Yes Bank

18 April 2026

Operator: Ladies and gentlemen, good day and welcome to Yes Bank's Q4 FY26 results conference call.

On the management panel, we have with us today Mr. Vinay M. Tonse, Managing Director and Chief Executive Officer, Yes Bank, Dr. Ranjeet Pental, Executive Director, Mr. Manish Jain, Executive Director, Mr. Niranjan Banodkar, Chief Financial Officer, and Mr. Sunil Pernami, Head of Investor Relations and Sustainability.

Mr. Vinay M. Tonse 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 and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

Participants are requested to ask questions pertaining to the bank's Q4 FY26 results only. For any other information, you may reach out to the corporate communications team separately. I now hand the conference over to Mr. Vinay M. Tonse. Thank you, and over to you, sir.

Management: Thank you very much, and at the outset, I would apologize for getting into this meeting a little late. We got stuck in some other meetings today. Sincere apologies for that.

But formally to start, good afternoon everyone, and thank you for joining us for the Yes Bank Q4 and the full year FY26 earnings conference call. While I have interacted with many of you in my earlier role, this is my first earnings interaction as MD and CEO of Yes Bank, and I'm very pleased to join you today along with my senior leadership team, and I also look forward to building a long-term engagement with all of you.

As part of my opening remarks, I will briefly cover my first impressions of the bank, our take on the current operating environment, and key highlights of our Q4 as well as the full year FY26. But at the outset, I would like to express my sincere appreciation for Mr. Prashanth Kumar, my predecessor. Over the past several years, he led Yes Bank through a multi-year and truly unique transformation. His leadership was pivotal in stabilizing, strengthening, and also re-anchoring the institution.

I must also mention here the strong support of the Government of India, the Reserve Bank of India, and the State Bank and other banks who joined together to bring in the reconstruction of Yes Bank. And also, last but not the least, the Board of Directors which guided us during this period, and also our customers and employees who were a huge source of strength for us.

Thanks to these collective efforts, the bank I now have the responsibility to lead stands on a very stable foundation. Even in challenging periods, the Yes Bank brand remained relevant and trust grew and rebuilt gradually through steady execution. Today, the bank operates on a stronger base with resilient asset quality, a more granular franchise, a strengthened deposit engine, and renewed stakeholder confidence, supported by strong shareholders such as SMBC, SBI, and Advent International.

Over the last few weeks, I have spent meaningful time across teams and functions, listening, understanding, and also observing the nuances of how this bank operates. My early interactions have highlighted the steady commitment of the Yes Bankers, who have been supportive through challenging periods and contributed to restoring confidence. I have also seen a strong alignment of purpose across all the stakeholders — employees, customers, regulators, the board, and investors — which is very reassuring for the path ahead for us.

Alongside this, our modern technology platform, the leadership in digital payments ecosystem we have, and collaborative embedded banking capabilities provide useful strengths as we enter the next phase of growth. Going forward, we will build on what is working well, strengthen areas that require more attention, and pursue growth that is thoughtful, calibrated, and also sustainable. Execution discipline and stakeholder trust will remain central to how we operate.

Looking ahead, we will continue to invest steadily across four basic areas: our people, our product, our processes, and technology platforms. These remain important to strengthening the bank over time. We will also keep building on the power of "One Yes Bank" to ensure a consistent customer experience across businesses. In addition, our ongoing collaboration with SMBC provides helpful strategic support, particularly in corporate and cross-border banking.

Now, let me talk about the macros as they are evolving. We are closely observing the fast-evolving global environment, including the AI landscape, and the geopolitical conflicts impacting global growth, supply chains, energy and freight costs, and also the inflation and interest rate trajectories. Against this backdrop, India remains comparatively resilient, supported by steady domestic demand and a stable financial system. As a bank, we remain attentive to these trends and their potential implications for our businesses.

To the third part now, I would now share some of the key highlights of our Q4 and also the full year FY26 performance. Despite the ever-evolving macro environment, the bank closed FY26 with stable and improving financial performance, underscoring our progress on profitability, productivity, and balance sheet quality.

For the full year FY26, net profit stood at 3,476 crores, up 44.5% over FY25. The net profit of 2,406 crores was supported by continued improvement in our operating performance. ROA for the full year was 0.8% versus 0.6% in FY25.

Number two, for Q4, the bank reported a net profit of 1,068 crores, reflecting a strong growth of 44.7% over the net profit of 738 crores in the corresponding quarter of the previous year. In line with our guidance, the bank reports ROA for the quarter of 1%.

Number three, talking of our Net Interest Income and NIM. NII for the quarter was 2,638 crores which was up 15.9% YoY. Despite the adverse interest rate environment and elevated competitive intensity in deposits, our NIM saw an improvement of 10 basis points quarter-on-quarter and 20 basis points year-on-year, coming in at 2.7%. Even for the full year, the NIM at 2.6% improved 20 basis points vis-a-vis FY25 and was in line with our guidance given in Q4 FY25.

Our margin improvement was supported by multiple factors, namely the front-loading of our deposit repricing that happened last April, continued outperformance in CASA, and sustained reduction in high-cost borrowings mirroring the continued rundown of the RIDF and PSL-related mandated deposits. Net interest income for FY26 at 9,776 crores grew 9.3% year-on-year.

In line with our guidance in FY26, the bank had a second straight year of 100% compliance in PSL and all of its sub-categories, which resulted in a notable reduction of RIDF and other mandated deposits to 6% of total assets, vis-a-vis 9% as at the end of FY25. The bank continues to see a gradual increase in its organic acquisition of PSL across sub-categories. Going forward, the bank remains well on track to reduce these deposit balances to below 5% by FY27, which will aid our margin and profitability.

As regards non-interest income, the bank saw continued momentum across all inverse and granular fee income streams. Non-interest income for FY26 at 6,759 crores grew 15.4% year-on-year, driven by healthy traction in retail fees, SME, and commercial banking fees, and also on the back of a strong transaction banking performance. We continue to strengthen our fee momentum by deepening client engagement, improving the cross-sell intensity in wholesale banking, and scaling our digital fee engines. This includes driving higher penetration of forex, trade, and CMS flows within our corporate relationships, while broadening retail fee contributions through pre-approved programs, cards, payments, and wealth offerings. Over the last 3 years, the bank has seen a meaningful increase in its non-interest income to average assets ratio, which has increased from 1.1% in FY23 to 1.5% this year in FY26.

Cost-to-income ratio for FY26 also saw a real improvement to 66.7% versus 71.3% in FY25. The exit for the financial year came in even lower, with the cost-to-income ratio coming at 63% vis-a-vis 66.1% in Q3 FY26 and 67.3% in the same quarter last year. The decline has been in line with our broad guidance to gradually keep bringing down our cost-to-income ratio, and we expect the momentum to continue. Improving core profitability remains a central theme for us.

For FY26, the bank had a PPOP (pre-provisioning operating profit) of 5,506 crores which grew 29.4% year-on-year. FY26 PPOP as a percentage of average total assets improved to 1.2% versus 1% for FY25 and 0.9% in FY24. The PPOP for the quarter was 1,618 crores, up 23.1% year-on-year, supported by income growth out-pacing expense growth, reflecting sustained expansion in our operating jaws.

Asset quality remained strong during the quarter. As of March 31, 2026, the bank reported Gross NPA and Net NPA of 1.3% and 0.2% respectively. This is the lowest ever seen in the last 24 quarters and amongst the top quartile in our peer set. Sequentially, the GNPA and NNPA ratios improved by 20 and 10 basis points respectively. Further, the Provision Coverage Ratio (PCR) continues to remain healthy at 81.9%.

Resolution momentum remains strong. The bank had total recoveries and upgrades of 4,795 crores in FY26, which included recoveries from security receipts of a little more than 1,550 crores against our guidance of 1,200 crores. In line with the rundown in the face value of the security receipts, we expect recoveries to be in the range of 800-1,000 crores from SRs in FY27.

The bank continues to reduce its over-the-edge exposures, strengthen early warning mechanisms, and enhance the underwriting standards and the collections infrastructure. Gross slippage ratio in FY26 improved to 1.8% versus 2.1% last year. This has been led by improvement in retail asset slippages, which improved in FY26 to 3.5% from 4% in FY25, with the exit rate even lower at 2.8% in Q4 versus 3.4% last quarter.

Retail slippage for Q4 at 888 crores is at its lowest in the past 9 quarters, with improvements visible across both secured and unsecured products. Together, these trends underscore the resilience of our asset book and the effectiveness of our ongoing credit risk management efforts. Overall credit costs remained low at 0.2% for the full year FY26 versus 0.3% last year. Credit cost for Q4 was at 0.17%.

Now moving over to the balance sheet highlights. Growth saw a marked update during the quarter, aided by acceleration across business segments. Total advances registered a growth of 11.1% year-on-year to 2.73 lakh crores. Retail disbursals in particular have gained significant momentum, registering 41% year-on-year growth in Q4 FY26. We remain focused on balanced and profitable growth across retail, commercial, and wholesale businesses, supported by disciplined risk selection and effective pricing.

We crossed two critical milestones in our deposit franchise during this quarter. While overall deposits crossed the milestone of 3 lakh crores, the CASA balances crossed the milestone of 1 lakh crore. Total deposits increased 12.1% year-on-year to 3,18,000 crores with a strong contribution from retail and branch-led deposits, which grew 13.5% year-on-year and comprised 58.4% of the total deposits. CASA balances grew 14.9% year-on-year to 1.12 lakh crores, and even on a Q-on-Q basis, the CASA growth was strong at 11.2%. The CASA ratio also improved 80 basis points year-on-year and 110 basis points Q-on-Q to 35.1%.

Deepening of the liability franchise remains a priority for the bank. We are working to reduce reliance on bulk savings bank balances, improving branch-led and digital-led acquisition funnels, enhancing customer journeys, and sharpening the pricing strategy, ensuring competitive positioning without compromising stability. Continued improvements in digital onboarding, the KYC processes, and RM productivity have enabled us to capture higher primary banking shares among target customer segments and are the key drivers of our continued outperformance to the industry in CASA. Our credit-to-deposit ratio (CD ratio) improved to 85.7% from 88% in Q3 FY26 and 86.5% in Q4 FY25. Our capital adequacy and liquidity levels remain comfortable to support the growth aspirations of the bank going forward.

A few other updates from our side. I'm pleased to welcome on board Mr. S. Anantharaman as the Chief Risk Officer of the bank. He is an industry veteran with over three decades of experience and rich expertise in the risk management domain. We also opened 82 new branches during the year, which was in line with our guidance at the start of the year. Our ESG ratings, which are already the best in the banking industry in India, continue to see improvement across agencies such as S&P, FTSE, and the ISS stocks. Yes Bank also has been recognized as a "Great Place to Work" for the fourth consecutive year. The bank has rolled out a new business offering in the form of S-Grandeur, which is a premium banking suite developing and delivering business solutions, digital integration, and operational benefits for modern enterprises.

To conclude, as we enter FY27 with stability and renewed momentum, we will continue to invest in our people, products, processes, and technology, deepen customer relationships across segments, and focus on building a future-ready bank with very strong resilience. Finally, I thank you once again for joining us today. We can now take questions. Thank you.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to please use handsets while asking a question. Ladies and gentlemen, we will now wait for a moment while the question queue assembles. Our first question comes from the line of Jayant Karote from Axis Capital. Please go ahead.

Jayant Karote - Axis Capital: Hello, am I audible?

Management: Yes, you are audible.

Jayant Karote - Axis Capital: Right, congratulations sir for a good set of results. Sir, first question will be regarding how you are looking at growth in the bank for the next 1 year. It's been a short stint so far, but is there anything you're waiting for to accelerate in terms of any of the balance sheet metrics, or do you think you can start being around that 15% growth? Secondly, if you could help us with the average CASA growth in Q4 compared to the loan growth. The CASA has ended up higher despite the rate cuts, but how do you sort of grow that on an average basis, maybe at 14-15%? How do you address that?

Management: Thanks, Jayant. So, I'll start with the CASA growth on an average basis. On a sequential basis, both CA and SA have grown in the range of about 4%. In fact, CA sequential growth has been slightly more than 4% but the blended rate is about 4%. If I look at term deposits growth, excluding the CDs that we raised, the term deposits also have grown at approximately 4%. So if I were to characterize the growth for Q4 across deposits, it's broadly anchored around 4% for both CASA and TD. We are maintaining the CASA ratio at least from an average performance value point. If I look at the year-on-year growth on CASA, that is anchored at around an 11% average growth rate comparing average Q4 FY26 to average Q4 FY25.

On your question about next year's growth, we have discussed this previously. We believe that we are a franchise that should be delivering growth in line with the industry, if not targeting more. There were reasons peculiar and conscious to us why we calibrated growth lower in the past. But I am happy to report that between December and March, the sequential momentum is beginning to accelerate. This leads to the reported number of 11% on a Y-o-Y basis for advances growth. We believe that momentum should certainly continue and it is now becoming more secular across segments. Retail disbursement growth rates are quite aggressive as we move fast now given our confidence on asset quality and profitability. The book is slated to grow in double digits next year. Net-net, we should certainly aim to grow in line with industry, if not more, which anchors around the 14-15% range.

Jayant Karote - Axis Capital: Okay, thank you sir. Just a quick follow-up on the margins. This RIDF rundown has been quite healthy last year. Going into next year, should this margin expansion continue Q-o-Q or will it be completely given back?

Management: On a year-on-year basis, some of the rundowns that we had in RIDF this year were more heavy from an H2 perspective. To that extent, FY27 comparison to FY26 even if it is year-ended should have no material bearing. But there is a rundown plan. We entered this year at about 27,900 or 28,000 crores. We think that next year the minimum reduction should be about 6,500 crores, and that could go as high as 9,000 crores by the end of March 27.

Jayant Karote – Axis Capital: Great, thank you and once again, all the best.

Management: Thank you very much.

Operator: Thank you. Our next question comes from the line of Jay Mundra from ICICI Securities. Please go ahead.

Jay Mundra – ICICI Securities: Hi, good afternoon everyone and congratulations on a good quarter. Sir, my first question is on your growth mix. We have achieved a 1% ROA and asset quality seems to be holding up reasonably well. However, retail slippages, while improving, are still at 2.9%. We see that retail advances are up 4-5% on both Q-o-Q and Y-o-Y basis. Given the SMBC induction as the largest shareholder, do you envisage any change in the loan mix between retail, wholesale, and commercial as you move towards industry-level growth?

Management: On the growth mix, it is important to note the retail disbursement growth because that's an important controllable we are driving faster. From a Y-o-Y perspective, we are way above 20% in terms of Y-o-Y growth. We believe it should ultimately get normalized in the 20-25% range. We are aiming for the retail book to hit double-digit growth next year, likely around 10-11%. If I look at the corporate book, that's already growing at about 20%. Commercial banking is a space we like; it has historically been a good growth driver and continues to deliver about 18% growth. The momentum exiting FY26 is quite secular across all segments and gives us confidence to deliver growth in line with industry. With retail catching up, there might be some mix compression over the next year, but it won't be material. As we move forward, we will anchor around a reasonably similar mix composition to what we have right now.

Jay Mundra – ICICI Securities: That is very helpful. On the treasury side, the G-sec yields spiked during the quarter and ended at more than 7%. Do you have any MTM on the investment book? Was there any MTM loss either in the P&L or in AFS reserves?

Management: As a market philosophy, we don't run very high open risk through our trading book, whether in bonds or FX. The complexity in FX from regulatory changes has not had any material bearing on our mark-to-market. On the bonds, we acknowledge yields went up, which impacted our minimum SLR maintenance book parked largely in HTM. However, yields have come down since the reporting period of March. There has been some P&L movement through the AFS reserve, but that is already fully baked into our CET1 computation. Our CET1 continues to be healthy at 13.9%, having consumed only about 10 basis points. We believe the higher yields should help us add to yields in our investment books from a marginal perspective.

Jay Mundra – ICICI Securities: Right. If you have the number for the AFS reserve movement in Q4, it would give a sense of the swing.

Management: We have a negative balance of about 100 crores as of March 31. The swing would be about 200 crores.

Jay Mundra – ICICI Securities: Okay. You mentioned 340 crores of one-time standard assets provisioning as a step-up. Is this against any specific exposure or in anticipation of ECL?

Management: Before I address that, let me set some context. We continue to have strong recoveries from SRs this quarter, in the range of 450 crores. Second, we had one corporate asset resolved that had flipped much earlier and was fully provided for, which resulted in a write-back of about 268 crores. Third, our core NPA credit cost is substantially lower quarter-on-quarter. These factors provided buffers to create provisions. We follow conservative provisioning policies, as seen with our PCR remaining above 80% for the last 3 quarters. As part of that philosophy, we reviewed our portfolio and determined that some proactive, prudent provisioning was appropriate. This resulted in the 341 crores. I want to be clear that this provisioning in no way reflects an underlying credit issue or impairment. It is simply a proactive measure to take buffers subjectively.

Jay Mundra – ICICI Securities: Understood. Regarding the ROA trajectory, you have achieved 1% adjusted for the gratuity code. What is the next milestone? How do you look at the ROA trajectory for FY27 or FY28 given the tailwinds in NIM and asset quality?

Management: We aimed to exit FY26 with a 1% ROA and we are beginning to deliver that consistently. December was also at 1% when adjusted for the gratuity cost. Directionally, the focus is now on sustenance and moving toward the core ROA construct. We still expect benefits from the JC Flowers ARC write-backs over the next year; we have about 1,500 crores of face value in securities that can get redeemed over the next few quarters. Our objective is to drive 25-30 basis points of improvement from our core construct through margins, cost discipline, and fee income. If the JC Flowers benefits continue as expected in FY27, that will further add to our performance.

Jay Mundra – ICICI Securities: Lastly, do you have the number for credit card and personal loan slippages? Last quarter was approximately 180 crores for cards and 150 crores for PL.

Management: I think those numbers might be interchanged. Personal loans were about 180 crores. That 186 in personal loans is down to about 160 crores, and credit cards continue in the range of 135-140 crores.

Jay Mundra – ICICI Securities: Thank you very much and all the best.

Operator: Thank you. Our next question comes from the line of Advait Date from GoDigit Life Insurance Limited. Please go ahead.

Advait Date – GoDigit Life Insurance Limited: Hi, congrats on a good set of numbers. I wanted some color on the branch expansion strategy. For the full year, we added 82 new branches. What is the contribution of retail disbursements from these branches, and how are you looking at expansion and locations going forward?

Management: We had laid out a guidance for the next 4-5 years to add around 400 branches, averaging 80 branches per annum. We are on course, having opened 82 branches last year. Regarding disbursements, our internal customer sourcing is approximately 50% of overall dispersals. Out of that, approximately 60% actually comes from the branches via branch customers. We see this growing as we implement calibrated growth on unsecured loans and new rule engines.

For branch location selection, we look at three points: the deposit growth in the pin code, the credit growth, and the quality of credit growth available in that area.

Advait Date – GoDigit Life Insurance Limited: Just a quick follow-up on the RIDF rundown. You mentioned the trajectory for the next year. Would the decline be linear or accelerated post-FY27?

Management: The reduction of RIDF for FY28 and FY29 will be equally split, with some maturities in FY30. The base of the structure starts getting thinner. FY28 reduction will be similar to FY27, but FY29 and FY30 will start getting thinner.

Advait Date – GoDigit Life Insurance Limited: Got it. Thank you.

Operator: Thank you. Our next question comes from the line of Dave Day from Host Power Securities. Please go ahead.

Dave Day – Host Power Securities: Good evening, gentlemen. Congratulations on an excellent set of numbers. Performance has been improving quarter-on-quarter. What is your target balance sheet size in terms of the loan book by the end of next year?

Management: We haven't set a specific numerical target, but we aim for a growth rate in line with the industry, which we expect to be in the 13-15% range.

Dave Day – Host Power Securities: And what would be the target interest yield on the book?

Management: The yield on advances as we exited March was about 9.2%.

Dave Day – Host Power Securities: Thank you for sharing the details.

Operator: Thank you. Our next question is from the line of Rama Subba Reddy, an individual investor. Please go ahead.

Rama Subba Reddy – Individual Investor: Good evening everyone. Congratulations, Vinay sir, on becoming the new MD and CEO of Yes Bank. The numbers have been very good. In 2020 we were in a difficult spot, and by 2026 it is like 3x growth in deposits. The profits and ROA are also promising. Can we hope that this 1% ROA momentum continues and grows quarter-on-quarter in FY27 and FY28?

Management: Thank you very much for your support. Regarding ROA, we aimed to exit FY26 with a 1% ROA, and the most important thing now is to sustain that level. While we have play from the provision write-backs of the JC Flowers ARC, we are emphatically working to improve our core ROA by 25-50 basis points. This will be a function of net interest margin improvements, cost discipline, and containing credit costs. It is our ambition to not only maintain but improve the ROA trajectory over the next 2-3 years.

Rama Subba Reddy – Individual Investor: The RIDF is significantly reduced. Can we expect NIM to target crossing 3% next year?

Management: We usually refrain from giving specific near-term guidance. Structurally, over a 2-3 year period, we believe we want to reach a 3.25-3.5% range for margins. RIDF will be an important contributor to getting NIMs higher. Additionally, we must ensure our loan spreads remain disciplined through cost of funding work. Over the last year, we have cut savings account rates by over 150 basis points, bringing the blended rate from 6% to well below 4.5%. We took further action in April.

Our objective is to lower the core cost of deposits. While RIDF is in an auto-mode of rundown, we will work hard to improve loan spreads through cost of funding. Finally, as retail growth returns and the mix plays out on the loan book, it will help improve advance yields and reflected in margins. We are driving each of these vectors in the right direction.

Rama Subba Reddy – Individual Investor: Is there any plan like...

Operator: We request you to please rejoin the queue if you have further questions. Our next question comes from the line of Amit Verma, an individual investor. Please go ahead.

Amit Verma – Individual Investor: Congratulations on the performance. This is heartening. Can you give us an update on the AT1 bonds case and the potential impact on the balance sheet in case of an adverse judgment?

Management: The AT1 matter is sub-judice. Hearings have taken place at the Supreme Court, and the matter is reserved for judgment. We will wait for the verdict and then update all stakeholders on the outcome and its impact. I would refrain from passing a judgment on what we expect. We have previously stated that we believe the actions we took were in line with contractual obligations and the allowed process. However, we must respect the court proceedings and wait for the decision.

Operator: Thank you. Our next question is from the line of Shreyant from Sundaram Asset Management Company. Please go ahead.

Shreyant – Sundaram Asset Management Company: Congrats on the result. What is your view on the West Asia conflict and its impact on the MSME segment, given that it is a key growth driver? How do you factor in potential stress there?

Management: We are proactively monitoring our portfolio. Currently, all our clients, including MSME and larger corporate clients, are managing well and have not shown signs of stress. We will continue to watch this space closely as it could impact inflation and lead to second-order effects. Because of our good client selections over the years, our clients have been able to manage this period properly thus far.

Operator: Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to Mr. Vinay M. Tonse for closing comments. Over to you, sir.

Management: Thank you so much. I must place my sincere appreciation on record for all the analysts who joined today. I know it is a Saturday afternoon and a busy day with other bank results. I appreciate you taking the time to join us. Thank you very much.

Operator: Thank you. This brings the conference call to an end. On behalf of Yes Bank, we thank you all for joining us. You may now disconnect your lines.