loan commitments for sanctioned but not disbursed amount	2.0	1.4	-33%	Not Significant
Total Contingent Liabilities	6.7	3.9	-42%	
Contingent Liabilities/Total Assets (%)	0.1%	0.1%		The share of contingent liabilities is negligible and the same in absolute terms has reduced YoY

Source: Company; Axis Securities

Related Party Transactions

Particulars	FY20	FY21	Change	Comments
Remuneration (including bonus)	17.9	1.0	-94%	The management has taken a salary cut
Sitting Fees	0.1	0.1	N.A	Not Significant
Balances outstanding from related parties				
Investment	32.5	33.4	3%	
Guarantees	46.9	25.2	-46%	
Bonus payable	1.0	0.0	-100%	Not Significant

Source: Company; Axis Securities

Corporate Social Responsibility (CSR)

MAS has always responded responsibly to the growing needs of the communities in which it operates and believes in giving back to society in some measure that is proportionate to its success in business. MAS, in consonance with its CSR policy, undertook several initiatives during the year that contributed to society at large in the areas of Health, Welfare, and Education. In FY21, MAS spent 0.33 Cr (0.2% of avg. PAT of previous 3 years) on its CSR activities.

It is the company's continuous endeavour to increase its CSR impact and spend over the coming years, supplemented by its continued focus on rural development, and promoting health and sanitation. Accordingly, MAS has identified various long-term projects of Promoting Education, Sanitisation, Promoting Health and Welfare to ensure overall well-being and higher quality of life for all.

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E March	FY20	FY21	FY22E	FY23E
Interest Earned	555	484	591	704
Interest Expended	272	264	307	345
Net Interest Income	**283**	**219**	**284**	**358**
Other Income	118	111	124	151
Total Income	**401**	**330**	**409**	**510**
Total Operating Exp	90	62	88	111
PPOP	**311**	**268**	**320**	**399**
Provisions & Contingencies	82	75	68	81
PBT	**228**	**193**	**253**	**317**
Provision for Tax	62	49	64	80
PAT	**167**	**144**	**189**	**237**

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY20	FY21	FY22E	FY23E
SOURCES OF FUNDS				
Share Capital	55	55	55	55
Reserves and surplus	926	1,118	1,297	1,528
Shareholders' funds	**981**	**1,173**	**1,352**	**1,582**
Total Borrowings	**3,123**	**3,661**	**4,221**	**4,834**
Other Liabilities, provisions	468	344	314	284
Total	**4,572**	**5,178**	**5,887**	**6,700**
APPLICATION OF FUNDS				
Cash & Bank balances	1,027	997	1,099	920
Investments	38	235	208	141
Loans	3,348	3,805	4,418	5,457
Fixed Assets & Others	159	141	162	182
Total Assets	**4,572**	**5,178**	**5,887**	**6,700**

Source: Company, Axis Securities

Ratio Analysis (%)

Y/E March	FY20	FY21	FY22E	FY23E
VALUATION RATIOS				
EPS	30.5	26.4	34.6	43.4
Earnings Growth (%)	*9%*	*-14%*	*31%*	*26%*
BVPS	179.4	214.5	247.3	289.5
Adj. BVPS	170.2	200.0	232.2	272.8
RoAA (%)	4.0	3.0	3.4	3.8
ROAE (%)	17.6	13.4	15.3	16.2
P/E (x)	24.5	28.4	21.6	17.2
P/BV (x)	4.2	3.5	3.0	2.6
PROFITABILITY				
Yield on Total Assets (%) (calc.)	13.8%	10.2%	11.0%	11.5%
Cost of Funds (%) (calc.)	9.6%	7.8%	7.8%	7.6%
Core Spread (%) (calc.)	4.3%	2.4%	3.2%	3.9%
NIM (%) (calc.)	7.1%	4.6%	5.3%	5.9%
OPERATING EFFICIENCY				
Cost-Income Ratio (%)	22.4	18.7	21.6	21.8
BALANCE SHEET STRUCTURE RATIOS				
Loan Growth (%)	4	14	16	24
Borrowing Growth (%)	22	17	15	15
Equity/Assets (%)	20.3	21.6	22.0	22.8
Equity/Loans (%)	27.7	29.4	29.4	28.0
Total Capital Adequacy Ratio (CAR)	32.0	26.9	25.9	25.1
Tier I CAR	29.8	24.8	24.1	23.4
ASSET QUALITY				
Gross NPLs (Rs Cr.)	63	104	110	122
Net NPLs (Rs Cr.)	50	79	83	91
Gross NPLs (%)	1.4%	1.9%	1.8%	1.6%
Net NPLs (%)	1.1%	1.5%	1.4%	1.2%
Coverage Ratio (%)	19.9%	24.0%	25.0%	25.0%
Provision/Avg. AUM (%)	2.5	2.1	1.6	1.6
ROAA TREE (%)				
Net Interest Income	6.8	4.5	5.1	5.7
Non-Interest Income	2.8	2.3	2.2	2.4
Operating Cost	2.2	1.3	1.6	1.8
Provisions	2.0	1.5	1.2	1.3
ROAA	4.0	3.0	3.4	3.8
Leverage (x)	4.4	4.5	4.4	4.3
ROAE	17.6	13.4	15.3	16.2

Source: Company, Axis Securities

MAS Financial Services Price Chart and Recommendation History

Date	Reco	TP	Research
17-Jul-20	BUY	814	Initiating Coverage
14-Aug-20	BUY	814	Result Update
10-Sep-20	HOLD	872	Company Update
12-Nov-20	HOLD	900	Result Update
12-Feb-21	BUY	978	Result Update
01-Mar-21	BUY	978	Pick of the week
21-May-21	BUY	1,010	Result Update
13-Aug-21	BUY	960	Result Update
17-Sep-21	BUY	960	Management Meet
29-Oct-21	BUY	925	Result Update
03-Nov-21	BUY	925	AAA

Source: Axis Securities

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