YBL/CS/2023-24/157

February 02, 2024

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Tel.: 2659 8235/36 8458	Tel.: 2272 8013/15/58/8307
NSE Symbol: YESBANK	**BSE Scrip Code: 532648**

Dear Sir/Madam,

Sub.: Transcript of Earnings Call for the un-audited Financial Results of the Quarter (Q3) and nine months ended December 31, 2023

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

Please find attached the transcript of the earnings call hosted by YES Bank Limited on January 29, 2024 ("the Bank") for the un-audited Financial Results of the Quarter (Q3) and nine months ended on December 31, 2023. The same is made available on the Bank's website within the timeline prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and can be accessed at the following link:

https://www.yesbank.in/pdf?name=ybl_q3_fy24_analyst_call_transcript.pdf

You are requested to take the same on record and acknowledge the receipt.

Yours faithfully,

For YES BANK LIMITED

SHIVANAND RAMA SHETTIGAR

Digitally signed by SHIVANAND RAMA SHETTIGAR
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Shivanand R. Shettigar
Company Secretary

"YES Bank Q3 FY24 Earnings Conference Call"

January 29, 2024

MANAGEMENT:	**MR. PRASHANT KUMAR – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, YES BANK** **MR. RAJAN PENTAL – EXECUTIVE DIRECTOR, YES BANK** **MR. NIRANJAN BANODKAR – CHIEF FINANCIAL OFFICER, YES BANK** **MR. MANISH JAIN – COUNTRY HEAD, WHOLESALE BANKING, YES BANK** **MR. PANKAJ SHARMA – CHIEF STRATEGY AND TRANSFORMATION OFFICER, YES BANK** **MR. SUNIL PARNAMI – HEAD OF INVESTOR RELATIONS, YES BANK**

Moderator: Ladies and Gentlemen, Good day and welcome to the YES Bank Q3 FY24 Earnings Conference Call.

On the Management Panel we have with us today Mr. Prashant Kumar – Managing Director and Chief Executive Officer, Mr. Rajan Pental – Executive Director, Mr. Niranjan Banodkar – Chief Financial Officer, Mr. Manish Jain – Country Head - Wholesale Banking, Mr. Pankaj Sharma – Chief Strategy and Transformation Officer and Mr. Sunil Parnami – Head of Investor Relations.

Mr. Prashant Kumar will now give you an overview of the results which will be followed by a Q&A session.

As a reminder, all participant lines will be in the listen-only mode. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

Prashant Kumar: A very good morning and thank you for joining us so early in the day for our Quarter 3 Earnings Call.

On this call I am joined by the senior team members of the Bank.

Before I share the key highlights of the previous quarter, I would like to start with a big picture and take you through our "Core Strategy, its Underlying Drivers and the Critical Business Levers" of our "Profitability Improvement Roadmap."

On Page #5 of our "Investor Presentation" we have tabulated the Balance Sheet Mix and RoA Tree of Fiscal '23 of YES Bank side by side with the average of our mid and large sized peers and from there you would see that fundamentally - there are "5 Underlying Drivers or Anchors" which in our assessment have the maximum bearing in our net income improvement and these are:

"5 Underlying Drivers or Anchors":

1. Reduction in our PSL Shortfall
2. Improvement in our CASA Mix
3. Improving our Asset Yields through Risk Calibrated Mix Change
4. Increasing our Non-Interest Income
5. Reducing our Cost-to-Income ratio

Our focused strategy to address the above issues has already started to reflect in numbers for the current financial year.

Our organic accretion in PSL sub-buckets of Small and Marginal farmers, Non-corporate Farmer and Weaker Section is already up by 1.6x, 1.4x and 1.2x from March '23 levels. Together with the other inorganic interventions, the Bank has seen a meaningful reduction in the above subcategory shortfalls.

We have also made our branches become the key fulcrum of our entire business strategy.

By Q3 the share of our Branch Banking Deposits in our Total Bank Deposit has increased to 55% from 52% in beginning of the year. Despite a challenging environment in 12 months, our branch banking CASA has grown ~18.2% compared to ~12.2% at YES Bank and ~7.2% for peers.

In Retail Advances, the share of internal sourcing has improved to 43% from 37% at the beginning of the year. Since March '23 the share of higher RoA accretive products (within Retail Asset Products) has improved by 8%.

In all 3 quarters of the current fiscal the Y-o-Y Core Fee Income growth has been between 23% to 35%, as a result of which Core Fee as a percentage of total assets has increased from 1.1% in March to 1.2% in December '23 quarter.

Strong focus on a SME and mid-market segment which are growing at ~25%+. Both are high quality book with significantly low NPA levels across business cycles. Both the businesses are good source of fee income and low-cost liabilities.

Our strategy to build an agile organization through review of org structure, process improvement and cost optimization have already started yielding results. Quarter 3 is the 2nd successive quarter of < 1% Q-o-Q growth in operating expenses.

Now let me quickly take you through the "Highlights of the 3rd Quarter":

Deposit Growth:

Our Y-o-Y Deposit growth (excluding Certificate of Deposit) is at 15.0% and which is higher than our Y-o-Y advances growth of 13.6% after excluding the Interbank Reverse Repo which was there in the 3rd Quarter of the last financial year.

Within Deposits in Quarter 3, our CASA ratio sequentially improved to 29.7% from 29.4% led by a 7% sequential growth in saving accounts and marginal improvement in the current account. We added nearly 4.0 lakh new retail CASA accounts during the quarter. 80% of individual and sole proprietor current accounts and 96% of eligible saving accounts were opened digitally.

Despite the persistently challenging environment in the trailing 12 months, we have continued to see an outperformance in Total Branch Banking Deposits, which have grown by 22% Y-o-Y.

The outperformance was even more in the case of Branch Banking CASA deposit and the incremental Branch Banking CASA ratio is coming at 30%+ over the same period.

Advances:

Within Advances, we saw sustained momentum in our SME and mid-market segments both up 24.0% and 26.4% Y-o-Y respectively.

CD Raio:

Our CD ratio at December Quarter end was 89.9% nearly flattish on Y-o-Y and Q-o-Q basis.

Liquidity Coverage Ratio:

The average liquidity coverage ratio for the quarter was healthy at 118.4%

CET Ratio:

The CET1 ratio for the quarter was at 12.6% vis-a-vis 13.0% in Quarter 3 and 13.1% in Quarter 2 of the Current Financial Year. The impact of Regulatorily mandated increase in risk weights was ~40 basis points which was fully offset by organic CET1 accretion including profits of ~50 basis point. As communicated earlier, we expect another ~100 to ~110 basis point of accretion in CET1 ratio post the conversion of outstanding warrants.

Moving over to Margins, Operating Expenses, Asset Quality and the Profitability:

Margins:

Despite headwinds on Deposits and Funding Costs - our Net Interest Margins expanded by 10 basis points Q-o-Q and came in at 2.4% against 2.3% last quarter which is largely driven by efficient Balance Sheet Management, even as the Advances Yield and the Cost of Funds remained largely flattish.

In Quarter 3, our Non-Interest Income was at INR 1,195 crores and adjusting for realized/unrealized gains on the investments, the Core Non-Interest Income grew by 23.4% Y-o-Y.

Operating Expenses:

As I was sharing earlier, December quarter was second successive quarter of < 1% Q-o-Q increase in the Opex. Operating expenses were at INR 2,347 crores, up 10.6% Y-o-Y and only 0.6% Q-o-Q. Adjusting for the PSLC cost, operating expenses are up only by 7.2% Y-o-Y and have actually declined by 0.8% Q-o-Q.

Provision cost came in at 0.6% which is flattish Q-o-Q, despite 0.5% aging related provisions on the Security Receipts during the quarter. AIF related provisions have been fully absorbed at INR 12.5 crores.

Asset Quality:

There was an all-round improvement in asset quality with 30 basis points Q-o-Q reduction in Net NPA + net carrying value of Security Receipt as percentage of Advances which improved to 1.7% in Quarter 3 against 2.5% in the corresponding quarter last year and 2.0% in the previous quarter.

Strong resolution momentum continued with recoveries and resolution with INR 1,316 crores in the current quarter. Since the ARC transaction in December '22 there has been cumulative redemption of INR 2,836 crores in the Security Receipts.

Slippage, GNPA & NNPA ratios have been flattish Q-o-Q.

The Provision Coverage Ratio marginally improved to 56.6% and including technical write-off, the Provision Coverage Ratio is at 71.9%.

Profitability:

Our Quarter 3 Net Profit at INR 231 crores is up by 349% Y-o-Y and 2.8% Q-o-Q.

The other Key Highlights:

- Last quarter we went live on Inter Operable Cardless Cash Withdrawal Framework which allows withdrawal of cash from ATM via UPI without using any card.
- We also integrated with the leading discount stock brokerage firm to offer secondary ASBA services to our customers.
- We also made new strides in Responsible Banking and our Bank has topped amongst all Indian banks with highest S&P Global ESG scores in 2023.
- We have been included in BSE Next 50 and BSE 100 Indices.
- In January'24, we achieved yet another feat of being certified as a "Great Place to Work" second year in a row.
- During the quarter, we were also joined by Mr. Tushar Patankar as a Chief Risk Officer and Mr. Rajat Chhalani as a Chief Compliance Officer.

Thank you once again for joining us so early in the day and now we can take your questions.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. The first question is from the line of Deepak from Aryan Share and Stock Brokers. Please go ahead.

Deepak: So, I just want to know is there anything in future for the AT1 bonds, any provisions to be made?

Prashant Kumar: Deepak I think this issue has been discussed in detail earlier and at this point of time since the matter is pending in the Honorable Supreme Court, we would not like to make any comment on this.

Deepak: Is there any provisioning to be made on that sir?

Prashant Kumar: What I am saying is that the entire clarification on this part has been done, but at this point of time, to make an argument, why there is no need to make a provision, would not be correct as the matter is pending in the Honorable Supreme Court.

Moderator: Thank you. The next question is from the line of Amey, an Individual Investor. Please go ahead.

Amey: Just a quick follow up question on AT1, do we know when is the next date in the Supreme Court and how do we know when is the date, in fact I try to know, but I don't find a way to figure out when is the next date?

Prashant Kumar: Actually, this was slated to appear today, but it has not come in the final listing as of date and I think we would come to know from the registry of the Honorable Supreme Court when it will come on the next date.

Moderator: Thank you. The next question is from the line of M B Mahesh from Kotak Securities. Please go ahead.

M B Mahesh: Two questions from my side sir. The first one is on the Cost of Funds the increase has been for this quarter relatively smaller as compared to the last two quarters. If you could just tell us at your portfolio level given the kind of maturity that you're seeing in your term deposits, how are you seeing the Cost of Funds kind of moving over the next couple of quarters? This is the first question.

The second question pertains to the slippages that we are seeing on the retail portfolio - this quarter has been on the higher side. If you could just kind of give us a context into what is driving these retail slippages?

Niranjan Banodkar: On the Cost of Funding to the first question that you asked, Mahesh, if you'll recall we've been saying that the bulk of the repricing I think has been absorbed till September and since then at least in terms of what we are observing as a pendency in deposit repricing we're looking at not any material impact over the next one or two quarters.

Having said that Mahesh, what we also are conscious about are the industry and the liquidity landscape- could mean that there could be room for us to continue to work on rates, although our conscious effort is relative to the industry, we need to keep performing better relative to the industry.

But as of now, when we look at the repricing or pendency of portfolio there is a very minimalistic impact from a TD repricing on Cost of Funding.

M B Mahesh: Just to add on this question, let's say in the month of January so far the situation on the deposit mobilization has been at par to last quarter worsened or it has improved where would you kind of put this situation today?

Niranjan Banodkar: At an effort level, I have to say efforts are higher for mobilizing the deposits that we would have otherwise take, but from our perspective it is the momentum in Jan continues to be similar to what we typically observe around this time of the year.

M B Mahesh: The second question on the retail slippages?

Rajan Pental: So, on the retail slippages obviously there has been little bit of concern in the last couple of quarters brewing. So, we took some measures in terms of the revision in the scorecards, BREs, also in terms of I think the credit process. So, I would say that more or less we have now reached a plateau and from there we see that in the coming quarter we will see this getting in a stable state.

But good part is that bucket-by-bucket there is an improvement in the resolution. So, we see a better resolution in the coming quarters from this level. So, our expectation is that the slippages will continue for one or two quarters it will not rise from here and then it will start declining.

M B Mahesh: Sir, just to understand what is driving these slippages which part of the product portfolio within retail?

Rajan Pental: So, largely the unsecured assets and also some of these segments few here and there, but those were minor, but largely we have seen that the unsecured portfolio needed a lot of corrections and very timely corrections which have actually happened and now it's showing the results.

Moderator: Thank you. The next question is from the line of Sri Karthik Velamakanni from Investec. Please go ahead.

Sri Karthik Velamakanni: Question on the risk weight assets - you have not disclosed the number, could you 1) disclose it, 2) walk us through the movement to CET1 today this quarter particularly in the context of the DTA unwind and the consumption due to unsecured risk weight increases?

Niranjan Banodkar: So, the risk weight number is about INR 2.7 trillion, which was about INR 2.58 trillion in the previous quarter. So, we had about INR 12,000 - 12,500 crores of increase in the risk weighted assets. Almost INR 7,800 crores did come in from the new RBI circular. Now if I were to just split this from capital consumption like Prashant also mentioned in his opening remarks, we had ~ 40 basis point of burn that came in because of the new RBI Circular. Outside of that, we had about a net 10 basis points of consumption which was a function of both growth that we had as well as the profitability, the DTA and some amount of continuous work that we keep doing on the rating profile plus like retail portfolio coming to, a combination of that we had at 10 basis points of net consumption, but both profits and DTA release would be ~ 20 basis points, of that book.

Sri Karthik Velamakanni: And the 10-bps declined due to the PSL shortfall is an implied profitability hit, is it, Niranjan?

Niranjan Banodkar: No, it's just if you look at the balances increase that we've had about in net INR 10,000 crores of increase in the PSL shortfall deposits between September and December quarter and as a consequence we also end up allocating capital on that because it does attract Risk Weighted Assets. So, it's a function of that.

Sri Karthik Velamakanni: So, despite sovereign guaranteed in nature there is capital hit also due to PSL?

Niranjan Banodkar: That's right Karthik absolutely.

Sri Karthik Velamakanni: The other question in our CA and SA growth. So, generally I think it was part of your opening remarks also that the CASA growth has been faster than system and I see that the branch additions have not been that high what's contributing to this the higher CASA growth relative to our estimate?

Niranjan Banodkar: So, Karthik from our vantage point so there are there are two things really. One for us we are operating at a 29.7% of CASA ratio. So, we clearly have a priority to continue to improve our both current account and savings account - number one. Number two, when therefore we look at an execution plan clearly there is a higher amount of focus that is given to mobilizing the current account and savings account.

Number three is we are looking at loan growth which has been in the range of ~ 13% and as a consequence we are also looking at a deposit growth of 15% - 16%. In that context, we do find that delivering a growth of CASA which is higher than our deposit growth is something which we are all working towards.

So, it's a very focused execution plan and consequence of those execution plans are discipline around productivity efficiencies at the branch level, monitoring profitability of each and every branch, making sure the incentive structures are rightly aligned not only for just acquiring customers, but making sure that they maintain balances over the M3 M6 period as well.

So, it's a function and culmination of all of those elements which we've been investing over the last two to three years - we are finding outcomes of those and we're quite actually satisfied that I know ~29.5% is not a very high CASA ratio, but we are quite satisfied that a lot of the SA that is also coming through, if I just look at over the last one year, it's not that our blended SA rate would have actually increased. So, it's not that we are throwing rates to acquire the savings account. It's a function of very hard-core execution in retail to drive the balances.

Moderator: Thank you. The next question is from the line of Mahrukh Adajania from Nuvama. Please go ahead.

Mahrukh Adajania : I have two questions. The first is on Personal Loans that was discussed a bit. So, why were tightening measures required in Personal Loans? What was your ticket size - most of it would be salaried. So, what was your ticket size and in general is there some read through for the sector on that bit?

And secondly, on just the realization of Security Receipt I know it happens as and when, but is there any path you can guide us to build better estimates?

Rajan Pental: Now first comment on the first question on the Personal Loans. So, our average ticket size remains around INR 2.5 lakhs. However, the segments which were a topic of concern for the entire industry were - one was the NTC, the New-to-Credit which was contributing to almost 25% of the industry debt position.

I think which was showing a very good behavior for two years started showing some stress. So, at our industry level there is a concern and there is a cut on that particular segment.

The second one obviously is where the income levels were less than INR 30,000 a month. So, these are the two segments which have been cut and this is not just for us, but this is at our industry level.

So, having said that I think most of the concerns which we have tried to capture and try to bring the portfolio back on track are around these two segments.

Mahrukh Adajania : And on the realization of SR?

Prashant Kumar: So, basically when we started like when this transaction happened, we had the Security Receipts of INR 8,853 crores on gross basis which has already come down to INR 6,393 crores in one year. So, fundamentally if you see out of INR 8,853 crores almost INR 2,500 crores have been redeemed. Very, very difficult to predict when the remaining Security Receipts would be realized.

But I think with the track record, we have not seen in one year, more than 25% of the Security Receipts have been redeemed and actually we have also seen the recoveries over and above the Security Receipts.

And if you see the other part, we are continuously making the provisions on the remaining Security Receipts and today the Net Carrying Value of Security Receipt has come down to 0.8% and our Provision Coverage Ratio on the Security Receipt is 73.2%. Our objective is to bring down the Net NPA + the Net Carrying Value of Security Receipts to below 1% in the next few quarters.

Mahrukh Adajania: Sir, just one more question I know that your LDR has kind of stood steady, but in general in the whole debate on LDR for the industry where you think you stand because in general for everyone it appears that now LDR's need to come down. Do you think that that's the case for you as well?

Prashant Kumar: So, Mahrukh, we are quite happy with the LDR of around 90% and this 90% is important for us in terms of both profitability as well as keeping those kinds of margins, but if you see that we are continuously focusing on the deposit growth, higher than the loan growth.

So, at no point of time we are allowing our LDR to go below 90%. It means higher rather than 90% and going forward also our strategy would be continuously deposit growth higher than the loan growth, but 90% for us it's quite satisfactory especially when you see very large amount is being parked in the RIDF to take care of our shortfall in the PSL.

So, today 11% of our Total Assets are sitting actually in the RIDF. I think if you take into account this part then 90% LDR is quite satisfactory.

Mahrukh Adajania: So, this is something that even the regulator would be comfortable with because there is now a sudden talk that the regulator may not be comfortable with LDR's of some banks, not specifically yours, but some banks that's why asking?

Prashant Kumar: Yes.

Moderator: Thank you. The next question is from the line of Chintan Shah from ICICI Securities. Please go ahead.

Chintan Shah: So, sir firstly on these unsecured fees, that we are seeing a kind of some high slippages in the retail segment. So, as you clearly mentioned that is largely from the new-to-credit customer and not from the existing customer base. So, usually means just wanted to understand the underwriting which we are doing so that there is no concern on that on the CIBIL score or on the based on the past track record of your underwriting. So, that should be okay and only this is from the new-to-credit where the stress is coming up. Is that a fair assumption?

Rajan Pental: The retail business which you fully understand goes through its own cycles over a span of 5 years to 6 years and whenever there are any signs of stress appearing the following actions are usually taken. One to take the entry scores up, to tighten the criteria around the income levels and FOIR, and third one is to look at the customers where you have a limited understanding.

Your internal customers will always behave better because not just you have information on their scores, but you also have information on their transaction history. So, that will always make more stronger and they will always behave on a relative scale better.

The concern always will be the New-to-Bank customers and within New-to-Bank, the new segment which income bands you want to purchase or where do you see stress you kind of again dissected between the credit scores and then Bureau scores and then you again segmented between the profiles, the locations, the demographics.

So, you get into full detail when you have to review to tighten the criteria. So, I would say instead of and what I alluded, to was some of the segments which largely have shown signs of stress, but whenever you get into this cycle and I would not say that we are actually into the cycle, but there was a bit of correction required at the industry level and in line with that we have taken actions across this.

So, it is not just cutting one segment you have to take multiple actions to control and fortunately the signs are quickly seen in terms of your New-to-Bank population which is coming into as an inflow to the Bank. So, that is a positive sign.

Chintan Shah: And sir usually the FOIR for this below 30 k customers would be where there is some stress. So, what will be the FOIR for that 40%, 50% or even more than that?

Rajan Pental: So, today it is not as simple as it used to be a couple of years back. Today you segment the customer and then decide, (for a customer working with) Cat-A company or Cat-B company or a Cat-C company would all have a different approach to underwrite.

So, I would say there are multiple factors which is a for sophisticated scorecard which today is applied as compared to the erstwhile file. So, this is I would say the tightening on various fronts not just the income to the loan ratio, but to the EMI ratio, but also to the thresholds of what is your entry level for income even that is into the consideration including putting the Cat-A, Cat-B categorization of the company from where the employee comes.

Chintan Shah: Secondly on that profitability part thanks for that for the levers, the improvement in profitability. So, we have mentioned that increase on organic PSL. So, there were some talks earlier of acquisition, some inorganic acquisition to boost PSL. So, is that still on are we still working towards that and on the PSL so firstly it is on that and then I will come to the last question?

Niranjan Banodkar: Yes, there is work happening to find ways to accelerate the PSL journey for us, but having said that clearly when you look at creating or acquisitions it obviously is time consuming. You need to have the right fits and there are multiple criteria that go into the evaluation. So, it does take time, but I think having said that I think it's important to note that it's not that we are just waiting for that lever to express itself in our balance sheet.

We continue to work on our own organic channels, we continue to work on other means of inorganic acquisitions into the balance sheet for complying with the PSL and again I will again refer to Prashant opening remarks where he said that if you look at our problem in PSL which is in sub categories of Small and Marginal Farmers, Non-Corporate Farmers and Weaker Section -across these three sub categories if you look at our compliance to PSL we have only been improving quarter-on-quarter and it's actually part of our presentation as well.

So, it's not that we are just waiting for this inorganic acquisition as a lever to come in and express itself. Yes, it will further propel and accelerate the acquisition machinery, but having said that we are now looking at very nominal numbers of non-compliance in Fiscal'24 across these subcategories.

Chintan Shah: And sir one lastly is that 1% RoA mark aspiration so do we envisage that to come in FY25 or probably in FY26 what could be the rough timeline, any sense on that?

Prashant Kumar: I think that we need to be very realistic, and I think one of the big drags on our profitability is 11% of our assets sitting in the RIDF. Though we are working very hard, and we are quite confident that this year there will not be any shortfall in the PSL, but I think the PSL book coming down to a normalized level would take some time and I think this is the biggest drag. So, 1% RoA we don't see happening in FY25, but I think the way we are executing our strategy we may see this 1% RoA in FY26.

Niranjan Banodkar: And then if I also add to that, see 1% ROA for us is very important from the perspective of getting it delivered through core operating profits and you would have seen that we continue to have good momentum resolution P&L write back to the Security Receipts portfolio, but you would appreciate that what we have been doing very consciously is actually using that to keep reducing the drag on our Security Receipts and continue to work on improving the PCR right.

So, I think just to mention that ROA 1% target is being thought about from a core operation and not just for a number from a profitability because ultimately, we want to get our NNPA and SR also below 1% from the recoveries of the SRs.

Moderator: Thank you. The next question is from the line of Dinesh Jain, an Individual Investor. Please go ahead.

Dinesh Jain: So, my two questions on basically every quarter you guys are disbursing about INR 30,000 crore of loan and in annual report also you're disclosing that you have about INR 1,00,000 crore of disbursement in a particular year which amounts to 50% of your portfolio.

So, despite doing that, your growth is at about 15%. So, it means is it your average loan size is somewhere about 2 years or something like that why it is not translating it into the growth that's point number one. Point number two is in the provisions on this time the default on Personal Loan is about INR 1,000 crore. Your total Net Interest Income for the year is INR 2,000 crores.

So, if 50% of your portfolio is towards Personal Loan which is about INR 1,000 crore and your defaults are INR 1,000 crores in a quarter, does it mean that 100% of your Personal Loan net interest income is getting defaulted? So, is it something bigger underlying thing is there which we are not understanding or is it the earlier YES Bank which is returning now to the fore?

Niranjan Banodkar: Dinesh ji on the first question of disbursements so when disbursements happen there are also repayments that keep happening in the book. So, I will give an example of the Large Corporate Business where clearly we have pivoted away from the kind of Large Corporate Business that we should do prior to March '20 this is more working capital transactional in nature.

And yes, we do have a significant amount of fresh disbursement, fresh lines that get set up, yes utilizations could have its motions of some quarter, the utilizations are higher, some quarters utilizations are low, but I think the momentum on new business acquisition is very high.

But having said that, in the Large Corporate book despite the new disbursement and you would have also observed that we do have, we have seen degrowth in that book over the last two years to three years that's because of our legacy book that we had in the Large Corporate. We've seen the repayments a lot of those we were consciously triggering those exits so that we continue to reduce the legacy assets that we have in our Balance Sheet. It was also one of the strategies for us to reduce those exposures because they were also coming in from let's say real estate or hospitality.

So, that journey also coincided with the new acquisitions that were happening in the Large Corporate and as a result what you see is net function on the loan growth that's number one. Number two is if you look at similar comparison on the retail side on retail what we are seeing is a disbursement run rate of about anywhere between INR 10,000 crores to INR 12,000 crores let's say that we might be doing per quarter, but equally we would be having about INR 6, 000 to INR 7,000 crores of let's say repayments and maturities that happen every quarter.

So, what again you see as a net result is pushed the repayment. So, what we are seeing is 13% to 15% loan growth I think is fairly reflective of new business origination as well as old. The last point I wanted to make is when we look at disbursements it's about making sure that you are penetrating into the relationship of clients.

What we are quite confident about is that now that we are entering and acquiring large scale customers across when I say large scale customers across Corporate, Mid Corporates and MSME we have a good hook now on these customers and as and when utilizations pick up you would also start seeing those on the loan growth. I think that's just a simple explanation. I thought I should provide that was the first part of the question.

I think the second question you asked was on provisions and NII which we have about INR 2,000 crores of NII, and I think the question was you were correlating that with INR 1,000 crores of slippages.

So, the first point there is, when you look at the NII, we are looking at NII also has multiple elements of drag, and I think we spoke about Prashant mentioning again and again that there is a significant drag coming in from the existing stock of our RIDF which is sitting today at about in excess of INR 40,000 crores on our balance sheet, 11% of the Total Assets.

So, I just want to contextualize that INR 2,000 Crs is in the first place not in normalized run rate of NII that we should be looking at that's number one. Number two is like Rajan mentioned when you look at a INR 1,000 crores of slippages you do go through cycles where there will be certain uptick in performance or delinquencies in certain products, in certain geographies, in certain segments, but I think that is where management intervention comes in, to say have you identified the problem and have you taken course corrective action to make sure that incrementally you are kind of not repeating those geographies from a disbursement perspective.

And I think we're quite pleased to see that we have taken the necessary actions to plug the new slippages and like Rajan mentioned we do believe that the run-rate should start normalizing or reducing from here on.

I think the third thing which you also have to look at is it's not just the gross slippages. There is also a run rate of recoveries and upgrades that we see. So, while for the full Bank if my annualized Slippage Ratio is let's say 2.3% actually the net of recoveries and upgrades the ratio would be about 1.1%. So, it's not that the whole block of 2.3% goes into a loss. There are recoveries and upgrades that do happen over a period of time.

The last part I wanted to mention is again while the impact of this, was acute in September, but we did see some element of that also play out in December is we also had an accounting policy change where and we did go through some explanation in the last quarter. So, I'm not going to spend a whole lot of time, but that meant that because of the accounting change in penal interest that delinquency was slightly higher on the retail book, but as to summarize we do believe that the relevant course-corrective actions have been taken and the delinquencies should start stabilizing to reduce from here on.

Dinesh Jain: One last point I wanted to say on this whole priority sector thing and all which suddenly got popped up into this particular slide. So, were you guys not aware last 3 - 4 years that this particular thing is, you didn't see it coming and suddenly this has popped up this particular quarter or you were knowing 3 years, 4 years back and you were working on it and nothing happened and therefore this quarter it has popped up that this has become a now a new reason on the block?

Niranjan Banodkar: So, Dinesh ji , if you go back to our commentary also about a year back, we did mention that we are keenly evaluating acquisition of an MFI entity or entities that might be the MFI business. This was all keeping in mind that the Bank needed to solve its PSL subcategory acquisitions side.

So, we were aware, we have been talking about the drag that RIDF is causing it's just that we have brought that out explicitly so that because we were getting these questions time and again and we were explaining on calls through a commentary. I thought it was just important that as an entity we put that out in absolute clarity as to what would be the drivers on improving the PSL drag and what is the drag. So, we just put that out in black and white that's the only difference. It's not that we were not aware nor that we have not been guiding as to whether this is the problem statement for us or not.

Moderator: Thank you. The next question is from the line of Narendra Porwal an Individual Investor. Please go ahead.

Narendra Porwal: Sir my question would be for CASA sir you have already answered that, but our CASA till now compared to other banks it is growing very less and my opinion is that my account is already with YES Bank, but at this time many IPOs are coming and many HNI investors apply IPOs aggressively and they are maintaining balances, but still in our Bank cut off time is at 3 o'clock, but in other Bank it is at 4 o'clock. Sir why are we not becoming aggressive in compared to other banks. They are very aggressively doing the marketing that we are giving 7%, 6% and we are also giving 6% saving account we are giving interest, but in spite that our CASA is not increasing the way it should and in some way we also face problems like systems downtime. So, plan in a way and it is the time of technological advancements and by increasing the timing (for IPO), and doing aggressive marketing, our CASA will improve, and once customer open an account in our Bank then definitely they will not go to other Bank?

Prashant Kumar: If you see our whole Bank's focus is of being customer centric that how we can give our customers much more benefits. Now you have the suggestion that instead of 3 o'clock we do it 4 o'clock it is very valuable, and we will see. I want to say one thing in CASA deposit that as you know that 4 years back the Bank faced challenges and at that time our deposits dropped to half. So, it takes a little time on deposits to grow, but in the last 4 years the deposits have increased by more than two times and if you see in the entire Banking Industry CASA ratio is decreasing, but at least we are able to protect our CASA ratio, our CASA ratio has not decreased and it has happened because of the customers support and it is our commitment and assurance to you that for the customers, either in technology or in aggressive marketing, the suggestion which you have given for we will pay close attention to it.

Narendra Porwal: When Bank were facing challenges that time also and already now also there is no disturbance in balance maintained by me in the account and sometimes it does happen that when the system has downtime, we have to fill the physical form (for IPO) and Bank (branch) gets pressure for bidding at the last minute. So, because of that, we face problems. See you all are very aggressive, but tell your team also to be more aggressive?

Rajan Pental: For your suggestion and the feedback which you are giving for that thank you so much for that and with I will call you separately and understand your problem so that we can resolve that.

Narendra Porwal: Sir many customers are my close relative they have around INR 2 crore balance they are trying to shift to another Bank, in that way our CASA will rise aggressively?

Prashant Kumar: Your suggestions are very valuable. So, we will work on that and Rajan ji will talk to you personally on that.

Moderator: Thank you. The next question is from the line of Mahrukh Adajania from Nuvama. Please go ahead.

Mahrukh Adajania : Sir, I had a follow up question again on the Personal Loan bit. So, basically we have weeded out all the customers which were probably looking a little discomforting and because of closure of lines to them these slippages have occurred or because anyway they were on the lower income side these slippages have occurred as in that were some of these BNPL customers given may not be right given that your ticket size is high or how do we look at the whole piece?

Ranjan Pental: First of all, BNPL came as an experiment, and it failed. So, fortunately we never tested waters into that particular segment. Two is once the customer has come in you have to bear him for 36 months. So, it is not that you can beat him out in between unless you proactively go back and insist that you close the account which generally is not the likely situation.

In our internal database proactively when you are looking at acquiring a customer, obviously we have weeded out that set of customers which we potentially were putting up to our teams to acquire. So, from that extent, you're right.

Also, from the customers who are coming out from the outside market since we have tightened the criteria, so, these customers will automatically get rejected. So, from that extent for new to the Bank or from existing customers certain segments have been eliminated, but this is nowhere close to the BNPL model. These are the normal Personal Loan customers.

Mahrukh Adajania : So, going ahead will growth in Personal Loans be slower than earlier only?

Ranjan Pental: I think growth is not that issue because there are lot of customers and Personal Loan is growing at a particular pace, but whenever you will do any kind of policy cuts, temporarily there will be a dip in the business and then you again ramp up because you have a large distribution out which also then alters their way of acquiring and bringing back the customer to various banks.

Mahrukh Adajania : So, the key reason for the slippage would be what then as in it's just that the income levels did not support or what would it be in general for the 36-month lapse for many this quarter?

Ranjan Pental: I will give you an industry level answer to it and obviously these things do reflect in overall across portfolios. One is that customers taking more than one loan after they have taken from you, that tends to be one of the bigger reasons.

And secondly it can be around the income levels not going up or the inflation being high, the disposable income coming under stress. So, there could be various ranges and the retail portfolios throw you a lot of opportunities to get insight into the portfolio in various squares which you have to then cut and then kind of look at what is going to be your new acquisition strategy.

But having said that even in Personal Loans, even if I dissect the quarter between the three months we have seen a very good month, December month where the resolution rates have really gone up to upwards of 87%. So, the resolution rates have become better. So, these customers who were even who have defaulted their resolution rates are getting better.

Moderator: Thank you. The next question is from the line of an Individual Investor. Please go ahead.

Mrunal Shekhar: There is too much deviation from the listed security house analysis and why there is too much negative number in retail segment?

Sunil Parnami: Can you repeat your first question deviation in which element you want this to clarify?

Mrunal Shekhar: Because market has expected too much profit in this quarter, means from the securities house analysis like ICICI Securities has expected the figure around INR 500 crore profit at this quarter, but we have got something INR 281 crore Net Profit and Emkay Capital also analyzed too much profit, but we get less profit than this number and one more thing I wanted to add there is too much speculation is listed around in YouTube. What are you doing in this regard to control this news?

Niranjan Banodkar: Mrunal ji your voice is not coming clear. We were not able to hear you well. I think the first part of the question which we could gather was around that the market expectation was a certain number and we had delivered a certain number below expectations is that a fair question?

Mrunal Shekhar: Yes.

Niranjan Banodkar: So, let me respond to that and maybe we can come back to the second question. So, Mrunal ji to be honest we will not be able to comment and let's say on every quarter expectation that markets will have. I think at the start of the year we've been saying that there is a certain path to our profitability to a 1% ROA and which is a journey which requires a lot of execution focus. It was a two-to-three-year journey that we that had highlighted number one.

Number two as the kind of period plays out of course there are lot of external factors that also come in and you would appreciate that over the last one year there has been a significant spike in interest rates, generally in the environment as well, which resulting into NIM compression not only for us but across all the banks.

But I think there are certain principles with which we work. There is a certain strategy which is in place, and we are sticking to that strategy and just from a profit standpoint because that was a specific question that you had for us it's very important to get the NNPA and Security Receipts also below 1%. So, it's important that we keep improving our PCR for the Bank, we keep reducing the drag and keep working on expanding the operating profit and that's the work which we keep executing day in day out.

We also take by the way through this question of a feedback that maybe the expectation itself in the first place needs to be managed better and that's something we will be happy to communicate more emphatically and effectively on an ongoing basis.

Moderator: Thank you. We move on to the next question sir which is from the line of Sreenivasan an Individual Investor. Please go ahead.

Sreenivasan: I have two questions. What is the guidance for this ROA accretive products on the current level of 55% as at the end of FY25 where would we expect it to be and what would be the impact on the bottom line? And second question is like Prashant sir was saying that from INR 8,000 Crs odd levels, Security Receipts on the ARC portfolio have come down to INR 6,000 Crs odd, 25% recoveries has happened, but if we see the presentation like the Security Receipts as a percentage of Advances is only 0.8% that comes to roughly INR 1,850 crores. So, what is this difference between INR 1,850 Crs and INR 6,000 crores and INR 4,000 plus crores, can we assume that like once the provision becomes zero, entirely this INR 4,000 crores would be accretion to the profit, bottom line?

Prashant Kumar: So, basically 0.8% is the net carrying value of SR security receipt after making the provision and once like if Net Carrying Value comes down to zero, then whatever recovery would come would be directly addition to the P&L.

Sreenivasan: Second question?

Niranjan Banodkar: On the ROA accretive products again the first point there is we are talking about large scale distributions. Therefore, the path towards migrating towards a higher ROA accretive product is something that we keep calibrating over a period of time, currently which we are running at about 55%.

The trajectory would be - continue to improve that. You will continue to see about 5% to 10% improvement in that mix over the next 6 months to 9 months. I think that's really where we will continue to work.

Now what does that mean from an RoA perspective. Ultimately, some of these products on the margin I will say again there are two elements. One is on the margin and what it does to the book. On the margin which means to the disbursement mix, these products are already generating an ROA which could be about 60 basis points to 70 basis points higher than what let's say the other products would be, but for those to get expressed on the book could take about anywhere between 2 years to 3 years.

So, it is on the margin you might end up making today about 2-3 basis points on the book every quarter, but it will take some amount of time before it starts getting reflected on the book.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now hand over the conference to Mr. Prashant Kumar for his closing remarks. Over to you sir.

Prashant Kumar: Again, thank you everyone for joining our earnings call so early in the day. Thank you so much and wish you all the very best.

Moderator: Thank you very much sir. Ladies and gentlemen this brings the conference call to an end. Thank you, members of the management. On behalf of YES Bank, we thank you for joining us. You may now disconnect your line. Thank you.