Yes Bank Ltd — Jul 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Beat (Core Earnings) **One-line:** YES Bank has successfully replaced volatile one-off gains (Security Receipts) with recurring core operating income, maintaining a near-1% RoA despite a significant drop in non-core recoveries.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Beat	PAT of □1,071 Cr maintained despite SR gains falling from □446 Cr (prior Q) to □86 Cr.	□
Earnings Quality	High (Core driven)	Core Fees grew 18.7% YoY; NIMs held steady at 2.7% excluding one-offs.	□
Guidance Confidence	Strong	Reaffirmed 1% RoA target for FY27 and □800–1,000 Cr SR recovery target.	□
Management Credibility	Strong	CEO Vinay Tonse successfully navigated the first quarter of "resumption" with stable margins.	□
Business Quality Signal	Improving	GNPA (1.3%) and NNPA (0.2%) at multi-year lows; Retail slippages at 10-quarter low.	□
Key Q&A Exchange	Q8: AT1 Litigation	Management confirmed no provisions made for AT1 case; remains a binary risk.	□
The Street's Primary Anxiety	NIM Sustainability	Fear of deposit competition; Mgmt countered with 3% NIM target over 2 years.	□
Capital Cycle Stage	Consolidation	Enabling capital raise approved to match peer buffers, not out of immediate necessity.	□
Margin / Return Ratio Trajectory	Stable	NIMs flat QoQ at 2.7%; RoA at 0.9% (slight dip from 1.0% due to lower SR gains).	→
Pricing Power	Stable	Cost of Deposits benefited from disciplined repricing and CASA growth (14.3% YoY).	□
FCF Conversion & Quality	Strong	Recoveries and Upgrades (□564 Cr) continue to outpace slippages.	□
Competitive Moat Signals	Widening	SMBC partnership deepening (FCNR leverage/limits); Digital/ AI leadership in NRI.	□
Balance Sheet Strength	Strong	CET1 at 14.0%; LCR robust at 138.2%.	□
Working Capital Efficiency	Improving	CD Ratio stable on average balance basis; granularity of deposits increasing (60% Retail).	□
Mgmt Guidance Track Record	Reliable	Delivered on asset quality improvement and core fee momentum.	□
Key Vulnerability / Red Flag	AT1 Overhang	Pending Supreme Court verdict remains the sole material unprovisioned legacy risk.	□
Management Tone	Confident	Focused on "consistency, discipline, and steady progress."	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** The pivot to "sustainable earnings" is evident as Operating Profit grew 25.5% YoY, effectively insulating the P&L from the expected taper in Security Receipt (SR) redemptions. Asset quality has reached a point of "quartile leadership" with NNPA at 0.2%. The SMBC partnership is moving from equity-investor to operational-partner, specifically in international leverage for FCNR products. * **Negatives:** Headline loan growth (18.3%) is optically inflated by shorter-tenure corporate transitions; "underlying" growth is lower at 15-16%. Retail book growth (6.9%) significantly lags the total bank, though disbursements (27.5%) suggest a future catch-up. * **Forward-looking Watchpoint:** The transition to a 3% NIM depends heavily on the continued rundown of low-yielding RIDF/PSL deposits. Monitoring the Supreme Court verdict on AT1 bonds is essential as it remains the only "dark cloud" on an otherwise clean balance sheet.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

Metric	Current Qtr (Q1FY27)	YoY Change	QoQ Change	Trend	Mgmt Commentary
NII Growth (%)	17.5%	↑	↑	↑	Driven by 18.3% advance growth and lower cost of deposits.
NIM (AUM basis %)	2.7%	↑ 20 bps	→	→	Stable QoQ; Target 3%+ in next 2 years via RIDF rundown.
Cost of Deposits (%)	Not Stated	↓	↓	↑	Mgmt cited "continued benefit from lower cost" despite competition.
CASA Ratio (period end %)	Not Stated	—	—	—	CASA grew 14.3% YoY; Avg CASA also up 15% YoY.
Credit-Deposit Ratio %	Not Stated	—	→	→	CD Ratio remained "the same" on daily average balance basis.
Loans Growth (% YoY)	18.3%	↑	↑	↑	Underlying growth 15-16%; headline aided by transitional corp flows.
Deposits Growth (% YoY)	14.3%	↑	↓	↓	Retail and Branch-led deposits now ~60% of total.
GNPA %	1.3%	↓ 70 bps	↓ 20 bps	↑	Secular improvement across segments; lowest in 24 quarters.
NNPA %	0.2%	↓ 80 bps	→	→	Maintained at 0.2%; Provision Coverage healthy at 81.7%.
Slippage Ratio %	1.4%	↓ 100 bps	↓ 20 bps	↑	Retail slippages at lowest level in 10 quarters.
Credit Cost (% funded)	Not Stated	—	—	—	Recoveries/Upgrades (□564 Cr) help keep net credit costs low.
Capital Adequacy / CET1 %	14.0%	↑	↑ 20 bps	↑	Comfortable; includes enabling resolution for future raise.
PAT (□Cr)	1,071	↑ 33.7%	↑ 0.3%	→	Core performance offset lower SR gains (□86 Cr vs □446 Cr).
Fee Income Growth %	18.7%	↑	—	↑	Strong traction in cards, wealth (TPD), and forex.
Operating Profit (□ Cr)	1,704	↑ 25.5%	—	↑	Reflects genuine operating leverage; Income > Cost.

2B. SEGMENT BREAKDOWN

Segment	Advances (□ Cr)	YoY Growth	Asset Quality	Trend	vs Co Avg	Key Development
Corporate (CIB)	Not Stated	"Strong"	Not Stated	↑	Above	Driven by transitional/shorter tenure flows.
Commercial (MSME)	Not Stated	17.0%	High Quality	→	In-line	Sustained momentum; no impact from West Asia war.
Retail Banking	Not Stated	6.9%	Improving	↓	Below	Book growth slow (6.9%) but disbursements up 27.5%.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Advance Growth	15% to 17% (Industry +)	Needs underlying 15% to sustain; current average balance growth is 15-16%.	Delivered (18.3% YoY)	Low
Guidance	NIM Target	3.0% + handle (2-year view)	Requires structural shift in RIDF rundown; currently at 2.7%.	Stable (2.7%)	Medium
Guidance	SR Recoveries	□800 - 1,000 Cr for FY27	Needs ~□240-300 Cr per quarter; Q1 (□86 Cr) was a slow start.	Under-run in Q1	Medium
Strategy	RoA Expansion	~1.0% Full Year FY27	Needs core RoA to improve 15-20 bps to offset SR volatility.	Delivered (0.9% Q1)	Low
Strategy	Product Mix	75% Secured / 25% Unsecured	Core Retail strategy to avoid dominant unsecured risk.	In-line	Low
Strategy	SMBC Synergy	Leverage India-Japan corridor	Working on MOUs for trade, investment, and FCNR limits.	Developing	Low
Balance	Capital Buffer	Enabling resolution (□16,000 Cr)	Purely enabling; current CET1 (14%) lasts 4 quarters.	Delivered (Enabler)	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.0	Dev Dey / HorsePower	Growth Strategy	Mgmt Outlook	"What would be the net order loan book you are targeting by the end of this year?"	Management is targeting growth slightly above industry at 15-17%, supported by healthy liquidity. This confirms a shift from defensive cleanup to offensive growth.	None	4.0	Clear and quantified
2	4.5	M. B. Mahesh / Kotak	FCNR & SMBC	Strategy	"On this product [FCNR], would you be getting any support from your largest investor [SMBC]?"	Management confirmed they are working with international banks including SMBC to set up leverage limits (currently 9x). SMBC's involvement is evolving from passive equity to active liquidity support.	None	4.0	Specific and directional
3	5.0	M. B. Mahesh / Kotak	Margin Driver	Financials	"The issue... is that the margin is the key problem... do you have some thought process on how does this improve?"	Management cited pricing power from lower deposit costs and the structural rundown of low-yielding RIDF assets as the path to 3% NIM. Achieving 3% NIM is the primary re-rating trigger for long-term RoE.	None	4.0	Directional with evidence

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5	3.5	Sajal Raj / Zenflow	CD Ratio	Financials	"How do you plan to balance loan growth with deposit mobilization going forward?"	Management emphasized a "liability-led balance sheet," noting that on a daily average basis, the CD ratio remained stable despite headline swings. This allays fears of aggressive, high-risk asset chasing.	None	4.5	Specific on avg vs EOP
6	4.5	Shreyas Pimple / Nomura	SR Recoveries	Financials	"Can you explain what is the reason for lower recoveries [□86 Cr] this quarter?"	Management explained that SR resolutions are lumpy and controlled by J.C. Flower, but reaffirmed the □800-1,000 Cr full-year target. SR gains are now a secondary "bonus" to core earnings.	None	4.5	Clear and consistent
7	4.0	Shreyas Pimple / Nomura	One-off Income	Financials	"If we remove [□119 Cr interest on tax refund], the margins are down around 6-7 basis points?"	Management clarified that interest on tax refunds is booked in Non-Interest Income, meaning NIM (2.7%) is unaffected by this one-off. This protects	None	5.0	Specific clarification

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						the integrity of the reported NIM expansion.			
8	5.0	Jai Mundhra / ICICI Sec	AT1 / Capital	Governance	"Would [capital raise] have any bearing from the court case?"	Management stated the capital resolution is an annual enabler unrelated to the AT1 litigation, which currently has no provision in the financials. The AT1 case remains a binary overhang on net worth.	None	4.5	Clear on provision status
11	3.5	Jai Mundhra / ICICI Sec	ECL Impact	Financials	"What could be the onetime transitional impact for Bank as you transition to ECL?"	Management noted that SR value serves as an offset, and combined with new risk-weighting rules, the net impact on core equity will not be material. This de-risks a major regulatory anxiety.	None	4.0	Directional evidence
15	3.0	Sunil Choksey / Indus	Japan Synergy	Business Overview	"Can you throw some light that being a preferred partner... we have some scope of business growth in	Management is actively using SMBC's network to capture trade, FDI, and infrastructure flows in the corridor. This	None	4.0	Qualitative but strong

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					the Indo-Japanese business corridor?"	provides a niche moat in corporate banking that peers lack.			

PATTERN FLAGS & SENTIMENT Analysts were primarily focused on **Earnings Sustainability** and **NIM Trajectory**. Multiple questions probed the "quality" of the quarter, given the lower SR recoveries and the one-off tax refund. Management’s posture was highly confident, particularly in clarifying that the tax one-off did not mask a NIM compression. The concern over the **AT1 Court Case** remains a live friction point; while management was transparent that no provisions exist, they could not offer a timeline for resolution, leaving the overhang in place.

Analyst Sentiment Verdict: Analysts appeared cautiously optimistic. The pivot from one-offs to core P&L was the most significant credibility win of the quarter. Friction remains around the pace of Retail book growth (which is slow) and the binary nature of the AT1 verdict. Management's credibility has improved by delivering a stable NIM in a tough deposit environment.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY26)	This Quarter (Q1FY27)	Direction
SR Redemption Gains	₹446 Cr	₹86 Cr	↓ (Normalized)
Asset Quality (GNPA)	1.5%	1.3%	↑ Improving
NIM Sensitivity	Aided by high recoveries	"Clean" 2.7% (Tax refund in fee income)	↑ High Quality
Capital Stance	Comfortable	Enabling resolution for ₹16k Cr raise	→ Buffering
Retail Slippages	Trending lower	10-quarter low	↑ Improving
Non-Core Income	High SR reliance	One-off Tax Refund (₹119 Cr)	→ Shift in one-offs
SMBC Partnership	Investor status	Operational limits/limits for FCNR	↑ Deepening

STOP HERE.