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July 25, 2025

**National Stock Exchange of India Limited**

Exchange Plaza, Plot no. C/1, G Block,  
Bandra - Kurla Complex, Bandra (E)  
Mumbai - 400 051

**NSE Symbol: YESBANK**

**BSE Limited**

Corporate Relations Department  
P.J. Towers, Dalal Street  
Mumbai - 400 001

**BSE Scrip Code: 532648**

Dear Sir/Madam,

**Sub.: Transcript of Earnings Call for the Un-audited Financial Results for the Quarter (Q1) ended June 30, 2025**

**Ref.: Reg. 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Please find attached the transcript of the earnings call hosted by YES Bank Limited ("the Bank") on July 19, 2025 for the Un-Audited Financial Results of the Bank for the Quarter (Q1) ended June 30, 2025. The same is made available on the Bank's website within the timeline prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and can be accessed at the following link

<https://www.yesbank.in/about-us/investor-relations/financial-information/financial-results/financial-results-detail-page/analyst-call-transcript-2025-26-q1>

The weblink of BSE Limited and National Stock Exchange of India Limited providing the above information is being hosted on the Bank's website [www.yesbank.in](https://www.yesbank.in) pursuant to Listing Regulations, as amended.

You are requested to take the same on record.

Yours faithfully,

*For* **YES BANK LIMITED**

**Sanjay Abhyankar**  
**Company Secretary**

Encl.: As above



“YES Bank Limited  
Q1 FY '26 Earnings Conference Call”  
July 19, 2025



**MANAGEMENT: MR. PRASHANT KUMAR – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER – YES BANK LIMITED  
MR. NIRANJAN BANODKAR – CHIEF FINANCIAL  
OFFICER – YES BANK LIMITED  
DR. RAJAN PENTAL – EXECUTIVE DIRECTOR – YES  
BANK LIMITED  
MR. MANISH JAIN – EXECUTIVE DIRECTOR – YES  
BANK LIMITED  
MR. SUNIL PARNAMI – HEAD OF INVESTOR  
RELATIONS AND SUSTAINABILITY – YES BANK  
LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to YES Bank's Q1 FY26 Earnings Conference Call. On the management panel, we have with us today Mr. Prashant Kumar, Managing Director and Chief Executive Officer, Dr. Rajan Pental, Executive Director, Mr. Manish Jain, Executive Director, Mr. Niranjana Banodkar, Chief Financial Officer and Mr. Sunil Parnami, Head of Investor Relations and Sustainability.

Mr. Prashant Kumar will now give you an overview of the results, which will be followed by a question and answer session. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

Before we proceed further with this call, please note, while all efforts will be made that no unpublished price-sensitive information would get shared in case of an inadvertent disclosure, the same would, in any case, would form part of the recording of the call. Further, some of the statements made on today's call could be forward-looking in nature. A note to this effect is provided in the Q1 FY26 results presentation itself, shared on the Bank's website.

I now hand the conference over to Mr. Prashant Kumar. Thank you and over to you, sir.

**Prashant Kumar:** Thanks. Very good afternoon and thank you for joining us for our Q1 earnings call. I am accompanied by the senior leadership team members of YES Bank.

As a part of our strategy which we shared last time on the profitable growth, I am pleased to share with all of you that Q1 was the seventh straight quarter of sequential expansion of the Bank's Net Profit at INR 801 crores, which is 59.4% up Y-o-Y and 8.5% sequentially.

During the quarter, the Bank improved the ROA by 30 basis points to 0.8% against 0.5% in Q1 last year and 10 basis points sequentially.

Regarding Pre-Provisioning Operating Profit (PPOP), the Bank reported PPOP of INR 1,358 crores, which is up 53.4% Y-o-Y and 3.3% sequentially. This marked the fourth consecutive quarter of PPOP expansion for the Bank.

The Y-o-Y PPOP growth has been supported by stable NIMs, treasury income and continued discipline in expense management. For Q1, the PPOP to Average Total Asset is 1.3% against 90 basis points for the same quarter last year, reflecting an improvement of 40 basis points.

NII for the quarter was INR 2,371 crores, which is higher at 5.7% Y-o-Y. Compared to NIMs in Q1 of last year at 2.4%, NIMs has trended upward to 2.5%. The Y-o-Y margin increase can be attributed to reduction in RIDF Deposits and high-cost borrowing, and also the recent retail savings and TD rate cuts, though there was a challenge in terms of asset repricing impact on NIMs due to the reduction in repo rate.

The Bank's core income has grown by 3% Y-o-Y and we continue to see good traction in granular and transaction fee income streams, with share of Retail Banking segment further improving to 56.4% in the core fee.

Cost to Income ratio is 67.1% against 74.3% in Q1 of last year and if you exclude the expenses on PSLC, the Q1 operating expenses are up only by 5.7% Y-o-Y and 1.3% sequentially.

The overall Asset Quality remained healthy, with Gross and Net NPA ratio remained stable at 1.6% and 0.3% compared to Q4'25. NPA provision coverage ratio has further improved to 80.2% against 79.7% last quarter and 67.6% in Q1 of last year.

The fresh Gross Slippage is 1,458 crores against 1,223 crores in Q4 of last year. Slippages trended higher from isolated pockets in small groups from Microfinance, Small Enterprise Banking which is now part of the Commercial Banking, Micro Enterprise book and the mortgage which are part of the Retail Banking. The unsecured segments of Personal Loan and Credit Card are seeing an improvement. The recoveries and upgrades during the quarter have been around INR 1,170 crores.

The Credit Cost at INR 284 crores and as a percentage to Total Asset is 0.3% on annualized basis, partly supported by recovery of INR 338 crores from fully provided for Security Receipts.

#### **Moving over to business and balance sheet items,**

Advances have gone up by 5% Y-o-Y.

In terms of segmental performance on Advances, Commercial Banking and Corporate and Institutional Banking segments have gone up by 19% and 3% respectively. On the other hand, while the headline Retail Banking segment Advances were flat Y-o-Y due to Bank's calibrated approach. However, within Retail Banking, the Micro Enterprise Banking Advances have gone up by 11.2% Y-o-Y. For Y-o-Y book growth details of other retail asset products, you may please refer page 20 of our investor presentation.

The Total Deposit at INR 2.75 lakh crores has grown by 4% in line with the Advances growth. But if you see in terms of a deposit growth which is coming from the retail and the branch-led deposit, they have grown by 20% Y-o-Y and at INR 1.69 lakh crores. Retail and Branch-led CASA ratio is also at 38.2% which has gone up by 200 basis point Y-o-Y. The Wholesale Deposit degrowth is mainly due to reduction in the term deposit on the wholesale side.

At the quarter end, CD ratio was around 87.5% and it reflects of our consistent balance sheet optimization and balance asset liability strategy.

The RIDF and other PSL shortfall related deposits are down by 16% which is a net drop of INR 7,000 crores. Correspondingly, borrowings have also been brought down by 16% between the quarter 1 last year and the quarter 1 of this financial year.

In quarter 1, the Average Quarterly LCR remained healthy at 135.8%.

The core equity ratio, the CET1, improved to 14% with total capital adequacy (CRAR) at 16.2% on account of the muted growth on the loan side but also helped by the easing regulatory requirements.

We as a Bank have been making steady improvements on multiple fronts over the past several quarters and in that backdrop, I am pleased to share with you that the Bank received multiple credit rating upgrades in June and July which included International Credit Rating Agency Moody's upgrading Banks' long-term foreign and local currency ratings to Ba2 with stable outlook.

Further Moody also upgraded YES Bank's baseline credit assessment to BA3 from B1 reflecting stronger loss absorption buffer. Recently, both ICRA and CARE upgraded Banks' Tier 2 bonds and infrastructure bonds to AA- with stable outlook.

I am also pleased to update you that in recognition of our unwavering commitment to deliver secure, seamless and innovative digital solutions, recently YES Bank was honoured with a special mention award at the Digital Payment Award 2025 presented by the Honourable Finance Minister in recognition of the prevention of fraud and customer service. Further, both of our digital super apps i.e. IRIS by YES Bank and IRIS Biz as well as our open market UPI application called YES PAY for both YES Bank and non-Yes Bank retail customers and YES PAY Biz again for both YES Bank and non-Yes Bank business customers are seeing a very good response and for more details on these you may please refer our investor presentation on page 40 to 44.

As I conclude, let me reiterate that YES Bank's core franchise is gaining momentum due to fast intervention. This momentum is expected to be further fuelled by our ongoing structural initiative around PSL and business transformation, our distinctive digital capabilities and market leadership across digital payment ecosystems.

Having said this, fundamentally the key for us has been and would continue to be disciplined execution of our strategy and we would like to thank you for your continued support.

With this, we can now take your questions.

**Moderator:** Our first question comes from the line of Devdey from Horse Power Securities. Please go ahead.

**Devdey:** Congratulations for the splendid bottom line figure and upcoming share purchase deal. My question is regarding the elevated NPA. On which account the elevated NPA came from? And I want to know the structure of the share sale deal. I mean, the share sale deal is only limited to the sale of the shares from the existing shareholders who came to rescue in the time of crisis or will it involve any further preferential allotment to the incoming buyer?

**Prashant Kumar:** So I think coming to your first question, okay, in terms of elevated NPAs. So I think I would just like to reiterate our gross NPAs remain at 1.6% and this was also 1.6% last quarter and 1.7% in the quarter one of last year. Similarly, our net NPAs continued to remain 0.3% this quarter, which was also 0.3% last quarter and 0.5% in the quarter one of last year.

So our NPAs as a percentage has actually not increased. Actually, if you see our loan growth has been only say 5% growth. And despite, this as a percentage, it has remained the same. So we are not seeing the elevated NPA issue at all. Okay. Coming to your second question on whether the transaction would be only a secondary transaction or any primary.

I think as of now, this is a transaction where they would be taking 20% share only from the State Bank of India and other banks who came in at the time of the restructuring of the Bank in March 2020.

**Devdey:** Yes. Just an addendum question. I mean, your management team has been in discussion with that buyer. So what is his intention? Is the buyer is intending to steep up the shareholding or are they happy with 20% ?

**Prashant Kumar:** So I think at this point of time, I think if you see the transaction has happened between the SMBC, the prospective buyer and the State Bank of India and other banks. Okay. So I think it would be difficult for us to read their mind for future.

**Moderator:** Our next question is from the line of Ravishankar, an Individual Investor.

**Ravishankar:** First of all, congratulations on the quarterly results. My question is...

**Moderator:** Sorry to interrupt. Ravishankar, your line is not very clear.

**Ravishankar:** Yes. I thought of asking an update about RIDF. We were expecting INR 25,000 crs to be matured this financial year. So any update on that, sir?

**Prashant Kumar:** Sorry, which one? Can you repeat?

**Ravishankar:** Rural Infrastructure Development Fund, sir, RIDF.

**Prashant Kumar:** Not INR 25,000. I think we shared with you this RIDF deposit. There would be a repayment, which would be in the range of around INR 8,000 crores - INR 9,000 crores. And this is exactly what we have shared. RIDF deposit has come down by 16%, which is like INR 7,000 crores in last one year.

**Moderator:** Our next question comes from the line of Ruchit Kapadia, an Individual Investor.

**Ruchit Kapadia:** First of all, congratulations and thanks for giving me this opportunity to ask this question. My question is on the digital transformation. I wanted to understand if you can give or share specific examples of how YES Bank is leveraging either enterprise AI or the generative AI to drive the business outcomes, such as improving risk management and increasing operational efficiency? That's one. The second question on the same lines is that, do you have any plans to include such relevant KPIs as a part of your quarterly investor presentation deck?

**Prashant Kumar:** I think this is a very, very good point, which you are raising here. I think in the future, there is a lot of opportunities as I spoke, to implement the new technologies, both on artificial intelligence and gen AI, okay, in terms of reducing costs and bringing efficiency. I think this is one area which is like a work in process.

We are trying to pick up some of the small use cases and would like to see how the AI can be implemented in those pieces, okay. We have picked up two, three cases, but with completely in alignment with you, that there are a lot of opportunities where we can start using those new technologies. And definitely, we take your point and going forward in our investor presentation, we would share the development related to the new technology being adopted by the Bank.

**Moderator:** Our next question comes from the line of Abhijeet Kumar Choudhary from CSC.

**Abhijeet Choudhary:** Sir I am from Jharkhand. YES Bank results came and it is good result, also I am excited about this. Sir my question is if any small investor is investing in any company, he will expect a regular source of income in the form of dividend. So last year also you said that we are growing continuously from past 3 years, so next year we may get dividend. This year too, you declared good results with no announcement of dividend, which is a little disappointing. Will request you to please clarify.

**Prashant Kumar:** Look, your concern is absolutely right. I understand that whenever a person invests, they have an expectation of regular income from such an investment. So, first of all, thank you very much for investing our Bank and also being happy with the Bank's performance. We will endeavour to consistently perform going forward. However, I would like to reiterate the difficulties that the Bank faced in 2020. Since then, collectively with support from all stakeholders over last five years, we not only stabilized the Bank but improved our profitability and will continue our efforts in the same direction. As far as dividends are concerned, the Bank has a well-defined dividend policy. Once the prescribed parameters are met, the Board will duly consider the interests of our investors and take an appropriate decision.

**Moderator:** We have a follow-up question from the line of Devdey from Horse Power Securities.

**Devdey:** Yes, gentlemen. I want to know regarding the credit growth. In the previous analyst meet, if I am not wrong, you guided at least 12% credit growth, right?

**Prashant Kumar:** Yes.

**Devdey:** Yes. But in the first quarter, the credit growth is not up to 12%, I believe, right?

**Prashant Kumar:** Yes.

**Devdey:** So, then from which quarter you expect the credit growth to speed up to meet your target?

**Prashant Kumar:** It is the first quarter. Yes, please continue.

**Devdey:** No, no, sir. You finish, then I...

**Prashant Kumar:** Okay. So, first quarter you know is one of the slowest quarters in the economy, always. And that's why if you see the credit growth for the banking industry in the first quarter is also in the single digits. Last time, we also shared with you that we would like to see a credit growth between 12% to 15%. But at the same time, we would be focusing only on that credit growth, which will also give us the profits.

So, I think the profitable business growth was the key message which we gave last time. Quarter 1 was a muted growth, but I think we are quite confident the way the interest rates in the market has come down. There has been an improvement in the GDP. And I think some of the challenges in terms of trade negotiation would also be cleared in maybe next few days.

Then I think the overall credit growth in the economy would further pick up, and we would be able to participate in that credit growth. But definitely, I would again like to reiterate, our focus would be on a profitable credit growth. Because just by growing credit without making profit would not be good for any of our stakeholders, especially on the investor side. But I think we are quite confident that, that we would be able to achieve this kind of credit growth in the future.

**Devdey:** Okay, I understood. But I want to get a clarification from you, that whatever credit growth is, at 12% to 15% or in between any figure of that, the credit growth would be supported by your raising deposits? Or would your capital position or fund position can easily accommodate that credit growth of 12% to 15%? I mean, are you targeting the credit growth through only raising the deposits or raising of capital is needed?

**Prashant Kumar:** So basically, there are two aspects of credit growth. One is the Deposits, another is the capital. Capital we have sufficient. If you see our CET ratio is 14%. So 14% capital ratio is very good in terms of supporting the credit growth. But whenever we would be growing on the credit, it would also be supported by the deposit growth, which we are confident to raise is not an issue. Like if you see our Branch Banking Deposit has grown by 20%.

So depending on the requirement, we would be able to raise deposit. So either deposit or capital is not a constraint for the loan growth. We would continue to grow.

**Devdey:** Then what percent of the growth in deposit are you expecting for this financial year? If the credit growth would be 12% to 15%, then there is some expectation at your end that some percentage, this percentage is required in the deposit growth. What would be that percentage?

**Prashant Kumar:** So whatever percentage we would be able to grow on the loan side, the same percentage we would grow on the deposit side.

**Devdey:** Okay.

**Prashant Kumar:** Thank you.

**Moderator:** Thank you. Our next question comes from the line of Jai from ICICI Securities. Please go ahead.

**Jai:** Hi, Sir. Thank you for the opportunity. Sir, a few questions. First on slide number nine, which gives the breakup of provisions. So we have collected INR 338 crores from SR. And now I think the book value is zero. Is this number same as provisions for investment, which is minus INR 345 crores? I mean, is this number the same? I mean, whatever recoveries that we are getting from SR in this quarter and next quarter or incoming quarters, that would be come down as negative provision line item?



**Niranjan Banodkar:** Jai, this is Niranjan. That's right. So whatever recoveries, cash flows we get from the ARC, either as redemptions or excess recoveries, that will flow into the provision for investments as a write back.

**Jai:** Sure. And Niranjan or Prashant sir, if you have any ballpark number for, let's say, for the next 9 months, how should one look at? For this run rate of INR 340 - INR 350 crores, is this a normalized run rate or there could be some material changes there?

**Prashant Kumar:** I think this is by and large the run rate kind of thing. So we are looking for something around, say, INR 1,200 crores to come from the Security Receipts for the full year.

**Jai:** Okay, sure. And secondly, sir, while I understand that you are not a party to the secondary transaction which is happening, but if you can suggest a timeline, I mean, this was -- the proposal went to RBI, for example, in May beginning, we are mid-July. What is your best sense in terms of timeline of their approval from RBI? Does it involve anything from your end?

**Prashant Kumar:** So, Jai, I think fundamentally, if you see, the transaction was announced in the first week of May, okay. And as per our understanding, application has gone by the May end, okay. So we are expecting, in view of the past experiences, that maybe approvals might be coming in the month of September.

**Jai:** Sorry, by end September?

**Prashant Kumar:** Yes.

**Niranjan Banodkar:** But Jai, as you know, this is a regulatory process. I think it will run its due course. And it's also not fair on our part to be suggesting a timeline and also expecting that we give you a timeline on this.

**Jai:** No, that is right. Just a normal previous experience. Of course, this is not in your hand. Okay, so that is right. And, sir, do you, let's say, in case they get 20% and let us say they want to go a bit higher, do you, I mean, does the Bank need capital or you believe this 14% CET1 is good, but of course, higher can be even better? Or because the purchaser has, you know, one lending license in the form of NBFC. So getting ahead of 20% can be a tricky thing. Your thoughts there? I mean, I just wanted to get some sense there.

**Prashant Kumar:** Jai, I can only comment in terms of whether 14% is sufficient for us or not. I think 14% CET ratio is good for us in terms of meeting our loan growth estimation for the current year. So we don't see any immediate need for the capital. I can't comment on the other part.

**Jai:** Sure. Okay. And lastly, sir, on your NIM, so of course you have one distinct advantage of RIDF, receding RIDF. But if you can comment, how do you pass the repo rate? Is it T+1? And, you know, what is your sense? Should the NIM be stable to rising only, because you have this receding RIDF or you may also have a NIM decline before it starts to rise up?

**Niranjan Banodkar:** Jai, if you can just clarify on the point you made on how do we pass on the repo T+1, can you just help us clarify on that piece so that we can respond?

- Jai:** No. So I wanted to check if the RBI cuts the repo rate on let's say 4th of June. A lot of banks passes on 5th or overnight or maybe 1 or 2 days basis for the EBLR loans. Of course, MCLR is monthly with certain reset. But the repo rate linked loan for a lot of banks is passed on immediate basis. So that is like T +1.
- Niranjan Banodkar :** No, I understand. So just quickly to respond to that, the rate is passed on the next reset of that loan. And the portfolio typically you can take a safe assumption that will reset every 1st of the month. So, if you have, let's say, a loan that will reset on 1st July, 1st August or 1st September. And therefore, if let's say a rate action has been taken post the 1st of the month, it will only get reflected in the repricing starting the 1st of the next month.
- Jai:** Right. So, basis this sir and your advantage on RIDF and rate section that you've taken on SA and TD, what is your outlook on the NIM for the next quarter and maybe full year?
- Niranjan Banodkar:** So, Jai, if you recall, we had specifically called out in our last results as well that and this was in the backdrop of a cumulative 50 basis point rate cut back in April. What we had said is our objective through this interest rate rate cut cycle is to make sure that ultimately we exit out of this cycle while maintaining the spread between TD rates and our loan yields, right.
- However, we understand that the TD rates, of course, will take its time to reprice. And therefore, on savings account, we wanted to use that to mitigate the compression that we would see, which is the interim compression in the loan spreads over TD rates. And that's why we did undertake the SA account rate cut in April.
- It was also part of a strategic design. So one was that was helping us mitigate the NIMs, but it was also a strategic design on part of the Bank to really move away from a rate induced acquisition thought process to more the customer service and fulfilment thought process. So, I think it's a very material update. But anyways, coming back.
- So had just with the 50 basis points of cumulative rate cut, we would have and which we had said earlier as well, that we would have protected margins in this period. And then we would have accreted at the end of the period, end of this financial year.
- Now, with another 50 basis points of rate cut that has come through in May, in June, first week, what we are observing is that there is going to be pressure on the loan yields. And that the peak of that pressure we would see in the immediate future, which is September, because as you also rightly said, with the way the portfolio gets repriced, the maximum impact of this 50 basis points and a part of the 25 basis points from the previous cut will actually be in the quarter of September. And then December, the impact will be lower. And then of course, you know, as we exit December, you would have fully absorbed the impact.
- Now, from our vantage point, we are working on two principles here in this period. One, we continue to review our deposit rates in line with where we believe it is pegged right. So that's one part which will offset. And the fact that we have corporate deposits as well, which reprice faster also gives us some protection. That's number one.

Number two, there is also some CRR benefit that will also start flowing in as we start looking at towards the end of September into December. And then of course, we have, as you rightly said, the RIDF, right? So, we don't -- we will not want to give a specific guidance here, just given the way there has been quite, I would say, material evolution of loan spreads in the market.

But what we, directionally, you could say that September might face headwinds, which we believe December should start looking closer to where we are today. And as we look at March, we should possibly see improvements as a combination of all the actions that we are talking about. But I don't want to kind of pin a specific number.

Having said that, I think the last point I wanted to make on margins is that this is assuming that the incremental loans that we are seeing are operating, are going to operate at the similar spreads to where they are today. If the competitive intensity further increases as we go into, let's say, September and December quarter, that will also have a bearing from a margin standpoint.

**Jai:** Sure, sure, Niranjan. Thanks. And lastly, sir, I mean, you were giving one detailed backup of slippages into various retail products, which is now missing in this deck. If you can provide the -- specifically the slippages, an absolute number for PL and credit card, or if you can suggest some direction there for Q1?

**Niranjan Banodkar:** You're saying at a portfolio level, you wanted to know what the slippage -- gross slippage for...

**Jai:** Yes, Yes, for PL and credit card is?

**Niranjan Banodkar:** So, PL gross slippage is actually trending in the range of about, let's say, about INR 225 crores. And credit cards would be in the range of about INR 180 crores.

**Jai:** Okay, sure.

**Niranjan Banodkar:** Thank you. Thank you, Jai.

**Jai:** Sorry, you can complete, sir, if you want.

**Sunil Parnami:** Sorry, Jai, this one additional data point that PL slippage has seen a reduction from 240 handle to about 220 this quarter. So, it's important to call.

**Dr Rajan Pental:** And so is cards, which also is trending down with every quarter.

**Jai:** Sure.

**Moderator:** Our next question is from the line of Harsh Modi from JPMorgan. Please go ahead.

**Harsh Modi:** I just wanted to understand the quantification of NIM decline over the next couple of quarters. I understand that the biggest impact is in second quarter and also a bit more compression Q-on-Q in third quarter. So, especially in third quarter, I wanted to understand if that compression Q-on-Q is right.

And if I could -- if I would want to dimension it, especially given that rate cuts are coming through, SA rates, coming to TD rate cuts coming through, how much is the deposit beta? And how should we think about the quantum of decline over the next couple of quarters?

**Niranjan Banodkar:**

So, Harsh, again, I will refrain from specifically speaking about a very near-term trend of how this plays out. What I can certainly say is, when we look at the Yield on Advances, and I'm just talking about the stock book, which is floating, which is going to see the impact, that book, which is floating from a repo standpoint, will see about a 50 basis points impact in September quarter, right.

Now, if I were to look at what does this mean from a NIM compression and I'm just saying is that stock book, which is floating. So our total repo linked loans are about cumulative floating rate book is about 60%, of that repo is possibly about 60% of that.

So you can possibly do the math to say what that 50 basis point implication works out on Yield on Advances. But I think the point I wanted to leave with you is, while that impact happens, we continue to work on improving the yield structure on our loan book as well.

So, for example, when we look at, let's say, retail disbursements, of course, the book is not grown as much. In fact, it is flat. But if I look at the retail loan yields, they're already operating at about 150 basis points higher than where the stock is. And that, to that extent, we do expect that there will be mitigation that will come through on the loan yield compression. That's number one.

Number two, we also have our ability to work through an efficient balance sheet where the share of Advances to Total Asset - how do we kind of work through that in this period when NIMS are going through to see some pressures.

And the last is, of course, we've also seen reductions in our borrowing. So there have been already repayments of some long term borrowing that we've had in the past. So the point I'm making, Harsh, is at the core level, while there will be pressure on net interest margins in the immediate term. Our objective is to see how we can best minimize that to possibly target maybe even a neutral situation. But I think it's a function of how some of the market forces will also play out.

**Harsh Modi:**

Yes. So thanks to that market forces point, I'm getting a sense, I'm not sure right or wrong, but there are certain players who are already showing, even in these early days, some signs of a degree of indiscipline, either on pricing or on credit standards, because it seems a lot of players are looking at a certain kind of segments which are not very high yield, mortgages, you can't really compete with the biggest guys.

So a lot of the banks are competing for similar debt. Is that something that can play a spoiler? And the second point, the question related is, if we are unable to manage external forces, if competition is really hard, what else can you do at P&L level to protect your ROAs? Because ROAs are already razor thin, and if Cost of Fund or market discipline is something that can't be managed well. I'm thinking can LDR go up from 87 to 90-95 or like what are the other levers you can use?

So two questions here, market forces or indiscipline and what can you do to manage your ROA at current levels?

**Management:**

Sure, Harsh. So on the first part, I think some of what you said is already got reflected in the way you look at our loan growth this year. So, for example, if you look from a Y-o-Y standpoint, we are operating in the range of 5% to 6% loan growth. Of course, there are specific reasons for that, but I think at a very fundamental level, wherever we believe that the pricing is not conducive or is not meeting the risk filters that we believe are relevant. We are not going after that growth. So I think if I were to look at, let's say, a spectrum of prioritization, there is, of course, profitability and then there is growth. What we keep trying to work is to find a good balance between the two equations with, I would say, a sharper focus on improving the profitability. So I think that's the first point.

The second is from a margin standpoint, we will continue to see redemptions in our RIDF book. So I think that's clearly one part that is playing out from a Net Interest Margin. Second is on our ability to drive cross-sell and consequent opportunities from a fee. I think we will continue to work hard on that aspect.

And the last is I think and which is also important, is to continue to be very disciplined on our cost. And when I say cost, these are both operating costs and that we have already been able to pull back the growth, which are single-digit growth for the last, I would say, two or three quarters on a Y-o-Y basis. But importantly, also the credit cost. We are already operating at a PCR at 80%.

Our view is that slippages should also start trending lower from here on at a gross level and therefore what net goes into the GNPA's. So while in the immediate term, even if you were to assume that there might be some pressure on the margins, our expectation is that we will continue to work through our operating cost structure as well as credit cost and look to cross-sell from a fee line.

But I think there are levers from an ROA standpoint that we will continue to unleash. But as I said, we are talking about a very near-term element of one or two quarters. Structurally, as we look to exit fiscal 26, we should already have levers that indicate that Net Interest Margin is on an improving trend and not on a declining trend.

**Harsh Modi:**

Great. I'm sorry, the final question on the market competition, which segments you are letting go in terms of growth to protect profitability?

**Niranjan Banodkar :**

So, Harsh, I think, let me break this again into, I think there are three parts. First, if you look at the Corporate segment, the Large Corporate segment, I think there is opportunity not only from banking, but their access to capital markets as well. So to that extent, if we find that the opportunities are wafer-thin on margins, we will not pursue. That's number one.

Number two is when we look at our retail, now retail, if I break that retail book while at a blended level we are operating at a much higher yield, what's happening is that we need to also grow that book faster. But it's just that at this point in time and we'll take the example of unsecured as a

line item, unsecured has been effectively degrowing for us when I just look at, let's say, the personal loans portfolio and it is de-growing for reasons well known already.

So, we do expect that as the Asset Quality metrics on unsecured now are already stabilizing to already showing early trends of improvements, we can look to also improve that particular book. So once that happens, you will start seeing some benefits play out as well. So I think there are some of these nuances that are playing out.

But just to respond to your specific question, it is essentially the Large Corporate to Mid-Corporate, upper end of Mid-Corporate, where I think we do see very, I would say, shrinkage of margins. And on the retail, I think there are products like home loans, auto loans, which in any case, we have been on a bit of a de-focus over the last 4 to 5 quarters.

**Moderator:** Our next question is from the line of Ravi Shah from EquityDoctor. Please go ahead.

**Ravi Shah:** Yes, first of all, congratulations on a good set of numbers. Now I have two questions. First, regarding, I know that you are a secondary party, but if you can provide some information that recently the news has arrived that SMBC may go above 20% and make it to 25% also?

And my second question is regarding, if you check the PPT, Page number 54, you have provided the shareholding pattern for the quarter ended June. Now there is a 0.4% discrepancy. The total, if we do addition, it is coming 99.6. So...

**Niranjan Banodkar:** I'll take the second question, Mr. Shah. That's actually been rounded up to one decimal. I think that is causing the totalling...

**Ravi Shah:** I think, no, it is not that, because there is a 0.4, exact 0.4, 99.6 is coming. So you need to check on your end...

**Niranjan Banodkar:** We'll be happy to correct ourselves, if that is indeed an error at our part.

**Prashant Kumar:** And coming to your first question on the news item related to that, I think we would not be in a position to comment on this.

**Ravi Shah:** Okay. Thank you, Sir.

**Moderator:** Thank you. Our next question is from the line of Ayan from Trinova. Please go ahead. Ayan, your line has been unmuted. You may proceed with your question. As we are not receiving a response from the current participant, we will proceed to the next questioner.

We have the next question from the line of Madhuchanda Dey from MC Pro (Moneycontrol Pro). Please go ahead.

**Madhuchanda Dey:** So my question is on your long-term outlook for ROA. You have had this target of reaching 1%. So, in the current quarter, of course, it's 0.8%, but aided a lot by the treasury line. So what is the structural outlook on ROA, especially given the, the slightly subdued outlook on NIM in the near term because of the systemic trade cuts? Does that 1% target get pushed? And if so, to which year? And what are the levers that you see that the Bank is having to reach that 1% ROA?

- Prashant Kumar:** I think what we shared earlier also that we would be aspiring for a 1% ROA in FY '27 and say by FY '30 would be in the range of 1.5%. We are quite confident and we are on track of achieving that kind of number. You are right - the current 0.8% is mainly supported by the treasury income.
- But at the same time, this is always a combination. Either you will be getting a better ease on your loan side or if the rate of interest is coming down, you get an opportunity to make some money on the treasury side. But fundamentally, going forward, I think the lever for us is definitely in terms of NIM expansion, which would be mostly happening through the profitable loan growth, as well as in terms of reducing our Cost of Deposits. That is one part.
- The second is also in terms of continuing to work on improving the Non-Interest Income. And at the same time, I think the measures we have taken for controlling the cost, we will continue to do that.
- The other part would be definitely in terms of the credit cost. The credit cost, which currently we have seen, I think we have reached almost a peak. In some sectors, it has already started improving.
- So I think going forward, we are quite confident that credit costs would also start coming and also with the measures on this part. And especially when the RIDF balances would also start repaying. Already, we have seen 16% balances on RIDF has come down.
- We are going to see further reduction in the current year. And I think by FY '27, the RIDF balances would be less than 5% of our Total Advances. So I think all these things together, we are quite confident to achieve that 1% ROA by FY '27.
- Niranjan Banodkar:** If I can just add one more point here, Niranjan here, is while there are near-term pressures at an industry level from, let us say, re-pricing of loans and therefore potential margin headwinds, it is not that these margins will not be recovered. And therefore, getting to the point you made, does that alter our long-term outlook for ROA from a margins lever standpoint?
- The answer to that is no, because while you might have some near-term headwinds, it ultimately, over a period of, let us say, four quarters or so, will recover to start delivering the normalized Net Interest Margins. And therefore...
- Madhuchanda Dey:** I got it. Fully got it. But I have a related question. In fact, I was harbouring that question when Sir was responding to this. It's like, at 1% ROA, what is your assumption of NIM for the Bank?
- Niranjan Banodkar:** So we will be operating at about a 3% handle for a 1% ROA.
- Madhuchanda Dey:** Okay. And that you are reasonably confident that even if, suppose, there is another, say, 25 basis points kind of a rate cut, maybe in three months down the line, you will be able to recoup this 2.5% and go 50 basis points higher by the exit quarter of FY '27. Is that a correct understanding?
- Niranjan Banodkar:** Ma'am, that's the endeavour. Of course, with evolving market dynamics, I think, we will have to keep watching and react to individual situations. I was also responding to an earlier question where if competitive intensity either is very high or very low can also have bearings on margins.

But from our controllables, we do believe that as we go through FY '27, we should be able to deliver the guidance outcomes.

**Madhuchanda Dey:** So this, sorry to belabour on this point, so this 1% ROA target is the exit quarter of FY '27 or average for FY '27?

**Prashant Kumar:** I think as of now, we are looking for 1% ROA for exit of FY '26 and the average for FY '27.

**Madhuchanda Dey:** Okay. Exit FY '26 and average for FY '27.

**Prashant Kumar:** Yes.

**Moderator:** Our next question is from the line of Raghvesh from JM Financial.

**Raghvesh:** Hi, Sir. Congrats on a great quarterly result. I wanted to understand the math around the RIDF. So, for FY '24, it was INR 44,000 crores what you had given in the PPT. Now, y-o-y (year on year) you have mentioned a kind of INR 7,000 crores decline? My calculation indicates from last quarter, it was already at somewhere around INR 36,000 crores. So how much has been the decline in this quarter? And if it's not the fall in RIDF, I mean, how much is the impact of the borrowings which have supported our NIM's, because the Q-o-Q NIM maintenance is something not other banks have been able to do.

**Niranjan Banodkar:** Sorry, I'm just trying to note all the questions you've made. So one is on the RIDF.

**Raghvesh:** Yes.

**Niranjan Banodkar :** RIDF, the balance that we had was in the range of INR 37,000 crores, as of March. And that number, as we look at closing, is lower at a net level by about, I think, INR 300 crores. So we have -- we continue...

**Raghvesh:** Okay.

**Niranjan Banodkar :** We are ballpark in the same range. I think the only -- I mean, there is some play of the recoupment, that redemption that we would have seen in the previous months -- previous quarter's closing stock was at a lower yield. And what has gone out, which is a nominal number, has gone out at a higher yield. To that extent, there is also some play from a basis point, but it may not be as material.

So I think that's one part. I think your question was emanating more from the margin standpoint. So, if I look at, let's say, Yield on Advances, Yield on Advances last quarter to this quarter, we've seen about 15 basis points of reduction. And if I look at our Cost of Funds, we've again seen about 15 basis points of reduction.

So I think to that extent, we continue to operate in a similar zone. And that 15 basis points largely comes from about 20 basis points of reduction in the Cost of Deposits. So that is what is flowing into about 15 basis points of reduction Cost of Funds. And that's getting reflected in, therefore, quite a comparable net interest margin structure for June quarter.



- Raghvesh:** And you also mentioned during the call that there was a contribution of lower long-term borrowings. So, I mean, that is not hit at this level?
- Niranjan Banodkar :** So what happens is, see, there are different mix that also kind of plays out. I think from a net interest margin standpoint, the contribution of that on an average basis during the period, I think those are elements may not be as material while it is important, because we continue to see improving trends now of redemptions and repayments in our borrowing.
- So, for example, there was about 550 crores of Basel III-compliant Tier 2 borrowing that got redeemed towards the fag-end of June. So is that a very substantial number? The answer is no. But that's helping -- that will help us get our borrowing cost lower. There has also been redemptions on our Infra bonds over the last two quarters. So that's, again, going to help.
- But it -- for us, there are a lot of these elements and levers that we will keep working on to keep reducing our cost of funding. And there is just from Basel III Tier 2 bond standpoint, we will have cumulatively this year about INR 4,000 crores of redemptions that we will have to go through and that also helps us from a Cost of Borrowing.
- So, yes, I think, just going back to a previous question that was also asked, we will want to make sure that the headwinds that we face on the net interest margin from loan repricing, our objective is to see how we can maintain that in a very minimal impact margin in the absolute immediate term and then look to course correct and look to improve.
- Moderator:** Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to Mr. Prashant Kumar for closing comments.
- Prashant Kumar:** Again, thank you so much for joining our earning call. And as we have stated last time also, you would continue to work on a profitable growth and this quarter result is actually a demonstration of our resolve to achieve that objective. Again, thank you so much.
- Moderator:** Thank you. This brings the conference call to an end. On behalf of YES Bank, we thank you all for joining us. You may now disconnect your lines.