

BSE SENSEX

36,985

S&P CNX

11,167

CMP: INR370 TP: INR444 (+20%)
Buy

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We [request your ballot](#).



Bloomberg	YES IN
Equity Shares (m)	2,303
M.Cap.(INRb)/(USDb)	852.2 / 12.4
52-Week Range (INR)	393 / 285
1, 6, 12 Rel. Per (%)	6/-1/-6
12M Avg Val (INR M)	4282
Free float (%)	80.0

Financials & Valuations (INR b)

Y/E March	FY18	FY19E	FY20E
NII	77.4	101.2	128.3
OP	77.5	103.1	132.2
NP	42.2	54.7	70.7
NIM (%)	3.2	3.2	3.2
EPS (INR)	18.4	23.8	30.7
EPS Gr. (%)	26.3	29.0	29.2
BV/Sh. (INR)	111.8	131.8	158.1
ABV/Sh. (INR)	107.4	127.8	153.8
RoE (%)	17.7	19.5	21.2
RoA (%)	1.6	1.5	1.5

Valuations

P/E(X)	20.1	15.6	12.0
P/BV (X)	3.3	2.8	2.3
P/ABV (X)	3.4	2.9	2.4

Strong op. performance, earnings momentum continue to enthuse

- **Earnings in line with ~30% YoY growth:** YES reported robust PPOp growth of 44%/15% YoY/QoQ to INR24.5b (4% beat), led by strong core fee income growth of 53% YoY and controlled opex (+18% YoY to INR14.6b). PAT grew 30% YoY to INR12.6b, despite elevated provisions of INR6.2b (INR3.8b toward NPA provisioning). YES has availed the RBI's dispensation and will amortize MTM losses of INR2.78b in FY19.
- **Loan growth remains robust; CASA mix declines marginally:** Business momentum remains strong, with loan growth of 53% YoY (INR2.14t) and deposits growth of 42% YoY (INR2.13t). CASA deposits grew 36% YoY, but the CASA ratio declined to 35.1% (36.5% in 4Q). Margins, thus, shrank 10bp QoQ to 3.3%, also affected by continued de-risking of loan book, as reflected in a 178bp YoY improvement in RWA/total assets.
- **Asset quality held largely stable; coverage ratio improves sharply:** Fresh slippages increased to INR5.6b (of which INR3.2b are expected to recover by 2Q), driving a 7.5% QoQ increase in absolute GNPLs. Net NPL, however, declined 4% QoQ aided by healthy provisioning, and NNPL ratio thus improved by 5bp QoQ. Coverage ratio improved by 530bp QoQ to 55.3%, and the bank appears on track to reach 60% in FY19 as guided earlier. Net stressed assets have declined to ~1.5% of advances (1.7% in 4QFY18).
- **Other highlights:** (i) Cost- income ratio improved 300bp QoQ to 37.3%. (ii) CET-1 ratio declined to 9.5%, even as overall Tier-1 stood at 11.8%
- **Valuation view:** We believe that YES has made strong progress in dealing with asset quality challenges and is well positioned to maintain industry-leading growth; operating metrics (CASA, margins, return ratios) are likely to improve. The continued de-risking of loan book and strong growth in retail assets will add granularity and make the bank even more robust. YES remains one of our preferred picks in the private banking space. We maintain Buy with a target price of INR444 (2.9x Mar-20E ABV).

Quarterly performance

	FY18				FY19E				FY18	FY19E	FY19E	v/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1Q	1Q	Est
Net Interest Income	18,089	18,851	18,888	21,542	22,191	24,075	25,997	28,892	77,371	1,01,155	23,266	-4.6
% Change (Y-o-Y)	44.5	33.5	26.8	31.4	22.7	27.7	37.6	34.1	33.5	30.7	28.6	-5.9
Other Income	11,322	12,484	14,223	14,210	16,941	16,163	17,453	17,353	52,238	67,910	15,619	8.5
Total Income	29,411	31,335	33,111	35,752	39,133	40,237	43,450	46,245	1,29,609	1,69,065	38,885	0.6
Operating Expenses	12,369	12,269	13,093	14,398	14,586	15,707	16,961	18,743	52,128	65,997	15,179	-3.9
Operating Profit	17,042	19,067	20,018	21,354	24,547	24,530	26,489	27,502	77,481	1,03,068	23,706	3.5
% Change (Y-o-Y)	30.4	37.6	37.7	26.3	44.0	28.7	32.3	28.8	32.7	33.0	39.1	4.9
Provisions	2,858	4,471	4,213	3,996	6,257	5,375	5,804	5,149	15,538	22,586	5,195	20.4
Profit before Tax	14,184	14,596	15,805	17,358	18,291	19,155	20,684	22,353	61,943	80,483	18,511	-1.2
Tax	4,529	4,569	5,036	5,564	5,687	6,130	6,619	7,319	19,697	25,754	5,924	-4.0
Net Profit	9,655	10,027	10,769	11,794	12,604	13,025	14,065	15,034	42,246	54,728	12,587	0.1
% Change (Y-o-Y)	31.9	25.1	22.0	29.0	30.5	29.9	30.6	27.5	26.9	29.5	30.4	0.2
Operating Parameters												
Deposit (INR b)	1,502	1,580	1,717	2,007	2,134	2,345	2,513	2,682	2,007	2,682	2,176	0.0
Loan (INR b)	1,400	1,487	1,715	2,035	2,147	2,356	2,516	2,676	2,035	2,676	2,196	0.0
Asset Quality												
Gross NPA (INR B)	13.6	27.2	29.7	26.3	28.2	29.2	30.3	30.4	26.3	30.4	27.2	0.0
Gross NPA (%)	1.0	1.8	1.7	1.3	1.3	1.2	1.2	1.1	1.3	1.1	1.2	0.1
Net NPA (INR B)	5.5	15.4	16.0	13.1	12.6	12.3	12.1	11.2	13.1	11.2	12.5	0.0
Net NPA (%)	0.4	1.0	0.9	0.6	0.6	0.5	0.5	0.4	0.6	0.4	0.6	0.0
PCR (%)	60.0	43.3	46.4	50.0	55.3	58.0	60.0	63.0	50.0	63.0	54.0	1.3

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Exhibit 1: Quarterly Snapshot

(INR m)	FY17				FY18				FY19	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net Interest Income	12,516	14,122	14,893	16,397	18,089	18,851	18,888	21,542	22,191	23	3
Other Income	9,655	9,219	10,165	12,574	11,322	12,484	14,223	14,210	16,941	50	19
Total Income	22,171	23,340	25,059	28,971	29,411	31,335	33,111	35,752	39,133	33	9
Operating Expenses	9,103	9,481	10,520	12,061	12,369	12,269	13,093	14,398	14,586	18	1
Employee	4,074	4,334	4,675	4,968	5,461	5,628	5,334	5,467	5,906	8	8
Others	5,030	5,147	5,846	7,093	6,908	6,641	7,759	8,931	8,680	26	-3
Operating Profits	13,068	13,860	14,538	16,910	17,042	19,067	20,018	21,354	24,547	44	15
Core Operating Profits	11,045	10,868	11,461	14,586	13,821	15,549	17,590	19,573	19,944	44	2
Provisions	2,066	1,617	1,154	3,097	2,858	4,471	4,213	3,996	6,257	119	57
PBT	11,001	12,243	13,384	13,813	14,184	14,596	15,805	17,358	18,291	29	5
Taxes	3,683	4,228	4,558	4,671	4,529	4,569	5,036	5,564	5,687	26	2
PAT	7,318	8,015	8,826	9,141	9,655	10,027	10,769	11,794	12,604	31	7
Balance Sheet (INR B)											
Loans	1,059	1,102	1,171	1,323	1,400	1,487	1,715	2,035	2,147	53	5
Investments	461	496	497	500	521	539	612	684	830	59	21
Deposits	1,226	1,280	1,324	1,429	1,502	1,580	1,717	2,007	2,134	42	6
CASA Deposits	363	388	441	519	552	587	653	732	749	36	2
Borrowings	319	346	369	386	383	448	563	749	788	106	5
Total Assets	1,772	1,873	1,948	2,151	2,221	2,374	2,637	3,124	3,325	50	6
Risk Weighted Assets	1,443	1,546	1,590	1,863	1,852	2,000	2,237	2,553	2,714	47	6
Asset Quality											
GNPA	8,446	9,167	10,059	20,186	13,644	27,203	29,743	26,268	28,245	107	8
NNPA	3,024	3,230	3,425	10,723	5,453	15,433	15,951	13,128	12,626	132	-4
Loan Mix (% , Non PSL)											
Corporate Banking	67.5	67.9	68.9	67.7	68.1	67.4	67.7	67.9	67.6	-50	-30
Retail & Business Banking	32.5	32.1	31.1	32.3	31.9	32.6	32.3	32.1	32.4	50	30
Other Details											
Branches	900	950	964	1,000	1,020	1,040	1,050	1,100	1,105	85	5
Employees	16,421	18,531	19,400	20,125	20,851	20,932	19,276	18,238	19,597	-1,254	1,359
Ratios (%)											
Asset quality ratios	FY17				FY18				FY19	Change (bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GNPA (%)	0.8	0.8	0.9	1.5	1.0	1.8	1.7	1.3	1.3	34	2
NNPA (%)	0.3	0.3	0.3	0.8	0.4	1.0	0.9	0.6	0.6	20	-5
PCR (Calculated, %)	64	65	66	47	60	43	46	50	55	-473	527
Business ratios											
CASA (Reported)	29.6	30.3	33.3	36.3	36.8	37.2	38.0	36.5	35.1	-170	-140
Loan/Deposit	86.4	86.1	88.5	92.6	93.2	94.1	99.9	101.4	100.6	746	-77
Non Int. to Total Income	43.5	39.5	40.6	43.4	38.5	39.8	43.0	39.7	43.3	480	355
Cost to Income	41.1	40.6	42.0	41.6	42.1	39.2	39.5	40.3	37.3	-478	-300
Tax Rate	33.5	34.5	34.1	33.8	31.9	31.3	31.9	32.1	31.1	-84	-96
Profitability ratios											
RoA	1.7	1.8	1.8	1.8	1.8	1.7	1.7	1.6	1.6	-20	0
RoE	20.7	21.4	22.3	21.8	17.4	17.5	18.0	18.8	19.4	200	60
Yield on loans	11.1	10.9	10.9	10.7	10.4	10.2	9.8	9.9	10.0	-40	10
Yield On Investments	8.1	7.8	7.8	7.6	7.1	7.0	7.6	7.3	7.1	7	-14
Yield on funds	10.2	10.4	10.3	10.0	9.9	9.7	9.3	9.1	9.2	-71	13
Cost of funds	7.0	6.8	6.6	6.3	6.2	6.2	6.0	6.0	6.3	10	30
Margins	3.4	3.4	3.5	3.6	3.7	3.7	3.5	3.4	3.3	-40	-10

Source: MOSL, Company

Exhibit 2: Actuals v/s Estimates – PAT in line

Y/E MARCH (INR m)	1QFY19A	1QFY19E	Var. (%)	Comments
Net Interest Income	22,191	23,266	-5	NII miss due to lower than expected margins
% Change (Y-o-Y)	23	29		
Other Income	16,941	15,619	8	Healthy growth in corporate banking and transaction banking led to beat in other income
Total Income	39,133	38,885	1	In line (Miss on NII offset by beat on other income)
Operating Expenses	14,586	15,179	-4	Opex lower than expected
Operating Profit	24,547	23,706	4	
% Change (Y-o-Y)	44	39		
Provisions	6,257	5,195	20	Provisions higher than expected to improve PCR
Profit before Tax	18,291	18,511	-1	In line
Tax Provisions	5,687	5,924	-4	
Net Profit	12,604	12,587	0	PAT in line (Beat on opex offset by miss on provisions)
% Change (Y-o-Y)	31	30		

Source: Company, MOSL

Asset quality improves
QoQ, with decrease in
overall net stressed loans

Net stressed loans decline to ~1.5%; PCR improves 530bp QoQ

- The bank reported gross slippage of INR5.6b (1.6% annualized). Absolute GNPA increased 7.5% QoQ to INR28.2b while NNPA declined 3.8% QoQ to INR12.6b with 530bp QoQ increase in PCR to 55.3%. In % terms GNPA/NNPA stood at 1.31%/0.59% (+3bp/-5bp QoQ). The bank plans to raise PCR to 60% by 2QFY19.
- Standard restructured portfolio declined sharply to INR51m from INR910m in 4QFY18 while SR book stands at INR17.71b (0.82% of advances) compared to INR18.8b (0.92% of advances) in 4QFY18. The bank redeemed INR1.03b from SRs in 1QFY19. Standard S4A exposure decreased to INR1.37b from INR1.39b in 4QFY18.
- During the quarter Bank recovered INR1.84b from one account classified under NCLT-1. The residual exposure (funded only) within the 1st list of stressed accounts shared by the RBI stands at INR234m and carries 50% PCR on them. The bank has a total exposure of INR6.5b (INR5.7b funded) to the 2nd list of NCLT accounts with a PCR of 43% on the same.
- Total net stressed loans (NNPA, OSRL, SDR, S4A, SR, 5:25) stood at 1.52%, down from 1.73% in 4Q.

CASA ratio declines
marginally; retail deposits
comprise 56.7% of total
deposits

Strong CASA mobilization; CASA deposits grew 36% YoY

- CASA deposits continued strong traction with 36% YoY growth (off a high base of 1QFY18), led by 53% YoY growth in CA. However, sequentially, CASA growth trailed total deposits growth of 6% QoQ, leading to slight decline in CASA ratio to 35.1% from 36.5% in 4QFY18.
- We expect continued traction on CASA deposits as the branches opened in the past 2-3 quarters ramp up to scale.
- While management efforts in building a granular liability book is visible, the quarter saw higher growth of bulky deposits with a slight decline in total retail deposits share to 56.7%, from 57.2% in 4Q.

Stellar loan growth; NIM shrunk QoQ to 3.3%, but will recover as MCLR re-pricing happens

- During the quarter the bank witnessed a 10bp QoQ decline in NIM to 3.3% with slight compression in spreads as the funding mix moved in favor of borrowings.
- Loan book grew 53% YoY and 5% QoQ to INR2.14t driven by 52% YoY (+5% QoQ) growth in corporate and institutional book, while retail and business banking also registered robust growth of 6%/56% QoQ/YoY. Growth in retail and business banking was led by 21%/105% QoQ/YoY growth in consumer banking (14% of total loan book, up from 12.2% in 4Q).

Other highlights

- Cost to income ratio improved to 37.3% (-300bp/-478bp QoQ/YoY) as opex growth at 18% YoY trailed total income growth at 33%, driven by the bank's digitization efforts.
- During the quarter, YES added 5 branches increasing the branch network to 1,105.



1QFY19 conference call highlights

P/L related

- Benefit of re-pricing of loan to accrue in subsequent quarters.
- The bank made INR570m of general provision.
- IBU margins were little less than 2%, while domestic margins were higher than average margins by ~10bp-20bp.
- Forex, debt capital market and securities fee income: INR700m on account of SR redemption, INR1b gain on account of portfolio shuffle and remaining was largely from forex and derivatives.
- PSLC of INR38b was purchased in Q1.
- Corporate fees largely pertain to loans-related fees.
- W/o for the quarter were INR1.31b.

Balance-sheet related

- Corporate loan: ~30%-40% growth from working capital loans and ~60%-70% growth from term loans
- 85% of the loan book is on MCLR.
- MSME loans to pick up in 2HFY19.
- Average SA of INR1.6lakh-1.7lakh.

Business updates

- Expect ~30bp improvement in yields with ~20bp-25bp improvement in margins in the next 12months.
- Expect ~30%-40% growth in CASA for FY19.
- Cost to income ratio expected to be ~39%-40%.

Valuation and view

- With the continued investment in franchise, people and processes, YES is well positioned to leverage on to the opportunity that Indian economy presents. The bank has maintained strong operating metrics while achieving industry leading balance sheet growth. Branch network has increased to 1105 v/s 430 in FY13 (target of 1250 branches by FY20).

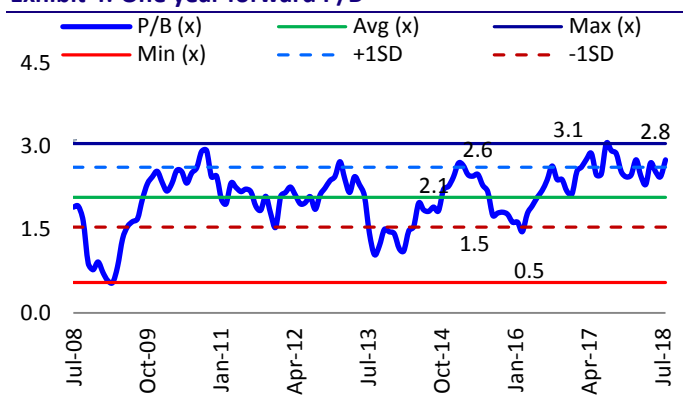
Reiterate Buy with
unchanged target price of
INR444
(2.9x Mar 20E ABV)

- With an incremental market share of 9%+, aggressive roll-out of retail/SME products and strong corporate relationships, YES is expected to register loan CAGR (FY18-20E) of 30% – at least 2x of system loan growth.
- YES has a well-laid strategy for growing small business loans (most of which qualify as priority sector loans) and cross-selling to acquired customers which would help granular retail fees growth. On balance-sheet front, initial focus of the bank will be on growing the liability side first and as customer relationships age, focus would be on cross-selling its retail assets. The bank has been expanding its branch network at an increasing pace.
- We believe that YES has made strong progress in dealing with asset quality challenges and is well positioned to maintain industry leading growth even as the operating metrics (CASA, margins, return ratios) are likely to improve. The continued de-risking of loan book and strong growth in retail assets will add granularity and make the bank even more robust. YES Bank remains one of our preferred pick in the private banking space and we maintain our BUY rating with PT of INR444 (2.9x Mar-20E ABV).

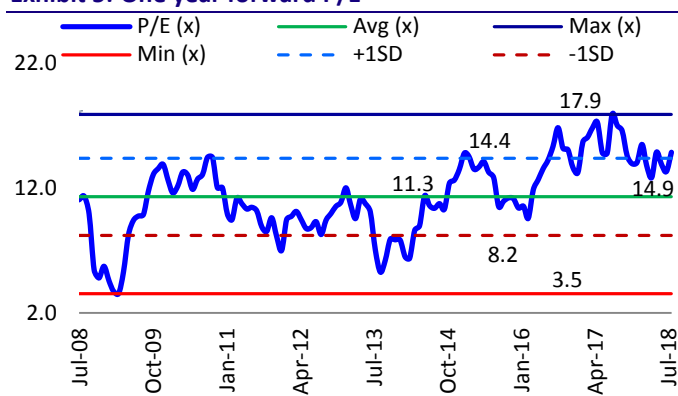
Exhibit 3: DuPont: Return ratios to improve driven by strong core operating performance (%)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Interest Income	9.6	9.6	9.4	9.0	8.6	7.7	8.2	8.2
Interest Expense	7.0	7.0	6.6	5.9	5.6	4.8	5.3	5.4
Net Interest Income	2.57	2.61	2.85	3.03	3.05	2.93	2.83	2.81
Core Fee Income	1.28	1.49	1.55	1.63	1.81	1.79	1.74	1.75
Trading and others	0.18	0.16	0.12	0.17	0.37	0.19	0.16	0.15
Non Interest income	1.46	1.65	1.67	1.80	2.19	1.98	1.90	1.90
Total Income	4.03	4.26	4.51	4.83	5.23	4.91	4.72	4.71
Operating Expenses	1.55	1.68	1.86	1.97	2.16	2.32	2.15	2.10
Employee cost	0.76	0.75	0.80	0.86	0.95	0.83	0.75	0.72
Others	0.79	0.93	1.06	1.11	1.22	1.49	1.40	1.38
Operating Profits	2.48	2.58	2.65	2.85	3.07	2.59	2.58	2.61
Core operating Profits	2.30	2.42	2.53	2.68	2.70	2.40	2.42	2.45
Provisions	0.25	0.35	0.28	0.36	0.42	0.59	0.63	0.62
NPA	0.17	0.13	0.11	0.33	0.35	0.34	0.35	0.41
Others	0.08	0.22	0.17	0.03	0.07	0.25	0.28	0.21
PBT	2.23	2.24	2.37	2.50	2.65	2.01	1.95	1.99
Tax	0.72	0.68	0.74	0.81	0.90	0.75	0.72	0.73
RoA	1.51	1.55	1.64	1.68	1.75	1.60	1.53	1.55
Leverage (x)	16.5	16.1	13.0	11.8	10.8	11.2	12.8	13.7
RoE	24.8	25.0	21.3	19.9	18.9	17.9	19.5	21.2

Source: MOSL, Company

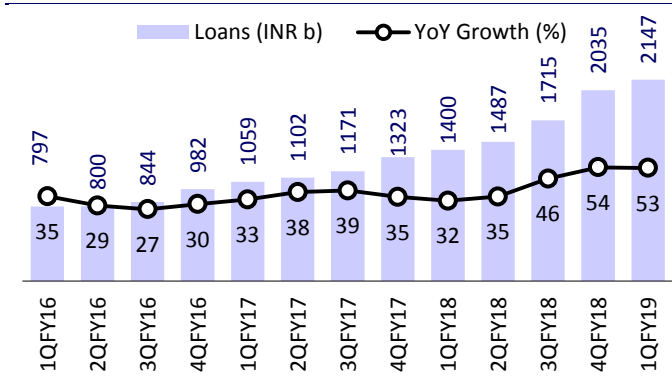
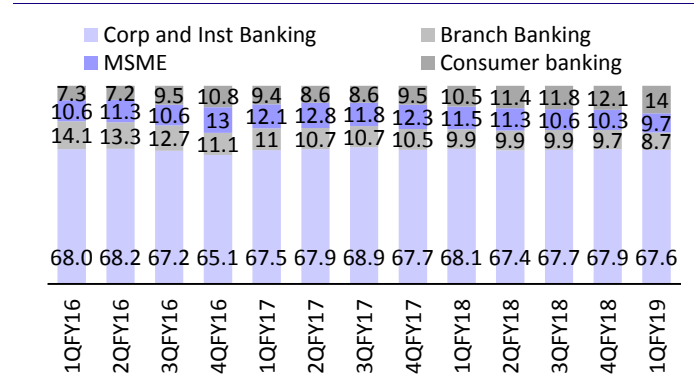
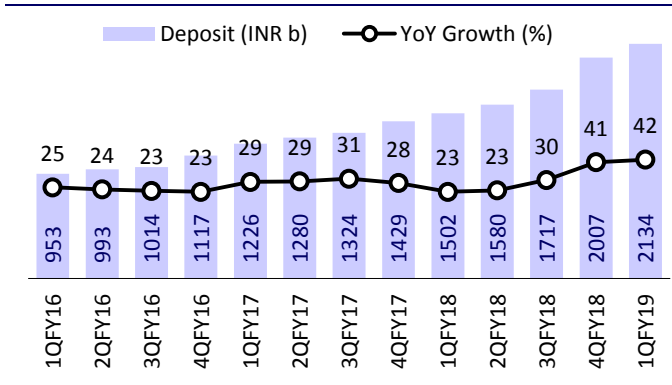
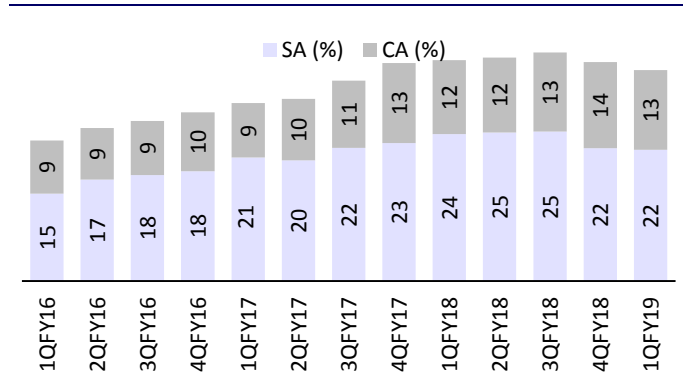
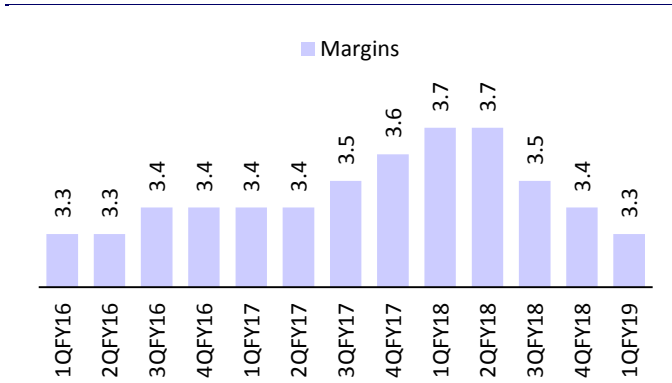
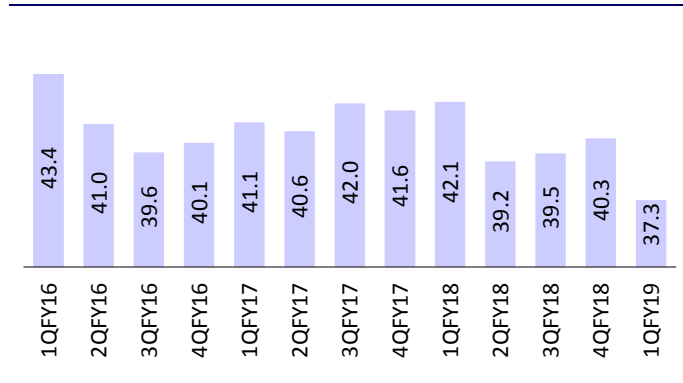
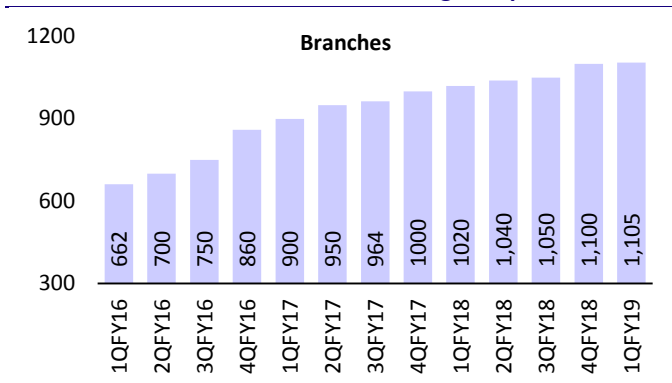
Exhibit 4: One year forward P/B

Source: Company, MOSL

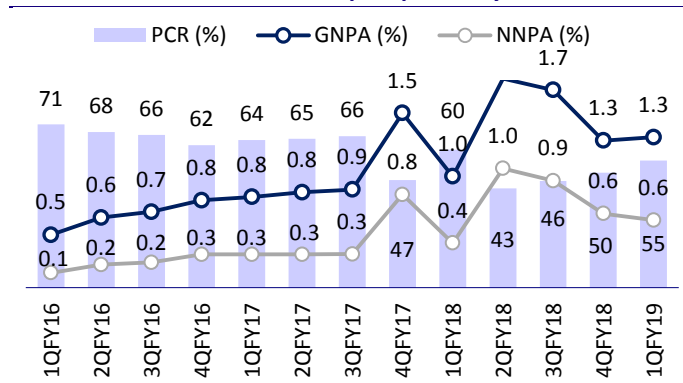
Exhibit 5: One year forward P/E

Source: Company, MOSL

Story in charts

Exhibit 6: Strong loan growth (+54% YoY)

Exhibit 7: Retail/business banking loans form ~32% of total

Exhibit 8: Strong deposits growth continues

Exhibit 9: CASA mix declines marginally 35%

Exhibit 10: Reported NIM moderates 10bp QoQ

Exhibit 11: Cost-to-income ratio came in at 37.3%

Exhibit 12: YES added 5 branches during the quarter


Source: Company, MOSL

Exhibit 13: GNPA increased 3bp sequentially


Source: Company, MOSL

Financials and valuations

Income Statement

	(INRm)							
Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Interest Income	82,940	99,814	1,15,720	1,35,334	1,64,246	2,02,674	2,92,342	3,74,208
Interest Expense	60,752	72,651	80,842	89,667	1,06,273	1,25,304	1,91,187	2,45,949
Net Interest Income	22,188	27,163	34,878	45,667	57,973	77,371	1,01,155	1,28,259
Growth (%)	37.3	22.4	28.4	30.9	26.9	33.5	30.7	26.8
Non Interest Income	12,574	17,216	20,465	27,121	41,568	52,238	67,910	86,925
Total Income	34,762	44,378	55,343	72,789	99,541	1,29,609	1,69,065	2,15,183
Growth (%)	40.6	27.7	24.7	31.5	36.8	30.2	30.4	27.3
Operating Expenses	13,345	17,499	22,847	29,764	41,165	52,128	65,997	82,955
Pre Provision Profits	21,417	26,880	32,496	43,025	58,375	77,481	1,03,068	1,32,228
Growth (%)	39.1	25.5	20.9	32.4	35.7	32.7	33.0	28.3
Core PPP	19,860	25,218	31,075	40,419	51,263	72,346	97,420	1,25,168
Growth (%)	32.2	27.0	23.2	30.1	26.8	41.1	34.7	28.5
Provisions (excl tax)	2,160	3,617	3,395	5,363	7,934	15,538	22,586	28,273
PBT	19,257	23,263	29,101	37,662	50,441	61,943	80,483	1,03,956
Tax	6,251	7,085	9,047	12,268	17,140	19,697	25,754	33,266
Tax Rate (%)	32.5	30.5	31.1	32.6	34.0	31.8	32.0	32.0
PAT	13,007	16,178	20,054	25,394	33,301	42,246	54,728	70,690
Growth (%)	33.1	24.4	24.0	26.6	31.1	26.9	29.5	29.2

Balance Sheet

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Equity Share Capital	3,586	3,606	4,177	4,205	4,565	4,606	4,606	4,606
Reserves & Surplus	54,490	67,611	1,12,622	1,33,661	2,09,383	2,52,977	2,98,835	3,59,546
Net Worth	58,077	71,217	1,16,800	1,37,866	2,13,947	2,57,583	3,03,441	3,64,152
Deposits	6,69,556	7,41,920	9,11,758	11,17,195	14,28,739	20,07,381	26,81,862	34,43,510
Growth (%)	36.2	10.8	22.9	22.5	27.9	40.5	33.6	28.4
of which CASA Dep	1,26,875	1,63,447	2,10,790	3,13,428	5,18,697	7,31,762	10,27,153	13,84,291
Growth (%)	71.6	28.8	29.0	48.7	65.5	41.1	40.4	34.8
Borrowings	2,09,221	2,13,143	2,62,204	3,16,590	3,86,067	7,48,936	9,16,236	11,34,592
Other Liabilities & Prov.	54,187	63,877	70,942	80,983	1,21,846	1,10,556	1,34,878	1,64,551
Total Liabilities	9,91,041	10,90,158	13,61,704	16,52,634	21,50,599	31,24,456	40,36,417	51,06,806
Current Assets	40,658	58,917	75,572	82,184	1,95,494	2,47,344	2,05,092	2,60,952
Investments	4,29,760	4,09,503	4,32,285	4,88,385	5,00,318	6,83,989	7,81,383	9,50,443
Growth (%)	54.8	-4.7	5.6	13.0	2.4	36.7	14.2	21.6
Loans	4,69,996	5,56,330	7,55,498	9,82,099	13,22,627	20,35,339	26,76,470	34,20,529
Growth (%)	23.7	18.4	35.8	30.0	34.7	53.9	31.5	27.8
Fixed Assets	2,295	2,935	3,190	4,707	6,835	8,324	10,488	13,110
Other Assets	48,332	62,473	95,160	95,259	1,25,325	1,49,460	3,62,984	4,61,772
Total Assets	9,91,041	10,90,158	13,61,704	16,52,634	21,50,599	31,24,456	40,36,417	51,06,806

Asset Quality

GNPA (INR m)	943	1,749	3,134	7,490	20,186	26,268	30,356	38,100
NNPA (INR m)	70	261	877	2,845	10,723	13,127	11,239	12,220
GNPA Ratio	0.20	0.31	0.41	0.76	1.52	1.29	1.13	1.11
NNPA Ratio	0.01	0.05	0.12	0.29	0.81	0.64	0.42	0.36
Slippage Ratio	0.64	0.85	0.70	1.21	2.68	4.89	1.40	1.20
Credit Cost	0.34	0.26	0.20	0.57	0.58	0.93	0.84	0.83
PCR (Excl Tech. write off)	92.6	85.1	72.0	62.0	46.9	50.0	63.0	67.9

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Yield and Cost Ratios (%)								
Avg. Yield-Earning Assets	10.5	10.6	10.6	10.0	9.5	8.1	8.8	9.0
Avg. Yield on loans	12.7	12.7	12.2	11.2	10.6	9.2	10.1	10.2
Avg. Yield on Investments	8.1	8.1	8.0	7.6	7.7	7.0	7.3	7.2
Avg. Cost-Int. Bear. Liab.	8.0	7.9	7.6	6.9	6.5	8.1	8.8	9.0
Avg. Cost of Deposits	7.9	8.0	7.9	7.1	6.4	5.5	5.6	5.6
Interest Spread	2.5	2.7	3.0	3.1	3.0	2.6	2.8	3.0
Net Interest Margin	2.8	2.9	3.2	3.4	3.4	3.2	3.2	3.2

Capitalisation Ratios (%)

CAR	18.3	14.4	15.6	16.5	17.0	18.4	16.7	17.6
Tier I	9.5	9.8	11.5	10.7	13.3	13.2	11.9	11.1
Tier II	8.8	4.6	4.1	5.8	3.7	5.2	4.9	6.5

Business & Efficiency Ratios (%)

Loans/Deposit Ratio	70.2	75.0	82.9	87.9	92.6	101.4	99.8	99.3
CASA Ratio	18.9	22.0	23.1	28.1	36.3	36.5	38.3	40.2
Cost/Assets	1.3	1.6	1.7	1.8	1.9	1.7	1.6	1.6
Cost/Total Income	38.4	39.4	41.3	40.9	41.4	40.2	39.0	38.6
Cost/Core Income	40.2	41.0	42.4	42.4	44.5	41.9	40.4	39.9
Int. Expense/Int.Income	73.2	72.8	69.9	66.3	64.7	61.8	65.4	65.7
Fee Income/Total Income	31.7	38.8	37.0	37.3	41.8	40.3	40.2	40.4
Non Int. Inc./Total Income	36.2	38.8	37.0	37.3	41.8	40.3	40.2	40.4
Empl. Cost/Total Expenses	49.1	44.8	42.9	43.6	43.8	42.0	40.5	39.6
Investment/Deposit Ratio	64.2	55.2	47.4	43.7	35.0	34.1	29.1	27.6

Profitability Ratios and Valuation

RoE	24.8	25.0	21.3	19.9	18.9	17.7	19.5	21.2
RoA	1.5	1.6	1.6	1.7	1.8	1.6	1.5	1.5
RoRWA	2.2	2.2	2.2	2.1	2.1	1.7	1.7	1.8
Book Value (INR)	32.4	39.5	55.9	65.6	96.6	111.8	131.8	158.1
Growth (%)	22.2	21.9	41.6	17.3	47.4	15.8	17.8	20.0
Price-BV (x)	11.4	9.4	6.6	5.6	3.8	3.3	2.8	2.3
Adjusted BV (INR)	32.4	39.3	55.5	64.4	93.1	107.4	127.8	153.8
Price-ABV (x)	11.4	9.4	6.7	5.7	4.0	3.4	2.9	2.4
EPS (INR)	7.25	9.0	9.6	12.1	14.6	18.43	23.8	30.7
Growth (%)	31.0	23.7	7.0	25.8	20.8	26.3	29.0	29.2
Price-Earnings (x)	51.0	41.2	38.5	30.6	25.3	20.1	15.6	12.0
Dividend Per Share (INR)	1.2	1.6	1.8	2.0	2.4	3.2	3.9	4.3
Dividend Yield (%)					0.6	0.9	1.0	1.2

E: MOSL Estimates

Corporate profile

Company description

Yes Bank, a private bank incorporated in 2003, is promoted and led by Mr. Rana Kapoor, who is currently the MD & CEO of the bank. Yes Bank has steadily built a full-service commercial bank with Corporate, Retail and SME Banking platforms, with a comprehensive product suite. It was the first bank to offer differentiated rates on savings account following RBI's deregulation of savings account rates in October 2011. The number of branches and ATMs stood at 964 and 1,757 respectively.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Jun-18	Mar-18	Jun-17
Promoter	20.0	20.0	20.1
DII	25.2	24.8	22.9
FII	42.5	42.6	45.8
Others	12.3	12.6	11.2

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
LIFE INSURANCE CORPORATION OF INDIA ALONGWITH ITS VARIOUS SCHEMES	9.7
BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED ALONGWITH ITS VARIOUS SCHEMES	2.3
ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	2.0
FRANKLIN TEMPELTON MUTUAL FUND ALONGWITH ITS VARIOUS SCHEMES	1.8
FRANKLIN TEMPLETON INVESTMENT FUNDS	1.5

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Ashok Chawla	Part Time Chairman
Rana Kapoor	Managing Director & CEO
Shivanand R Shettigar	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Brahm Dutt	Mukesh Sabharwal
Saurabh Srivastava	Vasant V Gujarathi
Ajai Kumar	Debjani Ghosh

*Independent

Exhibit 6: Auditors

Name	Type
BSR & Co LLP	Statutory
Mehta & Mehta	Secretarial Audit

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY19	23.8	23.7	0.4
FY20	30.7	30.0	2.3

Source: Bloomberg

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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