

Press Release – January 24, 2019

YES BANK announces Financial Results for the Quarter ended December 31, 2018

1. KEY HIGHLIGHTS for Q3FY19

✓ **Resilient Earnings:**

- NII grew **41.2%** y-o-y to ₹ 2,666.4 Crores; robust sequential growth at **10.3%**; NIMs stable at **3.3%**
- Net Provisions at ₹ **550.2** Crores on account of ₹ **570.8** Crores of accelerated provisioning on exposure to a stressed Infrastructure conglomerate
- Net Profit at ₹ **1,001.8** Crores increase of **3.9%** sequentially despite the above accelerated provisions

✓ **Improvement in Capital position and share of Retail Advances:**

- CET I improved to **9.1%** from 9.0% last quarter on account of rebalanced balance sheet growth
- Overall Capital Adequacy at **17.4%** with Tier I Ratio at **12.0%**
- Advances grew by **42.2%** y-o-y to ₹ 2,43,885 Crores, and 1.8% sequentially
- Overall composition of **Retail Banking Advances** rose to **15.2%** of advances from 11.8% last year

✓ **Stable funding and improving liquidity profile:**

- Total Deposits grew 29.7% y-o-y at ₹ **222,758** Crores
- Retail and Corporate TDs grew by **37.2%** and **39.9%** y-o-y respectively and 3.7% and 7.9% sequentially
- CASA ratio at **33.3%**. **CASA + Retail FDs** share improved to **57.5%** from 57.2% last quarter
- Daily avg. **LCR** sequentially improved to 102.3% from 99.4%. LCR as of December 31, 2018 at 114.3%

✓ **Core Asset Quality trends improving**

- GNPA at **2.10%**, NNPA at **1.18%** and PCR at **44.2%**. *Excluding the extraordinary impact of aggregate exposure to a stressed Infrastructure conglomerate, GNPA improved sequentially to 1.32% from 1.60% last quarter, NNPA improved to 0.59% from 0.84% last quarter and PCR improved to 55.6% from 47.8%*
- Credit Cost contained at **29 bps** during Q3FY19 and **64 bps** for 9MFY19, despite **24 bps** of accelerated provisioning on exposure to a stressed Infrastructure conglomerate
- No sale to ARCs in Q3FY19. Aggregate redemptions of ₹ **114.7 Crores** in Security receipts in this quarter

Commenting on the results and financial performance, Mr. Rana Kapoor, Managing Director & CEO, YES BANK said, “YES BANK has once again delivered satisfactory performance across income growth, margins, profitability and Capital accretion, despite the recognition and provision impact from a stressed Infrastructure conglomerate. Retail Assets growth momentum continues, while growth in Corporate business segments has been rebalanced after witnessing strong market share driven growth over the last few preceding quarters.

Bank has taken prudent proactive provisioning on its entire exposure to the stressed Infrastructure Conglomerate which is in line with expected recovery rates.

As we look ahead, the Bank’s highly experienced and proven management team with the guidance of its Board, is well geared to successfully navigate the Bank through this leadership transition phase and also towards achieving its long term vision of “*Building the Finest Quality Large Bank of the World in India by 2025*”.

2. PROFIT & LOSS: Robust earnings performance despite extraordinary provisions

- NII grew by **41.2%** y-o-y to ₹ **2,666.4** Crores; sequential growth at **10.3%**; **NIMs stable at 3.3%**
- **Non-Interest Income** declined 37.4% y-o-y and 39.5% sequentially to ₹ **890.9** Crores predominantly on account of treasury loss (*corresponding offsets through Provision Write-backs*) and lower Corporate fees due to rebalanced sequential growth in Corporate Advances
- **Net Provisions** at ₹ **550.2** Crores which includes:
 - ₹ **507.5** Crores towards **NPA provisions** including ₹ 478.3 Crores for a stressed Infrastructure Conglomerate (25% provisioning)
 - Additional ₹ **99.2** Crores of **Standard Asset Provision** including ₹ 92.5 Crores (15%) of accelerated provision for the Infrastructure Conglomerate on exposure which is presently Standard
 - ₹ **184.6** Crores of incremental provisions on existing **Security Receipts / NPIs**
 - ₹ **205.8** Crores of **Write back** from **Investment** provisioning (*net of Quarterly amortization*)
 - ₹ **35.1** Crores of **Write back** from **Other provision**
- **Net Profit** grew **3.9%** sequentially to ₹ **1,001.8** Crores
- Return ratios (annualized) for Q3FY19: **RoA** at **1.1%**. **RoE** at **14.4%**
- **Book Value** at ₹ **122.8** per share as on December 31, 2018

3. BALANCE SHEET: Improvement in Capital Position and Granularity in Assets

- Total Assets grew **40.9%** y-o-y and 0.6% sequentially to ₹ **3,73,981** Crores.
- Deposits grew **29.7%** y-o-y to ₹ **2,22,758** Crores
- Retail and Corporate TDs grew by 37.2% and 39.9% y-o-y respectively and 3.7% and 7.9% sequentially
- Focused sequential reduction of ₹ 7,324 Crores in Certificate of Deposits (*short term money market instruments*)
- **CASA ratio** at **33.3%**, CASA grew **13.5%** y-o-y; CA (₹ **29,538** Crores) grew 30.7% y-o-y, while SA (₹ **44,579** Crores) grew 4.4% y-o-y; **CASA + Retail FDs** at **57.5%** of Total Deposits
- **Advances** grew by **42.2%** y-o-y and 1.8% sequentially to ₹ **2,43,885** Crores. Retail Banking Advances grew **82.9%** y-o-y to **15.2%** of Advances (*up from 11.8% as on December 30, 2017*). Segmental mix below:

Business Segment	As on Dec 31, 2018	As on Dec 31, 2017	Growth (y-o-y)	As on Sep 30, 2018	Growth (q-o-q)
A) Corporate Banking	67.8%	67.7%	42.5%	68.2%	1.3%
of which IBU Advances	8.0%	6.1%	85.8%	8.7%	-7.1%
B) Retail & Business Banking of which:	32.2%	32.3%	41.5%	31.8%	2.8%
i) Medium Enterprises	7.8%	9.9%	12.4%	8.3%	-4.1%
ii) Small and Micro Enterprises	9.2%	10.6%	22.4%	9.2%	1.0%
iii) Retail Banking	15.2%	11.8%	82.9%	14.3%	8.0%
Total	100.0%	100.0%	42.2%	100.0%	1.8%

- **Total Capital Adequacy** improves to **17.4%** with Total Capital Funds at ₹ **53,273** Crores. Tier I Ratio and CET I ratio also improved sequentially to **12.0%** and **9.1%** respectively (*including profits*)
- Risk Weighted Assets stood at ₹ **3,06,202** Crores. RWA/ Total Assets at 81.9% (*from 84.3% as on December 31, 2017*) given incremental lending to higher rated Corporates

4. ASSET QUALITY: Core trends improving

(A) Asset Quality Status as of Q3FY19:

Particulars	Stressed Infrastructure Conglomerate	Others	Total
Gross NPA as on September 30, 2018	-	3,866	3,866
<i>Add: Gross Slippages</i>	1,913	384	2,297
<i>Less: Recoveries / Upgrades</i>	-	935	935
<i>Less: Write-offs</i>	-	69	69
Gross NPA as on December 31, 2018	1,913	3,246	5,159
Gross NPA Ratio as on December 31, 2018	0.78%	1.32%	2.10%
Net NPA as on December 31, 2018	1,435	1,442	2,876
Net NPA Ratio as on December 31, 2018	0.59%	0.59%	1.18%
Provisions as on December 31, 2018	478	1,804	2,282
Provision Coverage Ratio	25.0%	55.6%	44.2%

(B) Improving trends of Core Asset Quality parameters:

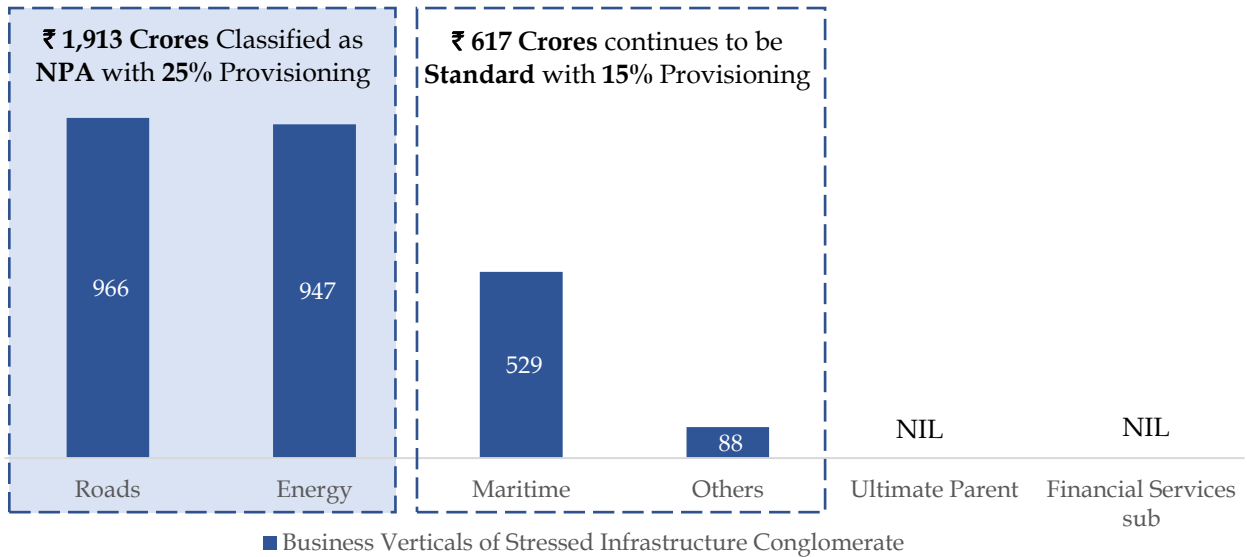
S. No	Particulars (%)	Q3FY19		Q2FY19	Q3FY18
		Total	Ex- Infrastructure Conglomerate		
1	Credit Cost (bps)	29	5	18	18
2.1	GNPA	2.10% (₹ 5,159 Crores)	1.32% (₹ 3,246 Crores)	1.60%	1.72%
2.2	NNPA	1.18% (₹ 2,876 Crores)	0.59% (₹ 1,442 Crores)	0.84%	0.93%
2.3	PCR	44.2%	55.6%	47.8%	46.4%
3	Net Security Receipts	0.71% (₹ 1,752 Crores)	0.71% (₹ 1,752 Crores)	0.85%	1.06%
4	Std. Restructured Exposure	0.09% (₹ 210 Crores)	0.09% (₹ 210 Crores)	0.09%	0.42%
TOTAL (2.2 + 3 + 4)		1.98%	1.39%	1.79%	2.41%

1. During Q3FY19 the Bank had redemptions of ₹ 114.7 Crores in net Carrying Value of ARCs. No fresh sale to ARCs during the quarter
2. Total stressed exposures even after including extraordinary item pertaining to the stressed Infrastructure Conglomerate stood at 1.98%- an improvement on y-o-y basis from 2.41% in Q3FY18

(C) Contained Credit Costs despite accelerated provisions

- Credit Cost contained at 29 bps during Q3FY19 and 64 bps for 9MFY19; despite 24 bps (20 bps on NPA and 4 bps on Standard exposures) of accelerated provisioning on exposure to a stressed Infrastructure conglomerate.

(D) Exposure to a Stressed Infrastructure Conglomerate - aggregate funded exposure* of ₹ 2,530 Crores:



The Bank believes that the **aggregate provisions** made on its operating and subsidiary company exposures are **adequate with the expected realizations**

**Bank also has additional Non-Fund based exposure of ₹ 88 Crores to the Stressed Infrastructure Conglomerate as noted above*

(E) Stable Asset Quality Outlook:

1. Re-iteration of **minimal impact** from exposure to accounts in NCLT List 1 (0.01% of Gross Advances) and List 2 (0.26% of Gross Advances) and from **RBI circular dated Feb 12, 2018**
2. **SMA 2** outstanding exposures (accounts > ₹5 Crores and as per RBI CRILC reporting) as on December 31, 2018 at **0.19%** of Gross Advances
3. Total exposure to
 - a. **HFCs** at **3.4%** of which **~96%** externally rated **AA or better**
 - b. **NBFCs** at **3.0%** of which **~91%** externally rated **A or better**
 - c. **Commercial & Residential Real Estate** at **6.5%** of which **Nil** are **SMA 2**
4. **>90%** of the Top 20 individual borrower exposures by value are **Externally Rated A or better**
5. The Bank is yet to receive the FY18 Annual Risk Based Supervision report from the RBI

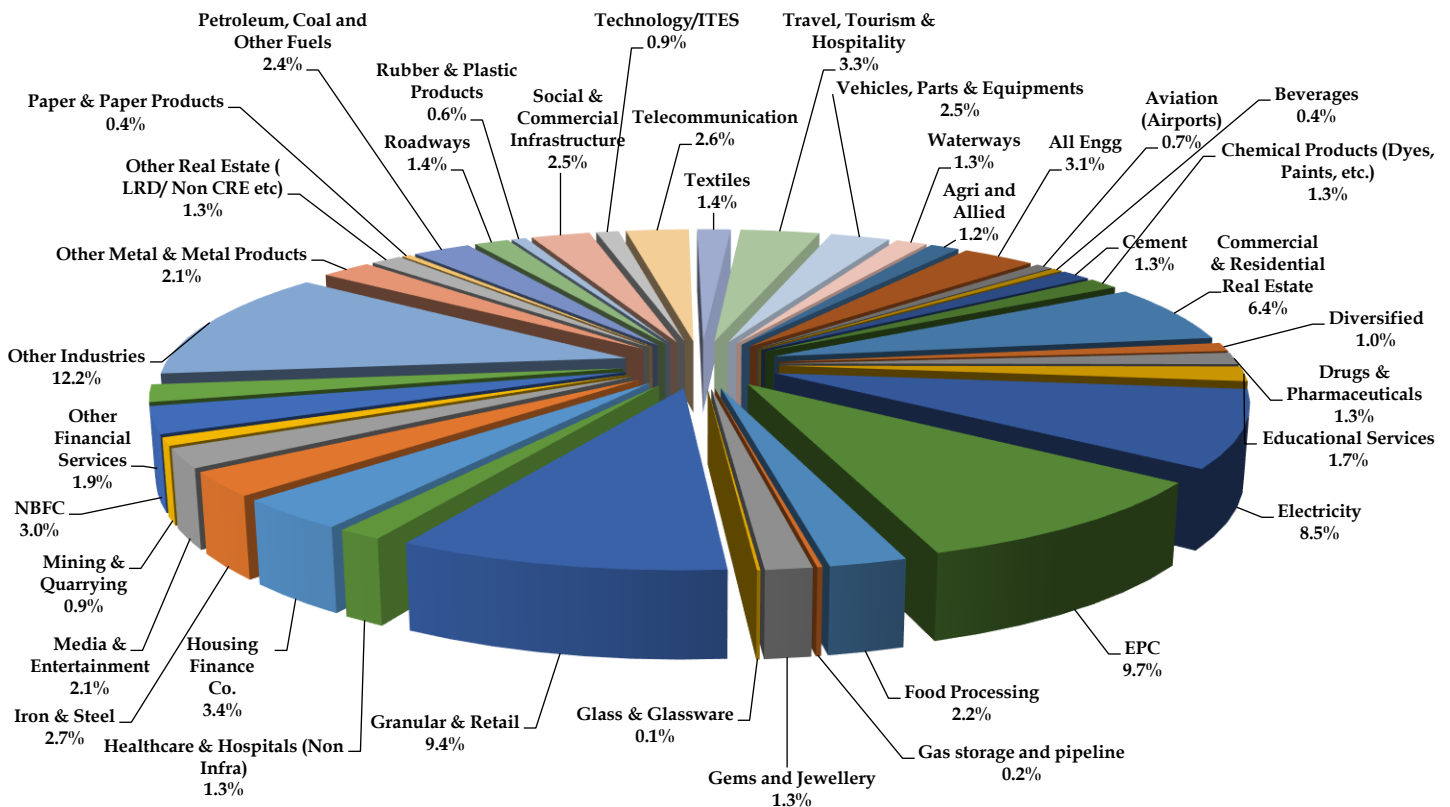
5. SENSITIVE SECTOR DISCLOSURE

Sector/ Rating*	% of Total Exposure as on December 31, 2018	% of Total Exposure as on September 30, 2018
(A.1) Non Renewable Electricity Generation <i>(All operational)</i>	2.1%	1.9%
(A.2) Exposure to SEBs	Nil	Nil
(B) Iron & Steel	2.7%	2.9%
<i>A or above rated</i>	1.9%	2.2%
(C) Telecom	2.6%	3.0%
<i>A and above rated</i>	2.4%	2.8%
(D) Gems & Jewelry	1.3%	1.5%
<i>A and above rated</i>	0.9%	1.0%

*Based on Internal Corporate ratings models mapped to external ratings

Overall Corporate portfolio continues to be well rated with >75% of the portfolio rated 'A' or better (Based on Internal Corporate rating models mapped to external ratings).

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)



6. UPDATE ON BOARD MATTERS

- The decisions taken by the Board with regards to appointment of two Additional Directors (Independent) and recommendation of an Executive Director will be detailed in a separate release to be issued subsequently
- The Bank has received RBI approval for its new MD & CEO, Mr. Ravneet Singh Gill for him to join on or before March 1, 2019 (*Release regarding the same will be shared subsequently*)
- The Board will convene on January 29, 2019 to finalize the interim transition

7. DIGITAL BANKING: Dominates in the Payments' landscape

YES Bank continues to outperform peers in the new age payments space

- **UPI: Highest Market share of 30%** in UPI Merchant Payments volumes as per NPCI. Processed ~ **36 Crore** transactions amounting to ~₹ 65,000 Crores in Q3FY19. Total registrations crossed **10 Crores**
- **IMPS: Top Remitter Bank** within peer group based on transaction volumes as per NPCI. Volumes witnessed **72% growth y-o-y**
- **AePS: One of the Leading acquirer bank** of AEPS. Successfully processed ~**4.5 Crore transactions** and **277,000+** Business Correspondent agents enabled in this quarter

Driving relationships with **superior offerings**

- **YES Mobile:** Registrations, Transaction value & volumes grew by ~**1.75x**, ~**2.3x** and ~**1.75x** y-o-y respectively
- **Debit Cards:** In Q3FY19 total transactions grew **46% YoY to cross 90 lakh**. Total spends grew **50% YoY to reach ~₹ 1,400 Crores** for the quarter
- **Yes ROBOT - Personal Banking Assistant:** Launched instant opening of **FD/RD** for customer- an **industry 1st offering**. The chatbot continues to gain popularity with the bot witnessing over a million interactions in Q3FY19

Leading payments transformation with innovative solutions:

- Launched **end-to-end acceptance of NACH Debit mandates** for Corporate customers through Net banking thereby enabling Corporates to execute NACH mandates on a real-time basis & shortening the turnaround of the existing process by ~15 days
- **YES MSME, an industry-first initiative**, a dedicated end-to-end comprehensive digital banking solution for MSME owners
 - *Won the silver award at IFC Washington's Global SME Finance Awards for product innovation*
 - *Only Indian bank to be honored among 100+ international institutes across the world*

Working towards a smarter and more digitally empowered India:

- **Cashless Solution for Puducherry Smart City** has enabled Digital payments for citizen and visiting tourists. Also received the mandate to implement Bharat QR solution in Puducherry Smart City
- ‘YES Digi Villages’, India’s **first-of-its-kind village adoption programme**
 - *Launched to adopt 2,000 villages and empower 1 lakh lives*
 - *Leveraging Sim Se Pay and India Stack for instant paperless banking for rural customers through banking and agritech solutions*

7. EXPANSION & KNOWLEDGE INITIATIVES

- Employee strength as on December 31, 2018 stood at **21,182**, an increase of 158 employees in the quarter
- As on December 31, 2018, branch network stood at **1,115** branches and ATM Network stood at **1,714** which includes **516** Bunch Note Acceptors/Cash Recyclers
- Pursuant to SEBI approvals, YES Asset Management (India) Limited, has successfully launched YES Liquid Fund. The Bank also has received an approval from SEBI to launch Ultra Short Term Fund.
- YES Bank signed a MoU with **Kia Motors**, world’s eighth largest automaker, to enter into a strategic financing partnership, making it one of the **first** Indian banks to become their **preferred financier**. The benefits of this partnership will be extended to the entire auto value chain - dealers and customers.
- YES Bank became the **1st Indian Bank** to complete a **first-of-its-kind digital transaction** with Welspun Global Brands Limited (WGBL), in the form of **e-Presentation, involving end-to-end electronic presentation of export documents**.
- YES Bank conducted the finale of **India’s first bank led Datathon** aimed at augmenting YES BANK’s embedded data analytics & ML units which saw participation from **over 6000** data scientists/engineers and developers who participated in diverse AI/ Machine Learning challenges.
- YES Bank conducted a **first large in-depth survey of its kind** titled ‘**Impact of Digitization on MSMEs**’. It was a 5-month survey covering over **2,700 MSMEs** across 20 industries from all over the country, to analyse the impact of digitization on Indian MSMEs.
- YES Bank in partnership with Makarpura GIDC Industrial Estate Infrastructure & Charitable Association, announced the launch of its first ‘**Vyapaar Express**’ - MSME Carnival in Makarpura GIDC at Vadodara
- YES Bank was the ‘Knowledge Partner’ of the new **Uttarakhand Tourism Policy 2018** which was unveiled at the Summit by Shri K. J. Alphons, MoS (I/C) for Tourism, Govt. of India and Shri Satpal Maharaj, Minister for Tourism, Govt. of Uttarakhand

8. AWARDS & RECOGNITIONS

YES BANK was bestowed with awards and recognitions at multiple domestic and global platforms:

- YES BANK won the ‘**Product Innovation of the Year**’ Award among **100+ financial services companies** at International Finance Corporation’s (IFC Washington’s) Global SME Finance Awards
- YES BANK became **1st Indian Bank** to join ‘**Natural Capital Coalition**’ - a global multi-stakeholder collaboration, wherein the bank will integrate natural capital thinking into its strategy & operations
- YES BANK was honored at the **20th edition** of the coveted global award **The Asset Triple A Country Awards 2018** with ‘**Best New Bond India**’ for launching the largest debut international bond issuance, priced at the tightest spread over US treasuries by an Indian bank since 2008
- YES BANK won the coveted ‘**Golden Peacock Award For Sustainability**’ - 2018
- YES BANK was honored with the runner-up award at the **30th Qualtech Qimpro Award** in the Continuous Improvement category, winning in the Qualtech Qimpro Awards for the third year in a row
- YES BANK was felicitated by Business France and Indo-French Chamber of Commerce and Industry for ‘Promoting & Facilitating Indo-French Bilateral Relations’
- YES BANK won the **SKOCH Editor’s Choice Award** for ‘YES Rewardz’ Loyalty Program at the 55th SKOCH Summit

YES Bank’s analyst conference call, scheduled on Jan 24, 2019 at 5:30 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 fourth 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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