YESBANK.NSE - Q2 2015 Yes Bank Ltd Earnings Call

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CORPORATE PARTICIPANTS

Rana Kapoor *YES BANK Ltd. - Founder, MD and CEO*

Rajat Monga *YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Jaideep Iyer *YES BANK Ltd. - Group President, Financial Management*

Pralay Mondal *YES BANK Ltd. - Senior Group President, Retail & Business Banking*

Gaurav Jaitly *Goldman Sachs India Ltd* - Equity Sales

CONFERENCE CALL PARTICIPANTS

Nilesh Parikh *Edelweiss Securities - Analyst*

Anish Tawakley *Barclays Capital - Analyst*

Adarsh P *Nomura - Analyst*

PRESENTATION

Operator

Welcome and thank you for standing by. At this time, all participants are in a listen-only mode until the question-and-answer session of today's conference. (Operator Instructions)

I'd like to inform all parties that today's conference is being recorded. If you have any objections, you may disconnect at this time.

I would now like to turn the conference over to leader, Gaurav Jaitly. Thank you, you may begin.

Gaurav Jaitly - *Goldman Sachs India Ltd - Equity Sales*

Thank you, Johnny; and good afternoon, everyone. On behalf of Goldman Sachs, I would like to welcome the senior management team of YES BANK on this call to discuss the Bank's fiscal second quarter 2015 results. I'm very pleased to introduce Mr. Rana Kapoor, Founder, MD and CEO of YES BANK; Mr. Rajat Monga, Senior Group President, Financial Markets & CFO; Mr. Pralay Mondal, Senior Group President, Branch and Retail Banking; and Mr. Jaideep Iyer, Group President, Financial Management.

With that, I'll turn the call over to Ms. Vatsala Bhatt from YES BANK's Investor Relations team.

Rajat Monga - *YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Hi, this is Rajat. Can we begin our commentary?

Gaurav Jaitly - *Goldman Sachs India Ltd - Equity Sales*

Yes, please. Thanks, Rajat.

Rajat Monga - *YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Alright, Gaurav. Thank you and thank you all for joining and listening in to our YES BANK's conference call for the financial results for the second quarter of the fiscal year 2013-14. We are presenting these results to you in the backdrop of somewhat and maybe more than somewhat improving macroeconomic scenario in India, including specific pockets of improvement in the domestic economic activity. We have been witness to significant macroeconomic improvements on the consumer price inflation front hopefully, which will be imparting Reserve Bank of India a lot of flexibility on interest rates as we roll forward into later part of this year or early next year.

We also witnessed progressively improving liquidity in the domestic banking system, despite a fairly heavy election season, which does sometimes burden the banking sector liquidity. We've also been witness to a relatively very range-bound currency movement, reflecting the overall stability and confidence in the improving outlook for the Indian economy. However, we're still dealing with very modest outcomes on the banking sector loan growth, which is somewhat of a manifestation also of improving domestic sentiment, restorations of capital markets, which got particularly disturbed in the last year interest rate defense mechanism for currency. The banking sector loan growth has been at a multi-month low of about 12% to 13% which hopefully is also weighed down by a significant base effect from the same time last year. Hopefully that should progressively resolve itself, such that the banking sector credit growth will improve to somewhere close to 14%, 15% for the year.

In the improving backdrop, specifically YES BANK, we've also been in receipt of a credit rating upgrade from both our rating agencies, which is ICRA and CARE, as they have commented, on account of continued robust operating performance across economic cycles, strong asset quality and improving liability franchise. The bank's lower Tier 2 debt is now rated at AA+ domestic rating, we don't have any senior debt rating. So, the highest rating we have is for a lower Tier 2 instrument. These are Basel 2 instruments and they have been upgraded to a AA+ rating during the quarter gone by.

Running a few moments on the financial highlights of the quarter as well. The Bank is reporting a reasonably robust 30% growth in the loan book, taking the total loan book position to a little more than INR 62,000 crores as at September 30, 2014. The sharp loan growth number does have a benefit of a benign base of last year. And on the sequential basis, the bank is reporting a 5% to 6% loan growth, which is more in line with the recent trajectory as well as the expectations for the full financial year 2014 and 2015.

Nevertheless, there has been a broad basing of loan growth opportunities in the last few months, especially since the new government has taken over, the sentiment has improved, while there are still sectors and balance sheets that need to be deleveraged or derisked. However, there have been opportunities where businesses and balance sheets that did not get well down by the current business cycle are already looking at business expansion and YES BANK has been actively working towards growth opportunities in those situations as well.

Shifting to the liability side, we have witnessed an 18.6% growth in deposits, taking the total deposit to a number in excess of INR 80,000 crores. We have witnessed CASA book growing close to 31% to an absolute number little in excess of INR18,000 crores, converting into a CASA ratio of 22.5%, which is an increase from last year's position of 20.4% as far as the CASA mix is concerned. I think the bank continues to be very satisfied with the evolution of the CASA business.

We have expanded our branch network over the years from 500 branches to 581 branches as at September 2014. Hopefully, both the accumulating factors in CASA business as well as new branches will keep the CASA momentum in good shape. The Bank continues to expect the CASA mix to improve anywhere between 3% to 5% on an annual basis for the next one or two years.

On the profit and loss statement position, the Bank is reporting a net profit after tax of INR482.5 crores for the current quarter, that represents a 30% increase over the same quarter last year naturally boiled by the benefit of a substantial capital raising event that took place in the month of June, 2014 on the back of which both the loan growth as well as the capital raising has resulted in NII ticking up along with margins. We are reporting a 27.4% increase in NII and an improvement in NIMs from 2.9% last year to 3.2% in the current quarter. And the June reported margins were at 3.0%. So there is a 20 basis point improvement resulting predominantly from liability and asset mix shifts that have been transpiring over the last three to six months. As a result, the Bank has also seen an improvement in return on assets to 1.7% for the current quarter on an annualized basis and has seen a moderation in ROE to 18% return on equity has reduced on account of the expanded base of equity, which had its full effect in the current quarter and has correspondingly reduced the ROE presentation which the Bank would report normally in excess of 20% for the past many quarters.

The Bank also witnessed some moderation in both yield on advances and cost of funds. On a sequential basis, there has been a 20 basis points to 30 basis points reduction on both the yield on advances and cost of funds, essentially again more in line with a slightly altering mix of business more than anything to do with interest rate shifts, which have been non-exist -- interest rates have been pretty stable over the last three to six months in general.

The asset quality position of the Bank has been again in a narrow band. We are reporting a 36 basis point gross NPA and a 9 basis point net NPA position, with a provision coverage ratio of about 76%. The Bank has taken about INR115 crores of provisions in the current quarter, out of which about INR45 crores of provisions are on account of NPAs.

We have added about INR25 crores of provisions on account of general loan loss provisioning, including provisioning related to exposures where borrowers may have unhedged foreign currency exposures. We've also stepped up on our counter-cyclical provisioning. We've added INR34 crores of provisioning on account of the counter-cyclical account, which is now totaling the counter-cyclical provisioning sitting on the balance sheet to about 50 basis points to the loan book. This has been a small improvement over the past two, three quarters.

And the remaining INR10 crores to INR15 crores of provisioning is mostly on account of mark-to-market provisioning and some other revenue line adjustments in the current quarter. The total provisioning number would stack up to about INR119 crores.

The position on restructure advances has been almost constant. I think there has been a one small account principal equivalent of INR1.6 crores that has been restructured in the current quarter. The total restructured assets continue to be stable at 19 basis points to total advances.

On the financial highlights, I think the remaining point is capital, where the position continues to be respectable, in line with the growth opportunities that are available in the domestic environment.

The bank is reporting a Tier 1 capital adequacy of 12.2% and a total capital adequacy of 17.4% as at September 30, 2014. These numbers include the unaudited profits for the period ending September, suitably adjusted for the dividend at the bank may incur when it is announced. We've also seen a due recognition coming Bank's way on account of operating performance and innovation in certain banking areas. We were in receipt of the best transaction bank for payments award by The Banker magazine as part of their Transaction Banking Awards 2014 program. This was in relation to a specific dairy sector payment design that the bank had introduced, which entailed a transfer of money to farmers.

The Bank has also been recognized as the best asset quality book in the private sector banking in India by the Dun & Bradstreet Banking Awards for 2014. The Bank was also recognized for a Global Performance Excellence award by the Asia Pacific Quality Organization in the services category. YES BANK has seen awards, which are -- in this quarter particularly couple of awards which are globally benchmarked and we have been recognized at not just India, but international levels as well.

So overall, the results for the second quarter, the operating performance continues to be very satisfactory in terms of management expectations. We do believe, as I mentioned in my commentary earlier, the macroeconomic conditions in India continue to improve, the policy-making process continues to strengthen and we have more hope lining up in terms of policy developments at the government front as well. We do see moderation in interest rates also coming through, possibly as soon as beginning of next calendar year. And with the generally improved domestic sentiment and environment, we are hoping that that should also follow through into our ensuing business opportunities.

I think with that, we will hold our commentary and we will open for question and answers on our financial performance.

QUESTION AND ANSWER

Operator

Thank you. We will now begin the question-and-answer session. (Operator Instructions) Vikas Agarwal.

Nilesh Parikh *- Edelweiss Securities - Analyst*

Yes. Hi, Nilesh here from Edelweiss. Hi, Rajat.

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Yes, Nilesh, hi.

Nilesh Parikh *- Edelweiss Securities - Analyst*

Hi. So two questions; one, on the entire savings rate, we've seen a heavy traction over the last many quarters. On the other side, we've seen other banks, actually other peers have already started dropping their savings rate. So, just wanted to get your thoughts on that. When do we take the plunge there? And so I'll follow up with the other question later.

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Nilesh, Yes. So I mean we have seen that a couple of other banks have moved their lower slab lower. While they have not adjusted their higher slabs, they have possibly worked on the lower slab to get that a little bit lower. And as we have given details of our -- we would have indicated in previous calls also that YES BANK savings accounts are largely centered around the 7% offering.

We also have a 6% slab like the other banks had a 5.5% slab. According to us, it's a non-material sort of zone. At least in our point of view, it is a non-material zone. So, even if we reduce our lower slab, it'll be very semantical rather than more material. So, we continue to be supporting our 7% flagship program and I think we are getting desirable outcomes. We do have a medium-term plan or thought process if I may say to moderate the pricing. Also, it depends on how the interest rate environment pans out. We may not remove the 7% headline, but we may increase thresholds at which 7% pricing becomes available to our customers. So while there is activity, but according to our understanding, it is not in the materiality space. It will be more semantics. Just we will lose the headline without any benefit.

So, we are solidly invested in our headline and I think the outcomes are very satisfactory and we will have plenty of time to work on the balance of pricing. The idea is to first get the right mix and share. And we are by the way more than happy with the quality of customer franchise that is coming versus the current design of the program, whether it is the average balances, both mean or medial of these balances, the transacting property of these accounts, the average balances being reasonably two to three times more than competition industry.

So, these are the right accounts that we are opening and we don't see a need to semantically jeopardize this particular outcome. So, while there will be activity, but over the medium term, if you ask me in the short term, we are not thinking about any suitable response to this development from the competition because I don't believe it is material.

Nilesh Parikh - ***Edelweiss Securities - Analyst***

Fair point. But when would you look to -- so what would -- is there a particular cross-sell number or in terms of the broader interest rates in the market that we're looking at when the number would still be down?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

We are looking at more what should be a target mix of savings account on our balance sheet. And let's say the target is between 25% and 30% of total deposits, 25% to 30% of savings accounts as a percentage of total deposits of the Bank. When we get there, we should have, by then, substantially normalized our pricing.

Nilesh Parikh - ***Edelweiss Securities - Analyst***

Okay.

Nilesh Parikh - ***Edelweiss Securities - Analyst***

Actually the doubling of the number from current levels, right?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Doubling, let's say it is repeating last three years, yes. It's doubling of the mix; it might involve quadrupling of the numbers. But it actually effectively is repeating what we have done over the last three years. That will take us to this position and by the time we are there at position, we should have already normalized the pricing substantially, which means that we have to look at a right window, right opportunity, doesn't have to be with a particular program, but with the right let's say sound bite as well.

Nilesh Parikh - ***Edelweiss Securities - Analyst***

Fair point. Just the other question is on the growth. You've seen incremental growth coming this quarter largely from the electricity segment, so I just wanted to understand the nature of these -- are these inter-state or distribution companies if you can just comment on it?

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

The change in electricity is largely on account of a new bond deal that we have done with an AAA company, which operates in the power sector. So almost all the change that you see in the mix of the electricity sector increasing on account of this transaction and it has been distributed. So, you will also see corresponding sort of reduction of the position as we -- I mean -- things have naturally improved on the inter-state front, so this position which is anyway AAA rated, but in electricity sector is going to be gone very quickly. It's not a loan, it's a bond.

Nilesh Parikh *- Edelweiss Securities - Analyst*

It's a bond. So, overall when you look at the credit substitute book, that has come off on a sequential basis despite an addition of this particular bond which is -- yes, the book is running off faster, when does that actually start to (inaudible)?

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

So Nilesh, the book has been running off, let's say, for the last 12 months. Since RBI sort of disrupted the interest rate trajectory and that in turn disrupted the debt capital markets sort of throughput. And so, we were in a stall zone for six months and since that, we came out of the stall zone, the book was again running down like it would in normal course.

So this is a distribution book. It gets stopped up by transaction as and when they happen like the transaction we were discussing. Otherwise, the book is continuously being distributed. So, as you are seeing in this quarter, the distribution and the addition just got balanced off.

Nilesh Parikh *- Edelweiss Securities - Analyst*

Any P&L impact because of this in terms of gains and any outsize number? So we're seeing something on the financial advisory, that's been quite strong.

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

No, the gains on bonds will be reported under the financial markets. So, yes, they would be, but the minority, it will not be majority of the financial market's performance. In fact, rates have rallied only in October. So, if you look at the rates position between June and September, it was very range bound.

Nilesh Parikh *- Edelweiss Securities - Analyst*

Okay. Sure Rajat. Thanks a lot. Yes. Thank you very much.

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Bye, Nilesh. Welcome.

Kashyap Jhaveri

Hi. Congratulations on a good set of numbers. First question, just out of curiosity, in this quarter, we haven't reported audited numbers unlike previous first halves in last couple of years. Any particular reason for that?

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Well, yes, one specific reason, which goes back to why introduced audited results, is because the capital computations required P&L to be an audited P&L.

Kashyap Jhaveri

Right.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

So, let's say, we're in the six-month period today and we have profits for the last two quarters; unless it is audited we are not able to use that for capital computations. That was before rules changed. Rules now do not allow even intra-year profit. So, there is no -- so the audit was no longer -- it was rendered redundant essentially.

Kashyap Jhaveri

Okay, okay, okay. Second question is on your overall customer asset growth, which has been just about 1% QonQ this quarter. If I look at YTD, it's about 3.5% odd. We have already gotten capital in place, so how do you look at total customer asset growth over the next, let's say, over FY15 and FY16?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

There's naturally a little bit of corrective process, which has been underway in the last 12 months or so, where we have been generally reducing our credit substitute component of customer assets and loans have, both by opportunity and context, have been increasing their interest share within the customer assets book. So, the adjustment is not something which is going to continue forever, so let's say, in FY15 and FY16 if the growth trajectory is somewhere at 15%, 20%, our customers asset should also be growing at the same rate.

Kashyap Jhaveri

So, we are looking at about -- in FY16 also about 15% to 20% growth in overall customer assets?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, and the growth, I would say, in FY15 and FY16 should also be more distributed unlike it is now. Here we are seeing it as more loan heavy, the current growth within customer assets.

Also because credit substitute markets have been relatively disrupted, issuances have been far and few, while distribution has been put back into activity zone because of normalization of markets. But we do think that the issuance activity will also pick up substantially when there is a rate cut expectation build up coming in. So, we are also looking for that sort of balance to come into place.

Kashyap Jhaveri

Does it also mean that, since if you look at rates in non-bank loan market, like some of the bonds even now touching less than 9%, this is one book that probably is facing a hit from that side?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Is facing a?

Kashyap Jhaveri

Is facing heat because of that also that some of the bonds are actually quoting -- let's say, even a AA-rated bond would now quote way below the base rate. Is that also affecting growth in the book?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

On the loan book, yes. So for example, we were looking at some statistics where in the month of September, I think there was more CP issuance than there was credit growth in the economy. So, the CP books grew more than the loan books grew in that corresponding period. So that is also a part of the restoration of the debt capital markets, which got disrupted because when interest rates are shocked higher like they were last year, money from mutual funds for example get withdrawn, because they're exposed to market risk. So, mutual funds would lose the AUMs, they will move back to banks because banks are still lending cheaper than what new CPs are available for issuance and that has clicked in the last quarter effectively. Banking business is suffering, conversely so as compared to last year. So, there is also a base effect that the banking sector is dealing with right now and we are seeing headline growth being particularly low for that reason and it will not stay there. So that substitution has happened and I think substantially happened, it can't continue forever.

Kashyap Jhaveri

Right. Okay, okay. And last question on your fees, retail fees in this quarter have grown about 13%, 14% odd YonY, has it got to do anything with the base effect or how do you see the growth going forward?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, there is an element of base effect, yes. So, there was NRI activity, for example, in the corresponding quarter last year, given the circumstances we are all aware. So, non-resident Indian activity was quite brisk. So, there is a base in terms of the fee component as well, which I'm sure there will be other reasons, sometimes insurance business, which is seasonal, becomes a base. So it will be difficult to compare June quarter and March quarter. So there is an element of a base, yes. And I would also look at the sequential sort of element in tandem.

Kashyap Jhaveri

Right.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

So, the fees bound to grow. I think I would just -- so that's where we look at the sequential momentum adjusted for seasonality. I don't think we are going to have the same NRI opportunity in a hurry unless RBI provides more incentives all over again.

Kashyap Jhaveri

Right, right, right. Sure. Yes, that's it from my side. Thank you.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Thanks, Kashyap.

Vikesh Gandhi

Hi, congratulations. Just had one question, can you just give some color on branch distribution, what are we looking at and I guess last couple of quarters, the growth in distribution has been probably much slower. So, what are we looking to do?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Thanks, Vikesh. So with your permission, can I ask Pralay to respond to this question?

Vikesh Gandhi

Yes, yes, sure.

Pralay Mondal - ***YES BANK Ltd. - Senior Group President, Retail & Business Banking***

Hi, Pralay here. In terms of branch distribution, I think right now, our plan is growing by around 15% to 20% on our base every year, unless we feel that there is a reason to grow much faster. However, the key delivery point now here is that most of our branches which has come up in the maps last few years are low vintage branches and pretty good potential branches also branches which are even three years plus branches and have turned profitable and things like that.

Those branches also we see there is a headroom available in those branches in terms of the number of customers we can put in in there and whatever exhibition they can do and then we'll close the cross sell and up sell and those kind of things. So when you put all of this together, one of the focus areas is to also, because we've grown pretty fast in the last three years in the branch distribution, how do we get operate and leverage out of these branches and at the same time continue to grow the branches by 15% to 20% every year. So, that's the key focus right now on the execution side.

Vikesh Gandhi

Okay. And just extending this part, can you give some color around in terms of overall, how much is the alternate channels contributing from your customer throughput point of view? So, ex-branches, whatever, mobile banking or other points, ATMs, etcetera, if you have some numbers around that?

Pralay Mondal - ***YES BANK Ltd. - Senior Group President, Retail & Business Banking***

Yes, I think broadly, the way it looks -- see, let's divide two, three parts. One is the customer acquisition channel will always happen to the branches. Now, alternate channels have limited contribution to the customer acquisition, there is some contribution, but eventually that conversion happens at a branch level.

So customer acquisition is primarily at a branch. And however, what happens is once the customer opens the account in the bank, roughly anywhere between 70% to 80% of the customers would operate the direct banking channels and some around 20% of the customers would come to the branch for transactions.

We are slightly on the higher side when it comes to our net banking penetration and the private banking channel penetration is pretty good for us. So, I think that especially because either we have high net worth customers where we have our items touching best with their customers or we have slightly younger demographic customers through the salary accounts and others who like to interact through our group banking transactions through the direct banking channels.

So we are pretty much slightly above the industry average out there and roughly it is 80%, 20%; actually, it is lesser than 20% when it comes to customers coming to the branches.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, let me, sorry, add a point here. You have to look at this in the context that today, an Indian customer is not ready to be fully electronically serviced, fully.

Vikesh Gandhi

Right.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

So, that -- and it's not too far away that he will be and rather we will be ready to service him fully electronically so. So what that leaves is still a space where we are constrained to keep our customers close to our branches or other imposed constraints on our origination that we are not originating customers, which are too far from branches and services -- the on-branch service will hurt. So, while the electronic channels are there and customers are using them effectively, so for us both in terms of -- for costs as well as efficiency and predictability of service is naturally much better. But we are not free of on-branch service structures.

So in that constraint, while we will be idealizing that we should have a social media only sort of sourcing business or open your own account through -- and we have all of that, but it cannot be going full blast because then we will fall flat on the on-branch servicing sort of constraint as well. And that is shifting, it is naturally going to be a little bit of an acceptance process by customers as well. It's happening. You will see a lot more action on both digital marketing and digital servicing of customers as well as we roll out some of our designs that we're currently working on. So it is in that space. I thought I should just put that context.

Vikesh Gandhi

Sure. And just one small data point, how many customers do you have, total?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

A little over 1 million.

Vikesh Gandhi

Okay. Thanks, Rajat; thanks, Pralay; all the best.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Vikesh, thank you.

Anish Tawakley

Hi, Rajat. Thanks for taking my question. Two questions. Rajat, what is the limiting constraint to balance sheet growth at this point? Is it the risk environment that's limiting how fast you grow your customer assets and consequently balance sheet or is it the CASA side that you want to maintain a certain CASA ratio and therefore that constrains the amount of balance sheet you put on?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

So I mean it was let's say if I roll back about 12, 18 months in time, it was clearly risk appetite that was the operating constraint; some would also interpret that as capital being an operating constraint at that point in time, but one of the two or both were the operating constraints. Both of them are less so. And let's say are growth constrained today. We were also not growing the balance sheet as a consequence as much as we have seen in terms of developments in the very recent past. So, CASA will be a little bit of a part hurdle in that respect because CASA growth is looking between 30% and 40%.

And therefore, our balance sheet growth has to be a notch or two lower than that for our design to sort of stack up for CASA mix to improve, and to also keep the fact that we are no longer tiny as an entity and that we have to see. And growth is not just coming as such, but also getting broad-based. So that's where I think we are naturally increasing our focus lot more on retail assets. It's early days in terms of outcomes, but there are pockets which are beginning to flourish already where they have found their niches in the current market structures. So I would say relatively it will be a balance today between risk appetite and CASA as, let's say, a constraining variable. I don't know which one is clearly more than the other. And capital is certainly not the constraining variable at this point in time.

Anish Tawakley

See, I was just doing the numbers right, you mentioned that you expect the CASA ratio to double over three years and absolute SA to develop. Sorry, you said SA to sort of double over three years ratio and SA in numbers to quadruple over three years. That gives me a balance sheet growth rate of roughly 27%, a total deposit growth rate of roughly 27% over a three-year period. So should we expect to get there?

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Let me put my disclaimers. I mean these were -- quadrupling was not really a -- it was just more illustrative number, not necessarily our strategy number as such. I just used that for effect at that point in time. Not really that it is our target. But yes, what we are working toward is, that CASA mix should be improving between 3% to 5% a year.

Anish Tawakley

I understand. And so let me --

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

That is a strategy and target. And we can work the remaining math around it.

Anish Tawakley

So that will be a limiting constraint? I mean you won't grow the asset side faster than the CASA ratio to improve?

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Well, let us say we can't control each as much as we would like to, because we have to service customers and customers have to keep depositing their incremental flows with us. So, as much as we can, we would like to; otherwise, some of these will become a little bit of calibration factors. So if the --

Anish Tawakley

I understand.

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

If the -- sorry.

Anish Tawakley

And sorry, the follow-up was, with the 15% to 20% branch growth rate that Pralay mentioned, what would be sort of the range of OpEx growth that you would expect?

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

It will be not too off for two reasons. One that the incremental cost of branch is yet lower than our average cost of branch because branches are getting smaller as well as they're getting more and more into the lower rental averages also because this is more suburban and no longer downtown as much as it was, let's say, three years ago or something; and we have to add inflation to that. So, I would say there was maybe a 10%, 20% cost benefit in terms of from average when we set up a new branch and there will be a 5%, 10% inflation also that will keep coming in in terms of new costs. The new branches will naturally have inflated costs, this is inflation. So somewhere, the branch OpEx, just the raw cost -- I'm not talking about branch productivity, just the raw costs should be growing in the early 20s.

Anish Tawakley

In the early 20s. And if I may squeeze in, what's the SA average cost this quarter?

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

7.1.

Anish Tawakley

Great, thanks so much.

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Thank you.

Abhishek Tiwari

Is there anything to read on your yield on advances which has declined sequentially and also if you can provide the NPA movement for the quarter?

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Well, there has been some, let's say, moderation in pricing environment as far as the advances is concerned. I won't be reading too much into it, because a bit of that will be just on account of excess of the loan book that we are holding, as well as on the deposits side. So, there should be a 5 to 10, let's say, basis point effect coming from the fact that rates are moderating and another 5 to 10 basis point effect coming from the fact that there is a mix sort of give and take interest rate in the loan book. And what would you like on the movement of NPAs?

Abhishek Tiwari

Slippages, mainly, what sort of slippages have we seen in this quarter?

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

So, we have a new and fresh NPA of INR151 crores for the quarter. We have also seen reductions of INR127 crores, which is through either recovery or upgrade or write-off.

Abhishek Tiwari

Okay, that's it from my side. Thank you.

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Thanks, Abhishek.

Manish Karwa

Yes. Hi, Rajat. Just, we see your customer assets have not grown up so much, but your investment book has still grown pretty sharply on a sequential basis. Is it just that you are adding SLR to your balance sheet over the last one quarter?

Rana Kapoor - ***YES BANK Ltd. - Founder, MD and CEO***

Yes, Manish. Yes, that is the LCR sort of response. So, we would have added predominantly to the non-customer asset investment book. That's right.

Manish Karwa

And is it a duration asset or a very short-term asset on SLR that you're adding? I'm just trying to gauge if interest rates come off, does it mean that you will gain more or it shouldn't matter much?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

No, these are not -- I believe there is some presentation issue in our customer assets. So, we will repair that number in our -- when we put the business update online. It is not -- I think there is some -- so customer asset growth should be more than what it is currently presented. But nevertheless, what you're saying is also correct that we have added a T bills more than anything else to our holdings in order to -- so I may be holding, for example, about 4% to 5% excess SLR as at September 30. And this is predominantly in the form of T bills or very low duration (inaudible).

Manish Karwa

Right. Then, on this, because due to the LCR change which RBI recommended in this previous policy, are we reasonably comfortable on this LCR thing now? And we can actually run with lower -- excess SLR as well?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Well, I think there is still, I would say, a fair amount of interpretational gap on LCR guidelines and what I think banks and RBI are thinking. I think this will take six, nine months to settle down, but just to respond to your question, even if you look at a conservative way of interpreting RBI and its guidelines, as far as I believe we should be comfortably handling LCR already. So, while there is a graded LCR from 60 to 100, I don't think we should be in any meaningful sort of situation. I think by Jan. or March, we should be comfortably clear of -- and I'm sure some of the interpretational issues will also sort themselves out. We are already holding 4% to 5% excess SLR.

Manish Karwa

Okay. On your loan book, while we have been talking about retail becoming a bigger growth driver, the numbers don't show that yet. So, what's your thoughts on that?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Give it a March to March comparison, because the retail also has -- we still have a situation where the retail numbers we are reporting are both bank originated and also bought out retail numbers. We also buy retail portfolio PSL complaint.

Manish Karwa

Sure.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

The bought out portfolio has run down and we have no reason to buy them now because we need them only in March. And actually they come at suboptimal terms as well. So, the comparison is more seasonal, at least in our case, you should still give it a seasonal completion before we compare. So there is a significant priority sector overlap with retail and that brings the seasonality, because our retail is still commercial retail more than it is consumption retail. And the consumption retail is the one which we are talking about beginning to work into. So we've announced some mortgage plans. We have been thinking about, at the right time, getting into credit cards, among others; we are already into cars, but there is still a commercial car platform, a commercial vehicle platform that we are focusing a lot more on and that has high PSL overlap as well. So, I think a fair comparison would be, if you allow us to do that when we have completed this year and therefore, we compare a like-for-like from March over March.

Manish Karwa

Fair point. And lastly, how much of SR is there on the book now? Has it increased this quarter?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, there has been an increase, about INR30 crore, INR40 crore increase is there. So, we will be at INR222 crores of SR.

Manish Karwa

Okay, okay. Thanks a lot, Rajat.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Bye, Manish.

Operator

Adarsh P, Nomura.

Adarsh P - ***Nomura - Analyst***

Yes, hi, Rajat. I have two questions, both in fees. Firstly, on financial markets, the buoyancy that we had this time, was it more like treasury linked, booking of gains or you had some bit of activity which is better on the clients side as well, because rates started going down, so you could have done a bit of bond syndication there?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Both, but I would say treasury has a minority contribution. When I say treasury, I would relate that more to Gsecs.

Adarsh P - ***Nomura - Analyst***

Okay.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Because RBI has been throwing up some OMOs, some buybacks here and there, so we would have participated in the OMOs or buybacks and would have had corresponding gain or loss to report, but I don't think that exceeds more than INR5 crores, INR10 crores for the quarter.

Adarsh P - ***Nomura - Analyst***

Do you think large part of this is client business, is it?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Predominantly, yes. I mean let's say, there will be a majority of the income will be on account of FX that we are translating for customers regarding either -- well this is import-export or cross-border remittances.

Adarsh P - ***Nomura - Analyst***

Yes.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

There will be two minorities after that, which will be debt capital markets where we are writing bonds and we have fees that we can earn on such transactions and there would be a derivative minority, where we are working with -- and that's -- derivative is largely dollar-rupee, where we are working with clients to hedge their exports or imports or ECBs. And then, there is -- the smallest component in this quarter would be from treasuries.

Adarsh P - ***Nomura - Analyst***

Okay. Because you said treasury related to Gsecs, but the alternate investment -- that investment book or investment substitutes have actually gone down, which means that the corporate book ran down. You could have booked or you would have booked rather some gains there as well, right? So where do you club that?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, well, that will go -- I mean we don't give that disclosure, it is all clubbed in the financial market number only. But I must say I was -- we were discussing that earlier in the call, the rates did not move a great deal in the September quarter. Rates have moved but in October. So that will have a relative gain so to say and also depends on what we sell. So, we still have some.

Adarsh P - ***Nomura - Analyst***

So the rundown from INR12,000 crore to INR10,000 crore, this INR2,000 crores of rundown, you think you wouldn't have made a lot of money, most of the money in this market side would have been because of syndicating and getting a fee rather than booking a gain on sell down at a lower rate, is it?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

In the quarter gone by, yes.

Adarsh P - ***Nomura - Analyst***

Okay. And which could increase in this quarter because the rates are substantially lower?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

And if we sell the holdings, that's right.

Adarsh P - ***Nomura - Analyst***

Yes, understood, yes, yes. So, second question on the advisory side, any color that you can give? Again, it has like two, three components, right? So, which parts of the component has done well? So you have your loan syndication part here, you have your IB part here and all those things, so which part is doing relatively well now?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Well, the combination of our refinancing and syndication has done well. IB has been flattish. Maybe -- sorry, IB has been better than first quarter. And I would say the loan syndication -- sorry -- refinancing or new financing or refinancing cum syndication would have been doing, I would say, marginally better than the sequentially previous quarter. (multiple speakers) would have done much better than the -- sorry?

Adarsh P - ***Nomura - Analyst***

I was just asking, related to this on the refinancing side, was the footnote on the fee side relating to this that the amortization of fees was happening in a certain other way, if you can just explain that? I know (multiple speakers).

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, of course, that is not relating to financial advisory, that is relating to transaction banking, where we report fees on account of guarantees, among others. So what we have done, the footnote is in relation to guarantees. We have just made our revenue recognition more conservative on account of what we do with guarantees. Let's say, if you have a long-term guarantee and there is -- most guarantees which are long-term come with annual fees. So, what we were following was recognizing the fee when -- as the anniversary of the guarantee.

Adarsh P - ***Nomura - Analyst***

Okay.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

What we are doing and the change we have made is that we are no longer doing that, we are now recognizing the fee on a straight line daily amortization basis. So, I'm deferring my revenue recognition through the year.

Adarsh P - ***Nomura - Analyst***

Okay, okay. So, it's more quarterly now than yearly as we received.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, I mean so it is not incidence based, it's not anniversary based, it is now deferred income based. So, while I will collect the fees, but I will not put it into P&L, I'll put it into a deferred income account and I'll amortize that into P&L every day.

Adarsh P - ***Nomura - Analyst***

Perfect. This is good. Thanks. Thanks, Rajat. Yes.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Thanks, Adarsh.

Manish Ostwal

Yes, my question on this non-interest income during the quarter, basically financial market treasury and financial advisory. So, first, on the treasury side, what was the component on one-off in the form of higher bump up of trading gains and the customer-related income is a driver for this quarter?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

No, nothing particularly significant. There is deal revenue, but we are doing deals almost every month or every quarter. Particularly on debt capital markets and we had also indicated, let's say, nine months ago that debt capital markets because of interest rate dynamics have also been -- practically, they were closed for six months. They are now open and we are expecting that activity will yet increase from here. As interest rates are coming down, the incentive for corporate to raise bonds is increasing as opposed to taking loans from banks. And in the quarter gone by, while there are some deals that contribute to revenue, but there is no reason to believe that another deal will not happen in this quarter to sort of continue the momentum. The one-off gains which particularly relate to let's say interest rate movements were something that we can ignore in the last quarter. Not sure if I answered your question.

Vikas Kulkarni

Hi, Rajat. A couple of new datakeeping questions. One, we have disclosed corporate banking proportion has increased from 71.4% this quarter. But we have not given the breakup between branch banking and commercial banking. Is it possible to share that?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, that will be about equal. Within that, it will be roughly equal.

Vikas Kulkarni

Okay, okay. And secondly, did we sell anything to ARCs?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Say again, did we?

Vikas Kulkarni

Sell any increase to ARC this quarter?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, there was one sale and our ARCs have increased by INR35 crores. ARC position has increased by INR35 crores in this current quarter.

Vikas Kulkarni

Okay. And lastly, I think so, we have been maintaining that we'll be adding 100, 150 branches every year. Are you sticking to that or any change of plan on that one?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, I think the branch additions are, let's say, 15% to 20% range that we are working with. So, we are 600 branches today. So, that on a prospective 12 months basis should give us a 90 to 120 branches stacking up over the next 12 months.

Vikas Kulkarni

Okay, okay. Perfect. Thanks. Yes.

Rajat Monga - *YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Bye, Vikas, thank you.

Mahesh Kulkarni

Hello?

Rajat Monga - *YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Go ahead, please. Hello?

Mahesh Kulkarni

Yes, sir. Actually, I just wanted the number for retail term deposits. Hello?

Rajat Monga - *YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Yes, hold on. [I'm just digging that number]. The number that we normally share which includes retail deposits and CASA put together, that number is about 42%, 43% for the September 30 position.

Mahesh Kulkarni

Okay. Can we get the separate data I mean for retail term deposit?

Rajat Monga - *YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Yes, 20%, 21%, 20% odd out of that will be retail term deposits because you just have to remove the CASA from that.

Mahesh Kulkarni

Okay. Fine, sir. Okay. Thank you, sir. That's all from my side.

Rajat Monga - *YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Right. Thank you.

Vaidyanathan Aggarwal

Right. Just wanted to take -- you mentioned that you are very comfortable on the LCR by Jan. to March of next calendar year. What would your position be as of today -- I mean as of September end, it will be about mandatory minimum of 50%?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes.

Vaidyanathan Aggarwal

Okay.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Actually, well, LCR is still -- according to us, we are far above that. However, there are some interpretational sort of challenges. We've also seen some other banks give their information about their position and it seems that we are approaching it with a very conservative interpretation. So that's the reason I'm not very confident of publishing a number as such. The numbers also will need to be audited, among others; and we are undergoing our draft audit process also on those numbers. In any case, we will be clear of the regulatory minimum. And if some of the gaps that we have raised with the regulator as well turn out to be favorable, we are clear for good, I guess.

Vaidyanathan Aggarwal

But this is after factoring in the additional 5% to 6% SLR which you have built up for this purpose?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, among others, I have to say, yes and no. Yes, because it is available; no, because it is not. While they have announced it, they are yet to give details of how this will be sort of interpreted. So LCR is not a done deal in terms of the establishment of that, let's say, the whole understanding of how reserves will -- at some level, India does not need LCR, we have reserves, a whole lot of reserves.

Vaidyanathan Aggarwal

Yes, yes.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

And there is no more SLR to put to be able to -- for all banks to comply with their LCR requirements. And you also know that progressively SLR will be cut. So from being a democratic reserve, it will become a meritocratic reserve. So if you have good deposits, you will have to put less reserves; if you have bad deposits, you will have to put more reserves. So, I think that shift will happen over the next four, five years progressively.

Vaidyanathan Aggarwal

So that's a long time in terms of -- so how does it tie in with your retail focus? I mean you obviously --

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Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Very well. As of today in one interpretation, we are already compliant with LCR, 100% LCR. In another interpretation, we are above the March target, but we are -- possibly, we will need to do more to go to above 100%. Like I said, we don't know where this lies. Where I'm confident is that I'm clear of the minimum. Am I confident that I am -- say again?

Vaidyanathan Aggarwal

Yes, sorry -- just on the data point, could you share the exact number on your unhedged FX provision for the quarter? And, you mentioned INR25 crores in the general loan loss provision.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

INR13 crores is the provisioning. I didn't get your name. Can I get your name, please?

Vaidyanathan Aggarwal

Vaidhyanadhan.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Vaidhyanadhan, alright.

Vaidyanathan Aggarwal

So, INR13 crores --

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Vaidyanathan, we have INR13 crores of provisioning on account of unhedged foreign currency -- it's closer to clients who may have unhedged foreign currency exposures in turn.

Vaidyanathan Aggarwal

Okay. Thanks, Rajat. That's it from my side.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Alright, Vaidyanathan. Alright. Thank you.

Yash

Hi, good evening, sir. Sir, if you could just tell me the kind of power exposure that we have apart from the one that was mentioned in this quarter. How much of it would be holding, then what could be your worst case impact of the court judgment is unfavourable?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

See, there is absolutely no direct impact that we have from the coal which is that, if I am a company which is directly exposed to coal, if I am a project which has had coal from that very mine and that very mine is gone, we have no such exposure. Do we have exposure to companies which have traditional businesses and a part of their requirement was coming from coal mines which have been deallocated, yes? We will have exposure. So there is no real concern there, because those are large companies and they have plenty of maneuverability to be able to tie it over the current situation, as well as we still don't know what will the new policy be, at what rate will coal be offered all over again or will they have to import, et cetera, those parts are unclear. So, as far as asset quality is concerned, we fear no consequences on account of the coal block deallocation.

Yash

Fair enough, sir. And sir, the ARC deal, you said the position increased by INR35 crores. So, that would have been the SR increase. So that excludes the 15% cash ?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes. Yes, it excludes. Correct.

Yash

Alright. And have we deferred any provision as far as any shortfall in sale to ARC is concerned? Has there been a shortfall between the net book value in the ARC sale?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

No, no, we have written off the -- if there was a shortage between loan value to ARC position adjusted for cash, we have written off the difference, we've not deferred it.

Yash

And sir, if you could just tell me about the movement of NPA. I got disconnected in-between.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

We have added INR151 crores of new NPAs, generated INR151 crores of fresh NPAs and we have reduced INR127 crores of NPAs through recovery, upgrade or write-off and also from sale of ARC.

Yash

Alright, alright. Okay, that's it from side. Thank you.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Alright, thank you.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes. Hi, Sameer. Go ahead.

Sameer Vijay

Yes, hi. I needed one data point. What is the outstanding countercyclical provision on the balance sheet?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

50 basis points to loans.

Sameer Vijay

50 basis. Okay, thanks a lot.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Sameer, thank you.

Mayur Parkeria

Good evening, sir. Thank you for taking my question. I just had a -- I don't know if that has been clarified before. It's a historical understanding, which I wanted. We have always seen within the sectoral allocation, the other industry is accounting for over 30% to 35%, note the percentage. When we look at the RBI data which is for the entire industry as well as some of the private banks, it is more in the region of 20s or even lower. Can you just explain the difference and add color to what (inaudible)?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, you add -- we don't have a retail loan book. Our retail loan book is less than 5%. Most of those banks will have 30% of their loan book in retail. So, what you're looking at is our position of 30 on 100, look at that as 30 on 130, when we'll be the same as you see other banks. It's just that our businesses are different, not the composition. I am sorry, the compositions are different but not the contents.

Mayur Parkeria

No, but the nomenclature, which has been -- which has given by the RBI for the restructuring industries, definitely that the exposure which is coming in others are not within those industries?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

We use RBI methodology only.

Mayur Parkeria

Yes.

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Other banks also could be using. I don't know. I mean if they're -- go ahead.

Mayur Parkeria

I have just a broad mapping of other banks also, they also use mostly this same RBI economics. So if the nomenclatures are same, I don't understand why the retail book even our presence of retail book a percentage would make a difference to the categorization?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

It will not make a difference on categorization, it will make a difference to the percentage. I was telling you let's say today, I have a loan book of 100. I have a loan book of 100 and I have other industries of 30. The other bank has a loan book of 130 because he has retail. Yes he has other industries at 30. Something if you overlay a retail asset business also, you will get the same outcome.

Mayur Parkeria

Okay. And what do these other industries constitute broadly?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Well, everything else that it could be illustratively holding companies, it could be -- what else will be there significant? Real estate will be -- real estate -- I am sorry.

Mayur Parkeria

If you were to give five major heads within that other, what will you do?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Yes, so real estate for example will come here, holding companies will come here.

Mayur Parkeria

Capital markets?

Rajat Monga - ***YES BANK Ltd. - Senior Group President, Financial Markets & CFO***

Capital markets will be distributed. Capital markets can be in any sector. Capital market exposure is a function of your collateral more than anything else. If you share that collateral, it will -- even if it is an infrastructure company, it will be at both capital markets and infrastructure.

Mayur Parkeria

Okay. Thank you so much.

Rana Kapoor - ***YES BANK Ltd. - Founder, MD and CEO***

Alright.

Operator

We have no further questions at this time.

Rajat Monga *- YES BANK Ltd. - Senior Group President, Financial Markets & CFO*

Alright, this will bring our conference call to a close and we thank everyone on the call taking time out to hear the commentary of the Bank and thank you for asking very good questions and we hopefully will catch up with you again soon. Thank you.

Operator

That concludes today's conference. Thank you for participating, you may disconnect at this time. Speakers, please stand by for your post conference.