

Press Release – October 26, 2017

**YES BANK announces Financial Results for the Quarter and Half Year ended September 30, 2017**

**1. PROFIT & LOSS (P&L): Sustained Profitability with improving Operating Leverage**

- **Net Profit of ₹ 1,002.7 Crores in Q2FY18;** y-o-y growth of **25.1%**
- **Net Interest Income** of ₹ 1,885.1 Crores for Q2FY18; y-o-y growth of **33.5%** driven by steady growth in Advances & CASA, and expanding Margins.
- **NIMs expanded to 3.7%** for Q2FY18 from 3.4% in Q2FY17
- **Non-Interest Income** of ₹ 1,248.4 Crores for Q2FY18; y-o-y growth of **35.4%**
- **Total Net Income** of ₹ 3,133.5 Crores in Q2FY18 y-o-y growth of **34.3%**
- **Operating Profit** of ₹ 1,906.7 Crores for Q2FY18; y-o-y growth of **37.6%**
- **Cost to Income Ratio** at **39.2%**
- Satisfactory return ratios with **RoA** at **1.7%** and **RoE** at **17.5%**. **Book Value** at ₹ 102.2 per share (*Book Value adjusted for 5:1 post stock split*)

**2. BALANCE SHEET: Market Share Gains with Improving granularity in Assets & Liabilities**

- Total Assets grew by **26.7%** y-o-y to ₹ 2,37,394.1 Crores
- Total Deposits grew by **23.4%** y-o-y to ₹ 1,57,989.8 Crores
- **CASA ratio at 37.2%**, an increase of **6.9%** in one year, on the back of **51.4%** growth y-o-y
- **SA** and **CA** deposits posted strong growth of **51.6%** and **51.1%** respectively y-o-y
- **CASA + Retail FDs** as a % of Total Deposits stands at a healthy **61.7%**, an increase of **5.2%** in a year
- **Advances** grew by **34.9%** to ₹ 1,48,675.3 Crores on the back of robust growth in both Corporate and Retail businesses. Retail Banking Advances grew by **78%** y-o-y to **11.4%** of Advances (*up from 10.5% as on June 30, 2017*)
- **Total Capital Adequacy** at **17.8%**. Total Capital Funds stand at ₹ 35,690.3 Crores. Bank has further raised ₹ 6,915 Crores of Capital funds taking aggregate position to ₹ 42,605.3 Crores
- Tier I Ratio and CET I ratio healthy at **13.2%** and **11.4%** respectively
- Risk Weighted Assets stood at ₹ 2,00,137.8 Crores. RWA to Total Assets at **84.3%**

**Commenting on the results and financial performance, Mr. Rana Kapoor, Managing Director & CEO, YES BANK said,** “YES Bank has delivered another quarter of satisfactory performance with sustained earnings momentum, increasing granularity and improving efficiency, driven by productivity gains from investment in Human Capital, Infrastructure and new age technologies.

Bank’s Retail Banking Advances have posted robust growth of 78% y-o-y to 11.4% of outstanding book and sustained momentum in CASA accretion gives us the confidence to achieve our target CASA ratio of 40% by September 2018, well ahead of our earlier target date of March 2020.

Further, Bank’s Asset Quality continues to demonstrate resilience after duly incorporating full impact of the RBI RBS observations for FY17, concluded in October 2017.

Going forward, Bank’s ‘Digital’ focus will continue to drive our strategy to deliver innovative solutions and rapidly capture market share across the new age Payment platforms and Digital ecosystems”

## Financial Highlights from Q2FY18 Results:

P & L Highlights					
(₹ in Crores)	Q2FY18	Q2FY17	Growth % (y-o-y)	Q1FY18	Growth % (q-o-q)
Net Interest Income	1,885.1	1,412.2	33.5%	1,808.9	4.2%
Non Interest Income	1,248.4	921.9	35.4%	1,132.2	10.3%
Total Net Income	3,133.5	2,334.0	34.3%	2,941.1	6.5%
Operating Profit	1,906.7	1,386.0	37.6%	1,704.2	11.9%
Provision	447.1	161.7	176.5%	285.8	56.4%
Profit after Tax	1,002.7	801.5	25.1%	965.5	3.9%
Basic EPS (₹) (adjusted for Stock split)	4.4	3.8	15.2%	4.2	3.8%

Key P & L Ratios					
	Q2FY18	Q2FY17		Q1FY18	
Return on Assets <sup>#</sup>	1.7%	1.8%		1.8%	
Return on Equity <sup>#</sup>	17.5%	21.4%		17.4%	
NIM	3.7%	3.4%		3.7%	
Cost to Income Ratio	39.2%	40.6%		42.1%	
Non Interest Income to Total Income	39.8%	39.5%		38.5%	

Balance Sheet Highlights					
(₹ in Crore )	30-Sep-17	30-Sep-16	Growth % (y-o-y)	30-Jun-17	Growth % (q-o-q)
Advances	148,675.3	110,216.2	34.9%	139,971.8	6.2%
Deposits	157,989.8	128,023.8	23.4%	150,240.9	5.2%
CASA	58,724.6	38,784.0	51.4%	55,215.1	6.4%
Shareholders' Funds	23,414.2	15,370.2	52.3%	22,387.4	4.6%
Total Capital Funds*	35,690.3	23,117.2	54.4%	32,541.3	9.7%
<b>Total Balance Sheet</b>	<b>237,394.1</b>	<b>187,308.8</b>	<b>26.7%</b>	<b>222,145.2</b>	<b>6.9%</b>

Key Balance Sheet Ratios					
Capital Adequacy*	17.8%	15.0%		17.6%	
CET I Ratio*	11.4%	9.7%		11.9%	
Tier I Ratio *	13.2%	10.1%		13.8%	
Book Value (₹) (adjusted for stock split)	102.2	72.9		97.9	
Gross NPA	1.82% (₹ 2,720.3 Crs)	0.83%		0.97%	
Net NPA	1.04% (₹ 1,543.3 Crs)	0.29%		0.39%	
Provision Coverage Ratio	43.3%	64.8%		60.0%	
Credit Costs (in bps)	29	11		18	
Restructured Advances %	0.08% (₹ 116.1 Crs)	0.46%		0.24%	
Security Receipts (Net) %	0.94% (₹ 1,412.3 Crs)	0.23%		0.69%	
Standard SDR's**	0.32% (₹ 477.1 Crs)	0.03%		0.20%	
5-25 Refinancing	0.15% (₹ 228.3 Crs)	0.09%		0.10%	
S4A	0.01% (₹ 18.8 Crs)	-		0.01%	

# Annualized

\* As per Basel III, including profit, excluding prorated dividend

\*\*including exposures under Outside SDR scheme of RBI

## PORTFOLIO & ASSET QUALITY DISCLOSURES

### 1. Segmentation of Advances:

Business Segment	As on Sep 30, 2017	As on Jun 30, 2017	As on Sep 30, 2016
A) Corporate Banking	67.4%	68.1%	67.9%
B) Retail & Business Banking	32.6%	31.9%	32.1%
of which:			
i) Medium Enterprises	9.9%	9.9%	10.7%
ii) Small and Micro Enterprises	11.3%	11.5%	12.8%
iii) Retail Banking	11.4%	10.5%	8.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### 2. Sensitive Sector disclosures:

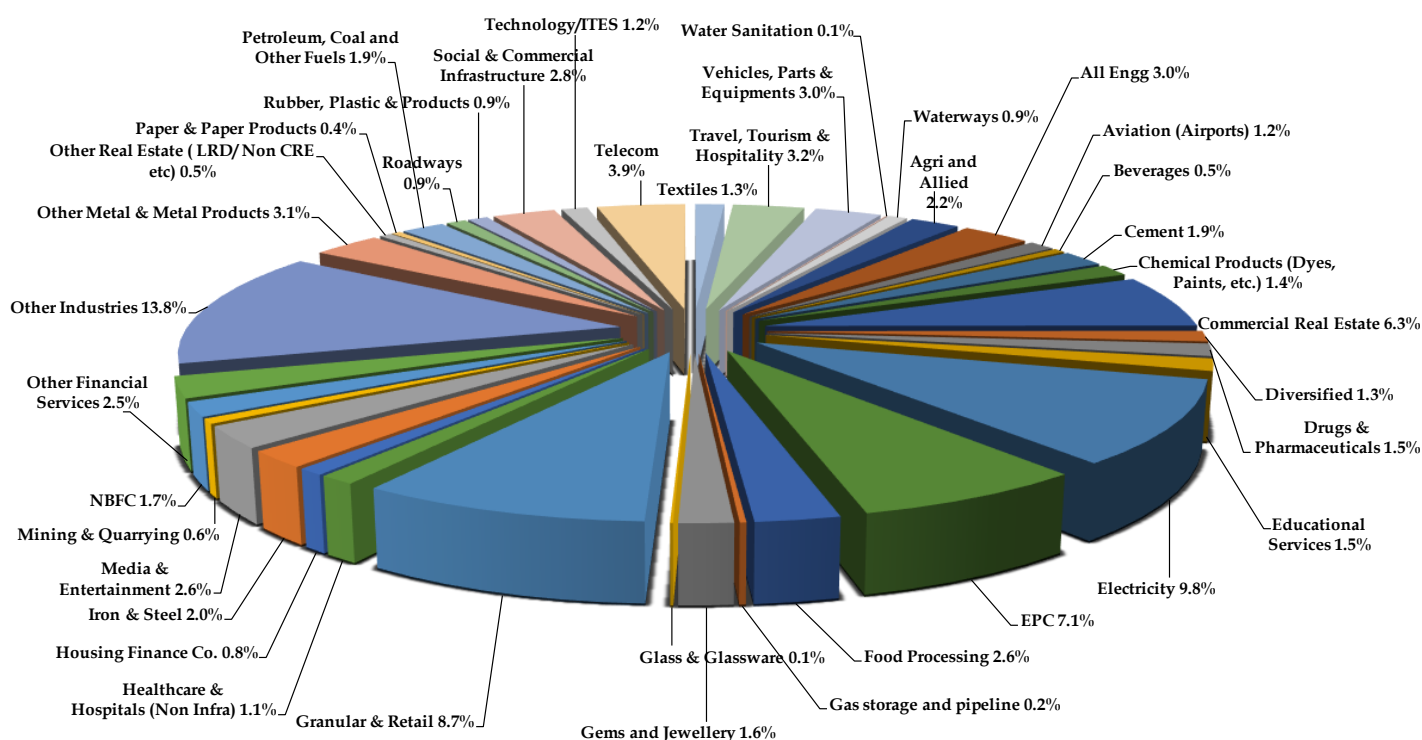
Sector/ Rating*	% of Total Exposure as on Sep 30, 2017	% of Total Exposure as on Jun 30, 2017
(A.1) Non Renewable Electricity Generation	3.4 % (all operational)	4.1 % (all operational)
(A.2) Exposure to SEBs	Nil	Nil
(B) Iron & Steel	2.0 %	1.9 %
A or above rated	1.6 %	1.4 %
(C) Telecom	3.9%#	3.9%
A and above rated	3.7%	3.8%

\*Based on Internal Corporate ratings models mapped to external ratings # Since September 30, 2017 exposure is down to 3.1%

Overall Corporate portfolio continues to be well rated with over 75% portfolio rated 'A' or better (Based on Internal Corporate rating models mapped to external ratings) and well distributed across growth sectors.

### 3. Sectoral Distribution

Overall portfolio is well distributed with significant deployment in YES BANK focused knowledge sectors where the Bank has developed considerable sectoral expertise with specialized Relationship, Product and Risk Managers (3 Eye Relationship and Risk Management organizational framework)



#### 4. Asset Quality

- Credit Cost at 29 bps for Q2FY18 and 48 bps for H1FY18
- Gross Non Performing Advances (GNPA) at 1.82% (₹ 2,720.3 Crores) and Net Non Performing Advances (NNPA) at 1.04% (₹ 1,543.3 Crores)
- The increase in NPA and consequent provision is in conformity with RBI's Annual Risk Based Supervision (RBS) exercise conducted for FY2017 (*finalised in October 2017*). The Bank has fully absorbed the impact of such re-classifications in the results for Q2FY18

##### (a) Movement of NPA:

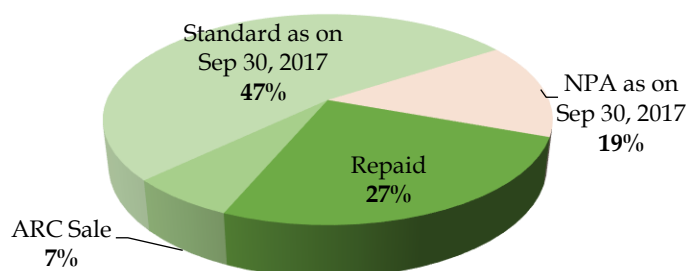
₹ Crores	Particulars	Net current impact due to RBI RBS process (A)*	Aggregate-Others (B)	Aggregate Bank position as on September 30, 2017 (C=A+B)
Gross NPA	Gross NPA (Jun 30, 2017) (i)	-	1,364	1,364
	Additions during Q2FY18 (ii)	1,219	769	1,989
	Recoveries & Upgrades (iii-a)		461	461
	Writeoff (iii-b)	-	172	172
	Gross NPA (Sept 30, 2017) (i+ii-iii)	1,219	1,501	2,720
	GNPA Ratio (Jun 30, 2017)	-	0.97%	0.97%
	GNPA Ratio (Sept 30, 2017)	0.82%	1.00%	1.82%
Provisions	Provisions (Jun 30, 2017)	-	819	819
	Provisions (Sept 30, 2017)	443	734	1,177
	Provision Coverage (Jun 30, 2017)	-	60.0%	60.0%
	Provision Coverage (Sept 30, 2017)	36.3%	48.9%	43.3%
Net NPA	Net NPA (Jun 30, 2017)	-	545	545
	Net NPA (Sept 30, 2017)	777	767	1,543
	NNPA Ratio (Jun 30, 2017)	-	0.39%	0.39%
	NNPA Ratio (Sept 30, 2017)	0.52%	0.52%	1.04%

\* Outstanding and Classified as NPA as on September 30, 2017

Note: Refer Annexure I (attached to Press Release) for disclosure on Divergence in Asset Classification and Provisioning for NPAs in conformity with the RBI circulars DBR.BP.BC.NO.63/21.04.018/2016-17 issued on April 18, 2017 and SEBI circular CIR/CFD/CMD/80/2017 issued on July 18, 2017

##### (b) RBI Risk Based Supervision Exercise:

###### Break-down of exposures observed as part of RBI RBS process



Out of the total exposure observed as part of the RBI RBS process ~81% of the exposures has been repaid / resolved or classified as 'Standard' on account of their satisfactory conduct.

**(c) Security Receipts at 0.94%**

Net Security Receipts (SRs) stood at **0.94%** of Gross Advances (₹ 1,412.3 Crores) as on September 30, 2017 against 0.69% as on June 30, 2017. Net increase in SRs for the quarter was ₹ 435.2 Crores.

Bank expects redemptions of minimum 30-40% of its net outstanding Security Receipts portfolio (*within next 18 months*)

**(d) Standard Restructured Advances at 0.08%**

- The total Standard Restructured Advances as a proportion of Gross Advances was at **0.08%** (₹ 116.1 Crores) as at Sep 30, 2017, down from 0.24% as at June 30, 2017. **No additional restructuring during the quarter.**
- One account (₹ 161.0 Crores - 0.11% of Gross Advances) was upgraded during the quarter from Restructured to Standard Asset due to satisfactory conduct during the prescribed period.

**(e) Standard SDR Exposure at 0.32% (including Outside SDR scheme of RBI)**

Standard SDR outstanding exposure of **0.32%** (₹ 477.1 Crores) to Gross Advances as on September 30, 2017 against 0.20% as on June 30, 2017. During the quarter one account (₹ 192.4 Crores - 0.13% of Gross advances) was restructured under Outside SDR scheme of RBI.

**(f) 5:25 Refinanced Exposure at 0.15%**

Standard 5:25 refinanced exposure stable at 0.15% (₹ 228.3 Crores) of Gross Advances as on September 30, 2017 from three accounts. One account (₹ 89.5 Crores - 0.06% of Gross advances) was refinanced through 5:25 route during the quarter

**(g) S4A Exposure at 0.01%**

Standard S4A exposure outstanding at 0.01% (₹ 18.8 Crores) of Gross Advances as on September 30, 2017. **No additional account was restructured through S4A route during the quarter.**

**(h) Bank's exposure to select accounts referenced in RBI IBC/NCLT notification**

Account Classification	RBI List 1 (12 accounts Outstanding Exposures)		Subsequent List of Potential NCLT Accounts (~30 accounts)		Total
	Funded	Non-Funded	Funded	Non-Funded	
Standard	23.4	-	68.7	75.9	167.9
NPA	318.3	-	801.9	146.4	1,266.6
<b>TOTAL</b>	<b>341.7</b>	<b>-</b>	<b>870.6</b>	<b>222.2</b>	<b>1,434.5</b>

- Total exposure of ₹ 1,434.5 Crores across 9 borrowers
  - Total Standard exposure of ₹ 167.9 Crores (0.11% of Gross advances) of which Funded exposure of ₹ 92.1 Crores (0.06% of Gross advances)
- Bank carries provision of 50% on the aggregate funded exposure of List 1 and 39% on the aggregate funded exposure of the subsequent list (NPA + Standard)

## OTHER KEY HIGHLIGHTS

### 1. Liquidity Coverage Ratio:

During Q2FY18, Bank continued with the LCR maintenance at well above 80% regulatory requirement with daily average Liquidity Coverage ratio of **90.6%**, reflecting a healthy liquidity position.

### 2. YES BANK Rating Profile

Bank continues to maintain strong credit ratings across International and Domestic Rating agencies:

- Moody's Long-term international rating unchanged at Baa3 which is in line with the Sovereign Rating of India.
- Domestic Rating agencies, ICRA, CARE and India Ratings (*as applicable*), have Long-Term ratings of AA+ for the Bank's Basel III compliant Tier II instruments, as well as for Infrastructure Bonds, and AA rating for Basel III ATI (one notch below Senior Rating)

### 3. Social Media

According to The Financial Brand (October 2017), YES BANK is:

- **Ranked 2<sup>nd</sup>** amongst the **Most Social Banks** in the World.
- Highest followed **Global Bank Brand** on Twitter with over **3.3 million** followers, and on Instagram with **550,000** followers
- **2<sup>nd</sup>** highest **Liked Global Bank Brand** on Facebook with more than **7.0 million Page Likes**

### 4. Digital Banking

**Maximizing Payments Market share:** Bank's strong focus on merchant use cases has resulted in accelerated growth momentum in Digital payments and increasing market share in India's Digital ecosystem:

- YES Bank has over **65%** market share in UPI merchant payment and IMPS transactions grew exponentially by 355% y-o-y from September 2016 (*1.44 Million*) to September 2017 (*6.27 Million*)
- **BHIM YES PAY** app is now powered with India Stack API's and NPCI, products enabling services like BBPS, Bharat QR, RuPay card, IMPS, UPI and Aadhaar KYC
- Enabled BharatQR on **YES Mobile** to enable payments at merchant locations by scanning QR code

Enhancing customer experience and deepening engagement while increasing productivity and efficiency:

- **M-Bot, for acquisition of Consumer Retail Assets:** 1<sup>st</sup> Bank in the world to provide instantaneous (real time) connection with Sales manager basis analysis by propriety algorithm for approval and disbursement of Consumer loans
- Launched **RuPay Classic Kisan Debit Card** for disbursement of agricultural loans for farmer segment
- **OLA/ZipCash** – Drivers of OLA have been issued open loop prepaid cards which can be used over ATM/POS and ecom websites



**Smart City Solution through Unified City Smart card:** YES BANK has been a pioneer in creating Digital Payments ecosystem for Smart Cities, and is helping Smart Cities in their journey towards becoming a 'Less Cash' driven economy.

- Launch of **Nashik SmartCity 'SmartPay'** Open loop Prepaid Cards – the program aims at digitizing all payments across Nashik through a Digital Wallet & Prepaid Card

## 5. Expansion & Knowledge Initiatives

- Employee strength as on September 30, 2017 stood at **20,932**, an increase of 2,401 employees since September 30, 2016
- Branch network stood at **1,040** branches as on September 30, 2017 an increase of 20 branches during the quarter. ATM Network stood at 1,823 which includes 553 Bunch Note Acceptors/Cash Recyclers
- YES BANK successfully raised
  - **₹ 5,415 Crores** through issue of Basel III compliant **Tier-I (ATI)** perpetual bonds with Greenshoe subscription exceeding the original issue size of ₹ 3,000 Crores
  - **₹ 4,000 Crores** through private placement of Basel III Tier II Bonds in two tranches and
- FCY borrowing from Wells Fargo and OPIC:
  - USD 265 Mn syndicated unsecured loan for lending to MSMEs
  - USD 150 Mn syndicated unsecured loan to support Women Entrepreneurs as well as SMEs in low income states
- YES BANK continues to be the first and only Indian Bank to be selected as an index component on the **Dow Jones Sustainability Indices (DJSI)** - Emerging Markets Index, for the third consecutive year
- YES BANK launched the uber-exclusive, by invitation only **Yes Private Credit Card** on the most premium Mastercard World Elite platform. This top-of-the-line World Elite platform, focused on ultra HNI consumers, is available only in select countries globally including USA, Canada, Singapore and has been launched in India for the first time, in alliance
- YES BANK has partnered with Microsoft to deploy Office 365 and **Microsoft Kaizala**. Microsoft Kaizala is a product designed for large group communication in a chat interface and work management and integrates with Office 365.

## 6. Awards & Recognitions

YES Bank was:

- Voted as the Best Bank in India in the **Asiamoney Corporate Client Choice Survey 2017**, Hong Kong
- The '**Global Winner**' in the Supply Chain Finance category and was also adjudged as Transaction Bank of the Year for Asia Pacific at **The Banker Transaction Banking Awards 2017**
- Awarded Best Bank in India – CSR in the **Asiamoney Country Awards 2017**, Hong Kong
- Awarded the **Karlsruhe Sustainable Finance Award 2017** in the 'Best Innovation in Sustainable Financial Products & Services' category, for its innovative blended finance facility, aimed at promoting environmentally sustainable livelihood among women salt farmers in Gujarat, India.
- Awarded the '**Best Digital Payments System by Banks for Smart Cities**' during the Smart City Conclave 2017 in Chandigarh
- Mr. Rana Kapoor, MD & CEO, YES BANK was felicitated with the '**Global Business Leader of the Year**' award at **NRI World Summit & Pride of India Awards 2017** organized by NRI Institute at the House of Lords, London
- Mr. Rana Kapoor, MD&CEO, YES BANK, was awarded the '**Icon of the Year**' at Brands Academy's flagship "Icon of the Year Awards" in Mumbai

*The Press Conference of YES Bank's results will commence at 3:15 pm and we have invited leading business news channels, newswires and publications to cover the conference as well as interviews of YES Bank's management team.*

YES Bank's analyst conference call, scheduled on October 26, 2017 at 6 pm, can be heard at following link, post 10 pm:  
<https://www.yesbank.in/about-us/investors-relation/financial-information/financialresults>

### **ABOUT YES BANK**

*YES BANK, India's fifth largest private sector Bank, is the outcome of the professional & entrepreneurial commitment of its Founder Rana Kapoor and his top management team, to establish a high quality, customer centric, service driven, private Indian Bank catering to the Future Businesses of India. YES BANK has adopted international best practices, the highest standards of service quality and operational excellence, and offers comprehensive banking and financial solutions to all its valued customers.*

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## Annexure I

### **Divergence in Asset Classification and Provisioning for NPAs -**

- The Bank classifies performing and non-performing advances (NPAs) as per the RBI's Prudential Norms on Income recognition, Asset Classification and Provisioning.
- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31st March, 2017.
- As part of the Risk Based Supervision (RBS) exercise for FY 2016-17 concluded in October 2017, the RBI has pointed out certain retrospective divergence in the Bank's asset classification and provisioning as on 31st March 2017, for NPAs. In conformity with the RBI circulars DBR.BP.BC.NO.63/21.04.018/2016-17 issued on April 18, 2017, SEBI circular issued on July 18, 2017 and as per approval from the Board of Directors at its Board Meeting held on October 26, 2017, the below table outlines divergences in asset classification and provisioning.

Sr.	Particulars	(₹ in Crores)
1	Gross NPAs as on March 31, 2017 as reported by the Bank	2,018.6
2	Gross NPAs as on March 31, 2017 as assessed by RBI	8,373.8
3	Divergence in Gross NPAs (2-1)	6,355.2
4	Net NPAs as on March 31, 2017 as reported by the Bank	1,072.3
5	Net NPAs as on March 31, 2017 as assessed by RBI	5,891.6
6	Divergence in Net NPAs (5-4)	4,819.4
7	Provision for NPAs as on March 31, 2017 as reported by the Bank	946.3
8	Provision for NPAs as on March 31, 2017 as assessed by RBI	2,482.1
9	Divergence in provisioning (8-7)	1,535.9
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2017	3,330.1
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning	2,316.1

- The net current impact of the aforementioned retrospective slippages due to divergence noted by RBI in October 2017 has been duly reflected in the results for the quarter and half year ended September 30, 2017.
- Out of the total divergence current position as on September 30, 2017 is as under:

Particulars (Rs. Crores)	Amount	%
Net Repayments (In full / partial)	1,690.4	26.6%
Resolution on account of Sale to an Asset Reconstruction Company	461.5	7.3%
Outstanding as on September 30, 2017:		
a) Upgraded as Standard on account of satisfactory account conduct	2,983.9	47.0%
b) Classified as NPA	1,219.4	19.2%
<b>Total</b>	<b>6,355.2</b>	