

Yes Bank Limited

CMP : Rs 369.75

July 26 ,2018

Maintains strong growth momentum

Yes bank has continued to report strong 31%, on yoy basis, increase in the net profit to Rs 1260.36 crore for the quarter ended June 2018 (Q1FY2019). The bank has posted healthy 23% growth in the net interest income, while non-interest income surged 50% in Q1FY2018. The operating expenses of the bank were under control, helping to sharply improve cost-to-income ratio to 37.3% in Q1FY2019. The bank has continued to maintained strong asset quality. The loan growth of the bank was way ahead of the industry level at 53% at end June 2018.

However, the bank has exhibited decline in Net Interest Margin (NIM) to 3.3% in Q1FY2019 compared with 3.7% in the corresponding quarter last year, driven by sharp increase in cost of funds. The Current Account-Saving Account (CASA) deposits ratio also eased to 35.1% at end June 2018 from 36.5% a quarter ago and 36.8% a year ago. The overall retail liabilities of the bank further scaled up to 56.6% at end June 2018 from 57.2% at end December 2017 and 61.8% at end June 2017.

Bank has continued to expand branch network at healthy pace touched the branch network level of 1105 branches along with 1741 ATMs at end June 2018.

Asset quality stable: Bank has maintained stable asset quality with decline in NNPA ratio, while banks witnessed increase in fresh slippages of loans in Q1FY2019.

- GNPA ratio increased 3 bps qoq to 1.31%, while NNPA ratio declined 5 bps qoq to 0.59% at end June 2018.
- Fresh slippages of advances stood at Rs 560 crore in Q1FY2019.
- Restructured assets book declined to Rs 249.40 crore (0.12% of the advances) at end June 2018, from Rs 331.40 crore (0.24%) a year ago.
- The securities receipts on the banks book eased to 0.82% at end June 2018.
- The bank has maintained monthly average Liquidity Coverage ratio of 101.0% end June 2018.
- Risk weighted assets increased 47%, while the ratio of risk weighted assets to assets declined to 81.6% end June 2018 from 81.7% a quarter ago and 83.4% a year ago.

Business Highlights:

Business growth remains stronger: The business of the bank increased 48% to Rs 428115 crore at end June 2018. Deposits increased 42% to Rs 213395 crore, while advances surged 53% to Rs 214720 crore at end June 2018. Credit-deposit ratio of the bank improved to 100.6% at end June 2018 from 101.4% a quarter ago and 93.2% a year ago.

Retail loans gain share: Corporate loan accounted for 67.6% of the advances portfolio, while retail loans (including MSME, business and consumer banking) accounted for 32.4% at end June 2018 compared with 68.1: 31.9 at end June 2017.

CASA ratio declines: The CASA deposits increased 36% to Rs 74930 crore at end June 2018. CASA ratio declined to 35.1% at end June 2018 from 36.5% at end December 2017 and 36.8% at end June 2017.

Retail Banking Liabilities (CASA + Retail banking term deposits) stood at 56.6% of Total Deposits at end June 2018 showing decline from 57.2% a quarter ago and 61.8% a year ago.

Margins declines: Bank has witnessed decline in the net interest margin (NIM) to 3.3% in Q1FY2019 from 3.4% in the previous quarter and 3.7% in the corresponding quarter last year. CASA ratio decline mainly contributed to decline in margins. Yield on advances declined 40 bps yoy 10.0%, while cost of funds rose 10 bps yoy to 6.3% in Q1FY2019.

Network expansion: Bank has added 5 new branches during the

INDEX DETAILS

SENSEX	36984.64
NIFTY (S&P CNX)	11167.30

SCRIP DETAILS

Industry	Banks
Mkt Cap (Rs in Crore)	85242.34
Book Value (Rs)	111.69
Free Float (%)	80.02
Avg Vol Weekly (NSE)	15418397
52 Week H/L (NSE)	393.35 / 285.10
Dividend Yield (%)	0.73
BSE Code	532648
NSE Code	YESBANK

SHAREHOLDING PATTERN(%)

PARTICULARS	LATEST QUARTER	PREVIOUS QUARTER
Promoters	19.98	20.01
FIIIs	42.52	42.62
DIIIs	24.99	24.71
Others	12.51	12.66
Totals	100	100

Price Comparison with Sensex



quarter taking the total branch count to 1105 branches at end June 2018. ATMs count of the bank increased to 1741 ATMs at end June 2018 from 1724 ATMs at end December 2017.

Total headcount of the bank increased to 19597 employees at end June 2018 from 18238 a quarter ago.

Book value per share has improved to Rs 117.2 per share at end June 2018 against Rs 111.8 per share a quarter ago. Adjusted Book Value (adjusting for NNPA and 10% of restructured assets) stood at Rs 111.6 per share against Rs 106.0 per share a quarter ago.

Quarterly Performance:

Strong NII growth on robust loan growth: For the quarter ended June 2018, the bank has reported 23% surge in NII at Rs 2219.14 crore. Bank has showed strong advances growth of 53% and credit deposit ratio of 100.6% at end June 2018. The interest income increased 41% to Rs 6578.04 crore, while interest expenses moved up 53% to Rs 4358.90 crore.

Strong non-interest income growth: The non-interest income of the bank increased 50% on yoy basis to Rs 1694.14 crore in Q1FY2019. Corporate trade & cash management increased 60% yoy to Rs 216.2 crore, while forex, debt capital markets & securities advanced 43% to Rs 460.3 crore. The corporate banking fees (financial advisory fees) moved up 66% to Rs 682.7 crore, while the retail banking fees jumped 29% to Rs 332.9 crore in Q1FY2019.

Net total income of the bank increased 33% to Rs 3913.28 crore in Q1FY2019.

Expense ratio improves sharply: The operating expenses of bank have increased 18% to Rs 1458.57 crore driven by 26% rise in other operating expenses to Rs 867.95 crore in quarter ended June 2018. The employee cost increased 8% to Rs 590.62 crore. The expense ratio eased 300 bps qoq and 478 bps yoy to 37.3% in Q1FY2019.

The operating profit of the bank galloped 44% to Rs 2454.71 crore in quarter ended June 2018.

Provision jumps: Provisions and contingencies zoomed 119% to Rs 625.65 crore for Q1FY2019.

Profit before tax increased 29% to Rs 1829.06 crore in Q1FY2019. The effective tax rate eased 84 bps yoy to 31.1%. Net Profit increased 31% to Rs 1260.36 crore in quarter ended June 2018.

Notes:

The bank has made provisions of Rs 92.67 crore in Q1FY2019 for mark to market losses in investment book and will amortize Rs 278.02 crore over the subsequent three quarters.

Asset Quality Indicators: Yes Bank

Particulars	Q1FY19	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Variation	
						QoQ	YoY
Gross NPA (Rs Crore)	2824.46	2626.8	2974.34	2720.34	1364.38	8	107
Net NPA (Rs Crore)	1262.57	1312.75	1595.08	1543.26	545.31	-4	132
% Gross NPA	1.31	1.28	1.72	1.82	0.97	3	34
% Net NPA	0.59	0.64	0.93	1.04	0.39	-5	20
% PCR	55.3	50	46.4	43.3	60	530	-470
% CRAR - Basel III	16.9	18.4	18.4	17.8	17.1	-150	-20
% CRAR - Tier I - Basel III	12.8	13.2	14.7	13.2	13.8	-40	-100

Yes bank: Financial Results

Particulars	Q1FY19	Q1FY18	Var %	FY18	FY17	Var %
Interest Earned	6578.04	4653.8	41	20267.42	16424.64	23
Interest Expended	4358.9	2844.87	53	12530.36	10627.34	18
Net Interest Income	2219.14	1808.93	23	7737.06	5797.3	33
Other Income	1694.14	1132.16	50	5223.83	4156.76	26
Net Total Income	3913.28	2941.09	33	12960.89	9954.06	30
Operating Expenses	1458.57	1236.89	18	5212.78	4116.54	27
Operating Profits	2454.71	1704.2	44	7748.11	5837.52	33
Provisions & Contingencies	625.65	285.78	119	1553.8	793.41	96
Profit Before Tax	1829.06	1418.42	29	6194.31	5044.11	23
Provision for tax	568.7	452.9	26	1969.75	1714.02	15
PAT	1260.36	965.52	31	4224.56	3330.09	27
EPS*(Rs)	21.86	16.75		18.32	14.44	



NOTES

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