Yes Bank Ltd — Apr 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Strong Beat **One-line:** YES Bank has successfully transitioned from "reconstruction" to "resumption," hitting the elusive 1.0% RoA milestone through a combination of structural margin expansion (RIDF rundown), industry-leading digital throughput, and the stabilization of its retail liability engine under new leadership.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	RoA at 1.0% vs guidance of "exit FY26 at 1.0%".	□
Earnings Quality	Neutral	PAT aided by □446 Cr SR gains but offset by □341 Cr prudent step-up provisions.	□
Guidance Confidence	Strong	Reaffirmed 13-15% growth and <5% RIDF asset share for FY27.	□
Management Credibility	Strong	New CEO Vinay Tonse articulated a seamless transition from the "cleanup" era.	□
Business Quality Signal	Improving	CASA Ratio hit 35.1%, the first time crossing this post-reconstruction.	□
Key Q&A Exchange	Q2: Step-up Provisions	Prudent provisioning despite record-low slippages indicates conservative DNA.	□
The Street's Primary Anxiety	RoA Sustainability	Fears that SR gains are masking core weakness; Mgmt guided to 25-50bps core RoA expansion.	□
Capital Cycle Stage	Consolidation	Shifting focus to RoE accretion (8.4%) via internal accruals.	□
Margin Trajectory	Improving	NIM expanded 10bps QoQ to 2.7% as high-cost RIDF deposits continue to exit.	□
Pricing Power	Stable	Cost of Deposits down 10bps QoQ; successfully lowered SA rates by 150bps over the year.	□
FCF Conversion & Quality	Strong	Net Credit Costs at 0.17% (annualized); GNPA/NNPA at 24-quarter lows.	□
Competitive Moat Signals	Widening	1 in 3 digital transactions in India; SMBC partnership opens global corporate gateway.	□
Balance Sheet Strength	Strong	CET1 at 13.8%; SMBC (24.9% stake) provides a massive capital and trust floor.	□
Working Capital Efficiency	Improving	CD Ratio improved to 85.7% from 88.0% QoQ.	□
Mgmt Guidance Track Record	Reliable	Delivered on branch expansion (82 vs 80 target) and PSL compliance.	□
Key Vulnerability / Red Flag	AT1 Litigation	Judgment reserved at Supreme Court; outcome remains a binary risk to net worth.	□
Management Tone	Confident	Posture was focused on "Power of One YES Bank" and secular growth.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** The bank achieved its 1.0% RoA target a quarter ahead of a "normalized" basis. The liability profile has reached a tipping point, with CASA + Retail Term Deposits now forming a stable core, allowing the bank to cut SA rates aggressively (150bps) without losing momentum. Asset quality is now in the "top quartile" of private peers, with Net NPA at a negligible 0.2%. * **Negatives:** Core operating profitability is still optically "propped up" by Security Receipt (SR) recoveries (□1,559 Cr for FY26). While these will continue for 2-3 years, the core PPOP/Assets must scale faster to maintain the 1% RoA as these gains eventually taper. Operating expenses remain high (63% C/I), partly due to digital investments. * **Forward-looking Watchpoint:** The Supreme Court verdict on AT1 bonds is the final legacy overhang. Beyond that, the pace of RIDF rundown (targeting <5% of assets in FY27) is the primary driver for NIM expansion toward the long-term 3.5% target.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT figures primary. Concall used for commentary and unlisted ratios.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
NII Growth (%)	15.9%	↑ 15.9%	↑ 7.0%	↑	Volume-driven; aided by lower cost of funds.
NIM (%)	2.7%	↑ 20bps	↑ 10bps	↑	Benefit of front-loaded deposit repricing.
Cost of Funds (%)	5.8%	↑ 60bps	↑ 10bps	↑	Driven by 150bps blended cut in SA rates.
Cost of Deposits (%)	5.5%	↑ 60bps	↑ 10bps	↑	Improving retail mix and rate cuts.
CASA Ratio (EOP %)	35.1%	↑ 80bps	↑ 110bps	↑	CASA crossed □1.12 Lakh Cr milestone.
CASA Ratio (Avg %)	31.8%	↑ 40bps	↑ 40bps	↑	Growth anchored around 4% QoQ on avg basis.
CD Ratio (%)	85.7%	↓ 80bps	↓ 230bps	↑	Improving liquidity; deposit growth outpaced loans.
Loans Growth (YoY %)	11.1%	↑ 11.1%	↑ 6.2%	↑	Acceleration in CIB and Commercial banking.
Deposits Growth (YoY %)	12.1%	↑ 12.1%	↑ 9.0%	↑	Retail & branch-led deposits up 13.5% YoY.
GNPA (%)	1.3%	↑ 30bps	↑ 20bps	↑	Lowest in 24 quarters; secular improvement.
NNPA (%)	0.2%	↑ 10bps	↑ 10bps	↑	Significantly below private peer average.
Slippage Ratio (%)	1.6%	↑ 40bps	→ 0bps	↑	8-quarter low; retail slippages at 2.8%.
Credit Cost (%)	0.17%	↑ 13bps	↑ 3bps	↑	Well below historical run-rates.
CET1 (%)	13.8%	↑ 30bps	↓ 10bps	→	Comfortable; consumed 10bps for MTM/ growth.
PAT (□Cr)	1,068	↑ 44.7%	↑ 12.3%	↑	Driven by core PPOP growth of 31% QoQ.
Fee Income Growth (%)	6.0%	—	↑ 6.0%	↑	Cards (17% YoY) and Wealth (16% YoY) leading.

2B. SEGMENT BREAKDOWN

Segment	Advances (□ Cr)	YoY Growth	GNPA %	Trend	vs Co Avg	Key Development
Retail Banking	126,056	4.7%	2.2%	→	Lagging	Calibration in unsecured; 41% YoY disbursement growth.
Commercial Banking	69,947	14.5%	0.6%	↑	Beating	Granular SME portfolio; 18% growth targeted.
Corp & Inst (CIB)	77,442	19.7%	0.6%	↑	Leader	Leveraging SMBC global corporate relationships.
Total Advances	**273,445**	**11.1%**	**1.3%**	↑	**N/A**	**CIB now lead growth driver (28% of mix).**

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Advance Growth	14% to 15% for FY27.	Needs incremental □40,000 Cr book growth; feasible given current CIB momentum.	Delivered: 11.1% in FY26 (beat 8.1% in FY25).	Low
Guidance	NIM Target	3.25% to 3.5% (Long-term).	Needs RIDF to fall below 2% and Retail mix to hit 60%.	Improving: 20bps expansion YoY.	Medium
Guidance	RIDF Rundown	<5% of Total Assets by end of FY27.	Needs reduction of ~□4,500 Cr; FY26 reduced □7,294 Cr. High feasibility.	Delivered: Reduced from 10.9% to 6.0% in 2 years.	Low
Strategy	RoA Expansion	Core RoA improvement of 25-50 bps.	Needs core PPOP/Assets to reach 1.5% (currently 1.2%).	Delivered: RoA hit 1.0% (reported) in Q4FY26.	Medium
Strategy	Branch Network	80 branches per annum (400 over 5 years).	Currently at 1,334 branches. Target 1,414 by March '27.	Delivered: 82 branches opened in FY26.	Low
Macro	Interest Rates	Benefit from rate cuts on the liability side.	Management already cut SA rates by 150bps.	Delivered: Cost of deposits down 60bps YoY.	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Jayant Kharote / Axis Capital	Growth Outlook	Mgmt Outlook	Can the bank accelerate to 15%+ growth?	Management confirmed confidence in 14-15% growth, noting that sequential momentum is now "secular" across segments. Accelerating growth from 11% to 15% is the key re-rating trigger for FY27.	None	4.0	Clear and quantified
1a	4.0	Jayant Kharote / Axis Capital	NIM/RIDF Trajectory	Financials	Will margin expansion continue despite competitive deposit intensity?	Management expects RIDF reduction of □6,500 Cr to □9,000 Cr in FY27 to sustain margin tailwinds. This structural shift is more potent than rate cycle sensitivities for this specific bank.	None	4.5	Specific timeline given
2	4.5	Jai Mundhra / ICICI Securities	Loan Mix/ SMBC	Strategy	Will loan mix change toward corporate given SMBC's entry?	Management aims for double-digit retail growth (10-11%) but expects CIB/ Commercial to lead (18-20%). A higher CIB mix might limit NIM expansion but improves overall risk-adjusted	None	4.0	Directional with evidence

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						returns and credit costs.			
2a	3.5	Jai Mundhra / ICICI Securities	Investment Book	Financials	Impact of G-Sec yield spike on AFS reserves?	Management reported a □200 Cr swing in AFS reserves but noted it was fully baked into CET1 computations. Minimum HTM maintenance protects the P&L from major mark-to-market hits.	None	4.0	Follow-up forced clarity
2b	5.0	Jai Mundhra / ICICI Securities	Step-up Provisions	Financials	Does the □341 Cr provision indicate hidden stress?	Management clarified this is a "prudent step-up" in standard asset provisioning and does not reflect any underlying credit impairment or sector-specific view. This builds a buffer that allows for future growth without earnings volatility.	None	5.0	Clear and quantified
3	3.0	Advait Date / Go Digit	Branch Sourcing	Business Overview	How much do branches contribute to retail assets?	Management noted 50% of sourcing is internal, with 60% of that coming from branches. Increasing the "branch-led" share of retail assets	None	3.0	Vague but consistent

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						is their strategy to lower acquisition costs.			
5	4.0	Individual Investor	RoA Sustainability	Mgmt Outlook	Can 1% RoA be maintained as SR recoveries taper?	Management aims to improve core RoA by 25-50 bps through margin and cost discipline to offset the eventual reduction in SR redemption gains. This is the central challenge for the next 24 months.	None	3.5	Deflected — key signal
7	4.5	Amit Varma	Governance/ AT1 Case	Governance	What is the impact of an adverse AT1 bond judgment?	Management noted the matter is subjudice and judgment is reserved, refusing to pass further judgment on the outcome. This remains the single largest unquantified contingent liability on the balance sheet.	Evasion on potential loss impact	2.0	Evasive — key risk

Pattern Flags & Sentiment: * **The "Core RoA" Anxiety:** Analysts are skeptical of the "reported" 1.0% RoA, noting the high dependence on Security Receipt (SR) recoveries. Management's defensive posture on the 341 Cr "prudent provision" was likely intended to show that they are using the SR gains to build a fortress balance sheet rather than just inflating profits. * **Growth Calibration:** There is a clear shift in management's tone from "calibration and caution" (FY25) to "secular acceleration" (FY27). This suggests the internal plumbing is finally ready for 15% credit growth.

Analyst Sentiment Verdict: Analysts were largely convinced of the turnaround's completion but remain cautious about the quality of the RoA (core vs one-off). Friction centered on the step-up provision and the AT1 bond risk. Credibility has improved as the bank met its "exit RoA" guidance exactly as promised.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3FY26)	This Quarter (Q4FY26)	Direction
MD & CEO	Prashant Kumar	Vinay M. Tonse	New Era
RoA (Reported)	0.9%	1.0%	↑
CASA Ratio	34.0%	35.1%	↑
GNPA Ratio	1.5%	1.3%	↑
NIM	2.6%	2.7%	↑
CD Ratio	88.0%	85.7%	↑
RIDF/PSL Asset %	6.9%	6.0%	↑
Retail Slippages	3.4%	2.8%	↑
SMBC Status	In progress / Investor	Largest Shareholder (24.9%)	De-risked
Provisioning DNA	Standard regulatory	Prudent ₹341 Cr Step-up	↑ Conservative

STOP HERE.