



“YES Bank Q1FY21 Earnings Conference Call”

July 28, 2020



MANAGEMENT: MR. PRASHANT KUMAR – MD & CEO, YES BANK LIMITED
MR. ANURAG ADLAKHA – CHIEF FINANCIAL OFFICER, YES BANK LIMITED
MR. ASHISH AGARWAL – GLOBAL HEAD (WHOLESALE BANKING, YES BANK LIMITED
MR. RAJAN PENTAL – GLOBAL HEAD (RETAIL BANKING), YES BANK LIMITED
MR. RITESH PAI -- CHIEF DIGITAL OFFICER, YES BANK
MR. NIRANJAN BANODKAR – HEAD (FINANCIAL & INVESTOR STRATEGY), YES BANK

Moderator: Ladies and gentlemen, good day and welcome to YES Bank Limited Q1 FY21 Earnings Conference Call. 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 the call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

On the call today from YES Bank, we have Mr. Prashant Kumar – MD and CEO; Mr. Anurag Adlakha -- Group Chief Financial Officer; Mr. Ashish Agarwal -- Global Head, Wholesale Banking; Mr. Rajan Pental -- Global Head, Branch and Retail Banking; Mr. Ritesh Pai -- Chief Digital Officer; Mr. Niranjana Banodkar -- Head, Financial and Investor Strategy. I now hand the conference over to Mr. Prashant Kumar. Thank you. And over to you, sir.

Prashant Kumar: Thank you very much, and very good evening to all of you. We have already uploaded the 'Presentation' and the 'Press Release' on our website and I trust you must have gone through it. So I would not go in the presentation in detail, but I would like to share with you highlights on four critical parameters.

So, one issue was on the "Capital" side. So with the recent raise of Rs.15,000 crores through FPO and which has been the largest FPO in our country so far, and this is also one of the largest fund raised by any entity in the country. And I think you also need to remember that we have been able to raise this fund within four months from the date when the moratorium was lifted from the bank side. Now with raise of Rs.15,000 crores, our CET ratio is at 13.4%, and overall capital adequacy ratio, we are at 20%. I think CET ratio of 13.4%, YES Bank has not witnessed at least in last five to six as far as our number goes.

The second important parameter is on the "Deposit" side. So during the quarter, there has been a growth of 11.4% QoQ on the deposit side. And the current account has been grown by 26% QoQ. With this rise in deposits, not only shows the confidence of our customers back into the bank, we have also been able to meet on the LCR requirement. So, as on 30th June, our LCR ratio was 114%. And with this support from our customers, we have been able to return back 50% of the borrowing from Reserve Bank of India and that is to the extent of Rs.25,000 crores.

The third important area is on our "Operating Profit." So if you see during the quarter, our operating profit is at Rs.1,147 crores, which is ~11x of the operating profit which bank has registered during the Q4 of the last financial year.

I would like to just again re-emphasize that we should compare the performance of this quarter with the performance of the fourth quarter of the last financial year. Because comparison with the Q1 of the last financial year is not meaningful because after the reconstruction scheme of the bank, I think it is not proper to compare the performance of this quarter with the performance of the quarter of the corresponding period last year. So on the operating profit side, not only net interest income has improved by almost 50%, NIMs have also improved by more than 110 basis points.

If we see on the “Quality of Asset”, we have increased the provision coverage. So not only the provision coverage for the NPAs has gone up from 73.8% to 75.1%, we have also made 10% COVID-related provisions on our standard asset. For this quarter, it was additional Rs.642 crores and overall, we are having Rs.880 crores of COVID-related provision which is sitting in our balance sheet. As a result of the better provision coverage, our net NPA number has improved from 5.03% as on 31st March to 4.96% as on 30th June. Even gross NPA number in absolute terms has come down only because the overall loan book has also reduced. The GNPA percentage we are seeing an increase from 16.8% to 17.30%. But otherwise in absolute terms, there is a reduction in the GNPA number also.

The first quarter is always weak. Despite pandemic, there were a lot of issues, which I think the entire globe is facing. So I think if we see in this background, and especially after the bank was under moratorium in the March, so it is a significant progress on all the fronts during the first quarter.

I am having the entire top management team with me. I would stop here and we would be very happy to answer your questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Sri Karthik Velamakanni from Investec. Please go ahead.

Sri K Velamakanni: Couple of questions from my end. Sir, if you could give us some color on the movement of moratorium across product segments like you have done for the last quarter? Second, if you could also explain the change to the standstill number from overall overdues from Rs.15,000 crores to Rs.7,800 crores, what has helped that reduction? The third question is the corporate SMA position of around Rs.11,000 crores which you have indicated as of Q4. What is the current thought process around it?

Prashant Kumar: So giving answer to your first question on the moratorium number and I think that would also take care of your question on the standstill number. And I would like to respond to this question in detail and I think which would also take care of the concern which may be the questions in the mind of so many other people also. We have already shared on 6th of May when we declared our annual result about our moratorium number. Now if we see our moratorium numbers were in alignment with the numbers which have come in the RBI report for the entire banking industry especially for the private sector bank side. Our numbers are in alignment with this. Now if you see the economic activities happening around us, though there is an improvement, but I think we are almost very clear that we have not been back to the normal economic activity. So, if the economic activities have not been revived to the full extent and if any of us is expecting that moratorium number would significantly improve, so I think that would be very-very misleading. Because the moment I say that moratorium number has reduced say from 40% to 30%, it means I am assuming 10% of the customers have repaid the entire thing for the last three- four months, which cannot happen if the economic activity has not revived. So I think we need to see this position in these circumstances. But what we are seeing that there is an improvement all around

in our book. So, giving you a standstill number, which was Rs.14,956 crores as on say 31st March, 2020 has come down to Rs.7,800 crores as on 30th June,2020. So it means the customers who are having the overdue position as on 29th Feb and during these three months, they have repaid almost 50% of the overdue position. This is one data point. The second data point is that on our retail book, 91% of the morat customers they were never more than 30 DPD in the last 12-months. So that shows the behavior pattern of our customers. The second data point is that on the retail side, we have reached to 70% of our normal collection before the moratorium . On the credit card side, we have reached to 90% of our normal collection which was there in the pre-morat time. Significantly, on the MSME portfolio, 85% of the customers, they were never more than 30-days DPD in the last 12-months. So that again shows the behavior of the customer. Another data point on the MSME piece is that churning in our book on the MSME is 30% in April, it further improved to 43% in May and 61% in June. Now, 83% of our customers on the MSME in morat has churning which is more than interest obligation from April to June 2020. So I think these are the data points which indicate that there is an improvement in terms of the behavior and the quality of the customers who have availed the moratorium. But I think unless the economic activities revive to the full extent, expecting that there would be a significant drop in number of customers who are availing moratorium would be a little unrealistic.

Responding to your third question on about SMA-1 and SMA-2 number of Rs.11,000 crores, I think again after the RBI dispensation, this would not be so significant, and it will be very-very difficult to monitor because the customers have availed the moratorium. So I think we need to see this position also from these data points.

Moderator: Thank you. The next question is from the line of Vishal Mehta, who is an individual investor. Please go ahead.

Vishal Mehta: My question to you is with the NIM that has come to 3%, I would just like to know the details on the NIM whether the NIM is to stay at 3% for long or is it on the basis of the cost reduction which is due to the reduced business transactions that are happening currently?

Prashant Kumar: So Vishal, I would be saying the current NIM at 3%, it also includes Rs.150 crores of interest recovery into our non-performing exposure. But on the normalized base if we see the operations during the current quarter, I think our core NIM would be around 2.8%. And it is on account of both because there are no reversal on the earning side and our cost of deposit also basically if you see it has not come down, it has gone up slightly, because in the last quarter, because of the premature payments on the fixed deposit side, there were penalty charge from the customers. So basically, the current cost of deposits and current ease on advances is normalized with the NIM of 2.8%.

Vishal Mehta: And one more question to you would be that the 13% CET that we are enjoying right now, in one of your media interactions, you said that I would use around 1% for provisioning. So after looking at the numbers for the Q1, what do you suggest that, where will your numbers be and how much would you use up for providing for the previous NPAs ?

- Prashant Kumar:** As of now, all our NPAs have been adequately provided and there is no need for us to make any additional provision on our existing NPA book. If you see this quarter also, entire PPOP which is almost Rs.1,100 crores, has been used to make provisions. And on the book which has been impacted by the COVID, we have already made a provision of Rs.880 crores. So, any future slippage would be taken care from this Rs.880 crores provision which we are having plus PPOP for the future and any recoveries. But everything will depend on how the impact of the COVID would span out in future.
- Vishal Mehta:** What would be your average yield on the retail side lending, I mean, when you lend to the retail customers, the granular ...
- Prashant Kumar:** So it is about 10%.
- Vishal Mehta:** After bearing the cost or before the cost?
- Prashant Kumar:** No, this is the yield on it.
- Moderator:** Thank you. The next question is from the line of Karthik Velamakanni from Investec. Please go ahead.
- Sri K Velamakanni:** Sir, in the earlier part of your response on the moratorium, I actually could not fully understand the response for MSME, the 30% in April, 40% in May and 60% in June. If you could maybe repeat it one more time for clarity?
- Prashant Kumar:** So what I was saying that on the MSME side, 85% of the customers who have availed a moratorium, in the past 12-months, they were never in the DPD of more than 30-days. So it means they are the customers, where like behavior from their side and the behavior of the business, so they were not having any overdues in the past. So that was one part. Secondly, what I was saying that the turnaround, so cash started coming in their accounts, it was 30% in April, it improved to 43% in May and 61% in June. So, it means 61% of the morat customers have started getting the sales routed through their accounts which is a reflection of the improvement on the economic activity. The third data point which I was saying that 83% of the customers in morat, they have the cash flows routing through their accounts which is more than the interest obligation from April to June. So it means, basically, if you see their interest from April to June, they have been able to service.
- Sri K Velamakanni:** On the similar thought process, if you could maybe explain at a bank level, what proportion of customers have not paid any dues through this last four, five months and who have paid the entire dues for the last four, five months, if you could help with these two data points?
- Prashant Kumar:** No, I think that is something which would be very, very difficult to figure out at this point of time.



*YES Bank
July 28, 2020*

- Sri K Velamakanni:** Then if I may get back to on your fee income front is especially in the corporate side, it continues to remain negative for two continuous quarters, what is going on from an accounting perspective there and how should one think about that line item?
- Prashant Kumar:** If you see the earlier business model which was adopted by the bank that whenever you originate a large corporate loan or project finance, we were charging it upfront fee. So if you see almost last 12 to 18-months, we have not originated any large project loan or any large corporate loan. So that is why the upfront fee which we used to get earlier is not there. And as a strategy also, we are moving away from large corporate loan to both on the retail and MSME side.
- Sri K Velamakanni:** But will this continue to remain a negative item for some more quarters before the growth comes back?
- Prashant Kumar:** No, I do not think so. It would not be negative now because if you see the comparison, since we have not raised earlier also and going forward definitely, but it would not be very large corporate lease.
- Sri K Velamakanni:** What is also perplexing to a certain extent is despite having a very huge amount of DTA on the balance sheet, we have actually made tax provisions for the quarter. So, how should one think about this DTA unwinding and when will it start to reflect in our P&L?
- Anurag Adlakha:** This is Anurag. So the DTA that we are carrying is on account of the timing difference that occurs between us making a provision and the tax authorities allowing us that provision from a taxable profit perspective. So it is only when we write-off these assets, that is when we are able to roll back the DTA. It does not impact the operating profit. So, I still have to pay taxes on the operating profit I make. And to be able to utilize the DTA, it is only when the write-off will take place. That is when we will be able to unwind it.
- Sri K Velamakanni:** So at least in the near-term before we either recover the dues and write-offs or like 100% provision write-off, it is prudent to assume a 25% tax rate?
- Anurag Adlakha:** That could be right.
- Sri K Velamakanni:** Already there is some amount of balance sheet realignment which is happening with deposits coming in, but how should one think about the overall balance sheet size and how you would comply with SLR, CRR requirements as we head into the next couple of quarters?
- Anurag Adlakha:** So we have been in balance sheet conservation mode for the last sort of four quarters. And that is why the overall balance sheet has been degrowing. But that was a function of our CET1 being very close and over the last couple of quarters being below the regulatory minimum. Now with the CET which is almost 500 basis points above regulatory minimum, it allows us the opportunity to grow. So clearly, we would expect to see that flow through. And as we have mentioned previously, we expect our mix of corporate versus retail to change in favor of retail

and MSME. We are currently about 56% on the corporate side and our longer-term aspiration is to make that 60:40 in favor of retail and MSME.

Moderator: Thank you. The next question is from the line of Arun Kejriwal from Kejriwal Research. Please go ahead.

Arun Kejriwal: Couple of questions. The first question is the bank has definitely seen traction and your performance is heartwarming. If we take a medium term perspective and talk about the coming two to four quarters, what according to you could be the challenges for the bank?

Prashant Kumar: Arun, I think the most important thing because of the pandemic, there is a lot of uncertainties around the quality of loan book and recovery from our asset book. So I think this has to be seen in near future how things would pan out. Because if the economic activities are not revised sufficiently or if the dispensation or the support from regulator and the Government of India may not be adequately there, then I think the entire environment is going to see stress. That is one part. Second is the prospects of recovery in the stress asset portfolio, it may be further extended if there is no improvement on the economic activity. So at least I think from our side, this is a major challenge and it would depend on how the pandemic could evolve over a period of time.

Arun Kejriwal: Second question is you now have the adequate capital that you require to take the bank forward. Considering the present scenario, where we have a pandemic, which is as yet not sure how it will pan out going forward, what would be the trust area of the bank, where would you be looking to consolidate and sort of gain further traction as we go forward?

Prashant Kumar: For us, clear cut choice is for the retail and SME and this is because of two reasons -- One reason, like if you see the current quality of our book on both retail and MSME side, I think this is one of the best in the industry. And the reason is that our teams are extremely good in terms of selection of customers and also in terms of collection. So, I think this capability which bank is having we are going to use that. And increasing the loan book on the retail and MSME side by say around 20% would not be difficult because overall book is small and we can still grow by this percentage even while being very-very selective in terms of customer profile. So, I think it would be a clear cut reference for us on the retail and MSME.

Moderator: Thank you. The next question is from the line of Harsh Agarwal from Deutsche Bank. Please go ahead.

Harsh Agarwal: Two questions from me as well. One is, what is the plan around repaying the remaining special facility from RBI in case you have a timeline in mind? And second thing is the coupon that is accumulating on one of your upper tier-2 bonds I think, given that the capital ratios are kind of back in line, where do you stand on the RBI approvals to pay that coupon?

- Prashant Kumar:** So I think to answer your first question, we have already paid 50% of the borrowings from RBI, remaining 50% also we plan to repay in another 45-days. And to your second question on the coupon, which was trending, which we could not pay because we were not meeting on the capital, immediately after capital raise, we have taken up with RBI for their approval. And once RBI approval is there, we will immediately repay.
- Moderator:** Thank you. The next question is from the line of Vikash Rungta from Morgan Stanley. Please go ahead.
- Vikash Rungta:** Just wanted to understand, now you have good capital available, and you said that you will be focusing on retail and MSME. So as of now, your QoQ book has decreased, but going forward, let us say six months, one year down the line, what kind of disbursement and what kind of broader level loan book growth you are targeting?
- Prashant Kumar:** So I think still we need to be very-very careful because we believe that in these kind of uncertainties instead of very aggressively growing on the loan book, this is the time where we need to be very selective in terms of the customer in selective in terms of the type of activity keeping in view the overall environment. So I think instead of going very aggressively, we would be very careful and we would be very mindful about the quality of loan instead of the increase in the loan book side. But definitely, with the capital and the liquidity which we are having, we would like to grow but we would be very careful in terms of quality.
- Vikash Rungta:** Post this successful one of the largest FPO raise, what is our discussion with rating agency because still a couple of rating agencies have rated YES Bank below investment grade?
- Prashant Kumar:** So I think we have already started engaging with the rating agencies. Just give us couple of days, and we are hopeful of getting a rating upgrade.
- Moderator:** Thank you. The next question is from the line of Amit Rane from B&K Securities. Please go ahead.
- Amit Rane:** Sir, can you give our absolute amount of loans under moratorium as on Q1 end?
- Prashant Kumar:** So I think this I have shared in detail on the moratorium side. So I think the number which we have given earlier, we are not tweaking those numbers, in the sense it would be misleading to change those numbers because it is just not possible to say. And if you see the overall economic activities around us, they have not been restored to the normal economic activities. So expecting that the customers without revising the economic activity would start paying the entire dues to the bank is something which is not, I would be saying realistic in our sense.
- Amit Rane:** Just for clarity, what we are saying is that as on 5th of May, what we have disclosed as moratorium, that is the latest that we are disclosing, right?

- Prashant Kumar:** If I am saying a person is out of the moratorium, it means he has paid the entire interest and installment during the last three months. So I can give you a number, which may not be correct. So I do not want to mislead you. I am sharing with you what are the positive developments which are happening in the books of those customers who are availing the moratorium. So maybe there are customers who have paid for one month, there are customers who have paid for two months, there are customers who have started routing the sale proceeds in their accounts. So basically to give a clear cut number, would not be like possible for the bank.
- Moderator:** Thank you. The next question is from the line of Parth Gutka from Macquarie Capital Securities. Please go ahead.
- Parth Gutka:** Though we saw sequential growth in the deposits this quarter, but the retail term deposits are flat quarter-on-quarter. So can you just explain what strategy the management is adopting in order to granularize basically the retail deposit strategy?
- Prashant Kumar:** So if you see on the retail deposits, I think our head of retail, he will share you the strategy, but we also like the way we classify our retail deposit, so retail deposit is mostly which is happening on the branch banking side. So in these deposits, we also have the large deposits coming from the government and others which is not classified as a corporate. But I give you a data point in terms of like the renewal of fixed deposits on the retail side, so we have reached that to the 65%, which is a normal thing for any bank. And even it was normal for us before the moratorium. Similarly, if you see the premat, there also, our number has come down to 1% to 1.5% which is again a normalized one. So I think we are seeing on the gross basis very good traction on the retail deposit side. Only thing is that this growth on the retail deposit is compensating the outflow which happened on the account of the government and government entities which were part of our retail portfolio in the branch banking.
- Moderator:** Thank you. The next question is from the line of Atul Khadilkar from Wells Fargo Bank. Please go ahead.
- Atul Khadilkar:** While I think your reviewed strategy around retail and MSME has been very well articulated and fairly clear, keen to hear your thoughts on how do you plan to leverage the existing wholesale banking infrastructure or what are your strategies around that particular segment? And a sub-question to that is, obviously, large part of the stress asset pool sits in the wholesale banking, so if you can provide some guidance on how do you expect the resolution of the stressed assets over the next couple of quarters?
- Prashant Kumar:** In responding to your second question first, our stress asset portfolio is not taken in the wholesale book. It has already been segregated into a separate vertical. This is focusing only on the recovery and resolution out of the portfolio. So, this has been segregated from the business and the focus is absolutely very-very clear. Second thing is number of people who are managing this stress asset earlier, it was around 25 to 30 people. So, now a strong force of almost 100-employees working day in and day out only for the recovery and resolution of those assets. So

that is what is happening currently. But at the same time, we are exploring the possibility of setting up a separate entity, where all these stress asset can be migrated. And we are seeing interest from some of the international players who would like to put in equity in this separate entity. So, it could be 51:49 in their favor or it could be 51% for the bank and 49% for them so that this pool can be managed professionally and there would be arm's length relationship between the bank and this entity and any upside can be shared by us and any investor in the proportion of their equity participation. And we are already in that process and let us see how it would evolve depending on the regulatory approval. Answering your first question on the corporate side, so if you see the corporate side was focusing today more on the loan origination debt or equity. So our relationship with the corporate would continue, but the focus is shifting from loan origination to more on the liability side, more in terms of offering them digital products and the technology products, which would not only help the bank in getting the CASA deposits, but would also able to get the fee income. Similarly, we are going to participate in their non-fund based requirement in terms of their trade finance, in terms of their FOREX transaction. So I think the focus is more on the asset light, more CASA liability and more on the fee side. But, I think our engagement with the corporate would remain very-very intense.

Moderator: Thank you. The next question is from the line of Nikhil Shankar Dhalani who is an individual investor. Please go ahead.

Nikhil S Dhalani: I just wanted to know the exact loan book under moratorium? And the second question is, have we provided any provisions for telecom industry considering the AGR case that is going on?

Prashant Kumar: Answering the second question first, we have not made provisions for the telecom industry and specifically for the account which you are trying to mention because we still believe that despite too many ups and downs, I think this account is going to survive and this is in the national interest that this account remain intact. Coming to your first question about the book, which is under moratorium, I think we have already shared earlier and as of now, to give a specific number of customers of the portfolio, which is under moratorium, would not be correct because then we are assuming that the customers who are availing moratorium earlier have repaid the entire dues for the last three months, which will not be a correct assumption keeping in view what is happening on the economic recovery cycle.

Nikhil S Dhalani: Other banks have given like for example, HDFC has given 9% and Kotak has given close to 9%. Is it possible to give so that we could have a comparison?

Prashant Kumar: I think I would not like to comment on those numbers. But definitely, our numbers are in alignment with the numbers given for the private sector bank in the recent RBI report.

Moderator: Thank you. The next question is from the line of Tushar Mehta, who is an individual investor. Please go ahead.

- Tushar Mehta:** Just three things I would like to know. One is the corporate loan, which you have given in the range of 54% or 56%, how much of that would have been collateralized? And I need a little more clarity on this moratorium accounts, whether they must have started paying one installment or two installments or that kind of thing. And the third question is how much is your real estate exposure of your corporate loan book?
- Prashant Kumar:** So I think your first question as to what book is collateralized. I think YES Bank has taken more than adequate collateral for giving the loan. So, I think we can have some comfort out of this. Second about whether the customers who are availing moratorium have paid at least one installment or two installment, I think Tushar, we need to appreciate that when there is so much demand from everybody to have a moratorium from RBI to have some facilities from the government and once this dispensation or the facilities have been provided, why they should not avail it. So it does not mean that these accounts would slip to NPA. There are very good customers where there have been no delinquencies, no overdues, but they have availed moratorium, they are preserving cash because today you really do not know how the things would pan out in the next six months. If you just remember like, maybe 15-days back, every day it was 25,000 number because of COVID, today, it has become 50,000. In these circumstances, when the economic activities reviving to the full extent is a challenge, then I think things are quite uncertain, and everybody who likes to preserve cash, would like to have the cash for taking care of their future requirement. And your third question about what is our exposure on the real estate side. So on the commercial and residential real estate, it is 7.6% of our loan book.
- Tushar Mehta:** In today's time, it will be one of the most stressed kind of sector in the economy.
- Prashant Kumar:** I would agree with you.
- Tushar Mehta:** So that gives a very good comfort level with the investors that you do not have very high percentage exposure to real estate which is very scary actually at this point of time.
- Prashant Kumar:** Thank you so much.
- Tushar Mehta:** You said that retail realization of your interest is 10%. I am a little perplexed because in credit cards and this, it goes up till 30% or so, the 10% is ex after the expenses or you lend at 10%?
- Rajan Pental:** So you need to really bucket the products. So products like the mortgage loan would vary between 9.75% to around 10%. The unsecured loans typically would be ranging between 11.5%-to-12%. The vehicle loans like commercial vehicles, construction equipment and car loans put together would be hovering around 10%. So what we told you was an average of 10%-to-10.2% as a range of the entire range of products. Credit cards obviously because of revolving it goes a little higher as you rightly said and so is the goods vehicles or the affordable home loans where the rate would be slightly higher. So we gave you a ballpark range which is between 10%-to-10.2%.



*YES Bank
July 28, 2020*

Tushar Mehta: That is without expenses, am I correct?

Rajan Pental: You are right.

Moderator: Thank you. The next question is from the line of Gopi from SBI Life. Please go ahead.

Gopi: Sir, on the non-interest income side, if you could provide us some sense on how this will move because when we see this quarter noninterest income some gains made out of sale of our existing investment. So other part of the non-interest, I wanted to understand how will we go ahead? Also, if you could give us some sense on what is the investment book today, are they still in line with the book?

Anurag Adlakha: So in terms of the non-interest income, you rightly pointed out that one of the significant contributors was the sale of investments. The retail banking fees for example we have seen a fair level of drop compared to the previous quarter understandably so because business activity was very-very soft in comparison to what we would have seen in the previous quarter. So, for example, things like trade and remittance fee on the retail side or for that matter, facility processing fee, the interchange income, all this was low. So, retail banking was about a third of where we finished in the previous quarter and obviously, that is not a normal. Once the activity starts to pick up and our sort of ongoing focus on looking more at retail and MSME, this is a number which we would expect to pick up to previous levels as the activity moves up. Corporate trade and cash management was largely flat compared to the previous quarter. But again, I think given the low level of activity seen in the current quarter, we are pretty satisfied with that number. So for the quarter, we have reported a non-interest income which is slightly ahead of where we finished the previous quarter, but we believe that once you take out the P&L on sale of investments, this is a number which will normalize in line with what we have witnessed previously, but that will be a function of how soon the activity starts to return back to normal.

Gopi: We have booked some part of the income by selling some of the existing investments. So, I wanted to understand the value of the remaining investments in the corporate investment book, because investments have come up and I presume that there may be more ways?

Prashant Kumar: So basically, it is not like a corporate investment book. This is our treasury investment on the SLR side.

Moderator: Thank you. We take the last question from the line of Rahul Jain from JP Morgan. Please go ahead.

Rahul Jain: Just two questions: Firstly, on the deposit side, can you share how the flow is looking like in July particularly on the retail deposit front?

Management: So deposits on the retail franchise is moving smooth and both in terms of our new acquisition as well as in terms of our renewals as well as demat. I think all the three are absolutely under control



*YES Bank
July 28, 2020*

and today's good results will further give it a boost. So I think like last quarter, wherein in spite of 45-days muted growth, the overall branch banking retail deposit grew by around Rs.1,500 crores actually. So we see a good traction happening there and this will only build up from here as the markets are opening and more and more customers are now willing to meet up.

Rahul Jain: What is your internal rating profile of your wholesale book like between 'BB and below', are you still sharing that?

Prashant Kumar: So our internal rating profile is not in alignment with the external rating. So I think that internal rating profile of say our book would not be relevant outside the bank.

Moderator: Thank you very much. We will take that as the last question. I would now like to hand the conference back to Mr. Prashant Kumar for closing comments.

Prashant Kumar: So thank you very much for connecting on this Q1 results with us. I think our quarter has been quite satisfactory for us. And we need to like remember that we are talking about the performance of a bank which was in moratorium just four months back. And in a very short period of four months, not only we have been able to stabilize the operations, there has been 11% growth on the deposit side. We have been able to raise the largest FPO in the country. And today, we are having a CET ratio of 13.4% and overall capital adequacy of 20%. There is adequate provision on our loan side as well as on the investment side. And we have been able to also generate a decent operating profit number during the first quarter which has been severely impacted because of the pandemic. So I think keeping in view the entire external environment and the circumstances through which bank has passed through in the last quarter, I think this is a significant improvement in the performance. And our presentation has already been uploaded. And we as a team, are always available to you in terms of any clarification/question and we would also love to have your suggestions because we think that you are very, very important partners and critical partners in the journey going forward for the bank. So, thank you so much for taking this call.

Moderator: Thank you very much. On behalf of YES Bank Limited, that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect yours lines.