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October 23, 2026

National Stock Exchange of India Limited

Exchange Plaza, Plot no. C/1, G Block,
Bandra - Kurla Complex, Bandra (E)
Mumbai - 400 051
NSE Symbol: YESBANK

BSE Limited

Corporate Relations Department
P.J. Towers, Dalal Street
Mumbai - 400 001
BSE Scrip Code: 532648

Dear Sir/Madam,

Sub.: Transcript of Earnings Call for the un-audited Financial Results for the Quarter (Q2) and Half Year ended September 30, 2026

Ref.: Reg. 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find attached the transcript of the earnings call hosted by YES Bank Limited ("the Bank") on October 19, 2026, for the un-audited Financial Results for the Quarter (Q2) and Half Year ended September 30, 2026. The same is made available on the Bank's website within the timeline prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and can be accessed at the following link:

https://www.yes.bank.in/pdf?name=q2fy27_analyst_call_transcript.pdf

The weblink of BSE Limited and National Stock Exchange of India Limited providing the above information is being hosted on the Bank's website www.yes.bank.in pursuant to Listing Regulations, as amended.

You are requested to take the same on record.

Yours faithfully,

For YES BANK LIMITED

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MADHAV
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“YES Bank Limited

Q2FY27 Earnings Conference Call”

October 19, 2026



MANAGEMENT: **MR. VINAY M. TONSE – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER
MR. MANISH JAIN – EXECUTIVE DIRECTOR
MR. NIRANJAN BANODKAR – CHIEF FINANCIAL
OFFICER
MR. SUNIL PARNAMI – HEAD, INVESTOR RELATIONS
AND SUSTAINABILITY**

Moderator: Ladies and gentlemen, good day and welcome to YES Bank's Q2FY27 Earnings Conference Call. On the management panel, we have with us today Mr. Vinay M. Tonse, Managing Director and Chief Executive Officer; Mr. Manish Jain, Executive Director; Mr. Niranjana Banodkar, Chief Financial Officer; Mr. Sunil Parnami, 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. Participants are requested to ask questions pertaining to the bank's Q2 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, Mr. Tonse.

Vinay M. Tonse: Yes. Thank you. Good morning to all. Thank you for joining us for the quarterly results presentation, and also thank you for coming in very early today.

So before we discuss performance for the second quarter FY27, I would like to address the Honorable Supreme Court's judgment of 15th October 2026 concerning the INR 8,415 crores of Additional Tier 1 bonds written down in March 2020. This is a significant development for YES Bank, and I believe it is important that we address it upfront.

The Honorable Supreme Court has upheld the Bombay High Court's judgment setting aside the AT-1 write-down, and dismissed the appeals filed by YES Bank, the Administrator, the Reserve Bank of India, and the Union of India. We respect the judgment and are examining it carefully, including the options available to the Bank.

The reconstruction of YES Bank in March 2020 took place in exceptional circumstances with the objective of restoring the stability and viability of the institution, and protecting the interests of depositors and the wider financial system. The AT-1 write-down was one of the measures undertaken in that context. We are evaluating the implications of the judgment with the same institutional responsibility that guides our other decisions.

Let me address the capital implications first.

Based on our current assessment, which is indicative, and as of 30th September 2026, the reinstatement of the AT-1 principal amount is expected to have a pro forma impact of approximately 240 basis points on our Common Equity Tier 1 ratio, including Profits. Our overall Tier 1 capital ratio is expected to remain around 13.7% on a pro forma basis.

We recognize that the distinction between CET-1 and overall Tier 1 capital is important. We will continue to assess the implications for our capital structure, regulatory buffers, Balance Sheet strength, and future growth plans.

Capital planning is an ongoing Board-level process. Any capital decisions will be based on a careful assessment of regulatory requirements, the cost and availability of capital, shareholder interests, and the bank's medium-term growth objectives. We will not pre-empt those decisions today.

On the legal and accounting aspects, we are examining the judgment in detail, including the available legal options and appropriate steps going forward. We will make disclosures in accordance with applicable regulatory requirements and as the positions become clear.

We also ensure that the treatment of the AT-1 bonds and related accounting matters is addressed in accordance with the judgment, the applicable contractual terms, and the advice of our legal and other professional advisors. We do not wish to speculate on implementation details or timelines before that assessment is complete.

For us, the responsibility is to deal with the consequences of the judgment in a disciplined manner while continuing to strengthen the underlying franchise.

We understand that you will have questions about the capital impact, future Profitability, potential capital actions, and the implications for shareholder value. We will address these questions as fully as the facts and our disclosure obligations permit without getting into the legal interpretation of the judgment, which we are examining.

Having said that, let me call out that directionally, our priorities remain unchanged: building sustainable and Profitable growth, strengthening customer relationships, maintaining cost discipline, monitoring the quality of our assets, and generating durable returns for our shareholders.

With that, let me talk about the quarter's results and the progress we are making across our business.

Q2FY27 Financial Performance

Getting into the Q2FY27 financial performance. The Bank reported Net Profit of INR 1,080 crores, an increase of 65% year-on-year. Operating Profit increased by 29.4% year-on-year to INR 1,678 crores. Net Interest Income increased by 22.7% year-on-year to INR 2,822 crores, while the core fees grew by 15.5% year-on-year.

Return on Assets for the quarter stood at 0.9%, compared with 0.6% in Q2 FY26 and 0.9% in Q1 FY27. The cost-to-income ratio stood at 64.3%, compared with 67.1% in the corresponding quarter of the previous year.

During the quarter, we crossed some critical Balance Sheet milestones. The Total Assets crossed INR 5 lakh crores, Deposits crossed INR 3.5 lakh crores, and Advances exceeded INR 3 lakh crores.

Now moving to the Balance Sheet and Deposit Franchise

The Bank mobilized INR 18,575 crores of FCNR(B) Deposits and extended Foreign Currency Term Loans of INR 15,215 crores through the IBU at GIFT City. These transactions affected the reported growth rates and certain income and expenses lines during the quarter.

Reported Advances grew by 23.7% year-on-year. Excluding the FCTL linked to the FCNR mobilization, Advances grew 17.6% year-on-year. The corresponding normalized Credit-to-Deposit Ratio, stood at 83.1%.

Deposits grew by 19.5% year-on-year on an end-of-period basis and by 22.1% on an average quarterly balance basis. Retail and branch-led Deposits increased by 20.9% year-on-year and constituted 58.8% of the total Deposits. On an average quarterly balance basis, CASA Deposits grew by 15.5% year-on-year, with growth of 21.8% in Current Account balances and 11.6% in Savings Account balances.

Moving to the margins

Net Interest Margin for the quarter stood at 2.6%. The sequential moderation of approximately 12 to 14 basis points was largely attributable to the FCNR(B) mobilization and the associated liquidity and deployment profile. The Bank will continue to focus on calibrated deployment of available liquidity and the composition and cost of incremental Deposits.

Moving to the Fees and Operating Expenses

Non-interest Income increased by 14.4% year-on-year and 4.7% sequentially. Core fees increased by 15.5% Y-o-Y, supported by growth in trade and cash management, loan processing fees, and card product fees. The sequential growth in loan processing fees included some associated with the Foreign Currency Term Loans and was substantially offset by related FCNR mobilization costs.

Operating expenses increased by 14.2% Y-o-Y and 5.1% sequentially to INR 3,026 crores. The quarter included INR 51 crores of commissions on foreign currency borrowings linked to the FCNR(B) mobilization, INR 20 crores of marketing expenditure relating to the Asian Games sponsorship, and INR 31 crores arising from changes in central and state wage codes. Excluding these items, operating expenses were broadly stable on a sequential basis.

Moving to the Asset Quality and business mix

Asset Quality indicators remained stable. The gross and net NPA ratios stood at 1.2% and 0.2% respectively, and both improved Y-o-Y. Gross slippages were 1.3% of Advances, broadly unchanged sequentially. The net credit cost for the quarter was 0.3% of average assets, similar to Q1 FY27. The Bank also recognized P&L gains of INR 395 crores from the Security Receipts portfolio during the quarter. The rise in standard asset provision was primarily driven by increase in loan balances, including the FCTL portion.

Growth was distributed across the bank's principal business segments. Retail asset disbursement increased by 35% Y-o-Y, with the Retail book growth inching up to nearly 9%. Commercial Banking Advances grew 20.2%, while Corporate and Institutional Banking Advances grew by 31.4% year-on-year.

Capital and liquidity

And on a reported basis, before considering the pro forma impact of the AT-1 judgment discussed earlier, the CET-1 ratio stood at 13.7%, and the liquidity coverage ratio stood at 131.4%.

To conclude, our priorities remain centered on improving core Profitability, growing Advances and Deposits in a risk-calibrated manner, deepening the granular deposit franchise, managing margins and operating efficiency, and maintaining Asset Quality. Capital planning will remain an important area of focus as we assess the implications of the judgment and support the Bank's future growth requirements.

The Bank has made progress in strengthening the scale and quality of its franchise. At the same time, we recognize the significance of the Supreme Court judgment and the need for a carefully considered response. We will continue to act in accordance with applicable legal and regulatory requirements, engage with the regulator and other authorities as appropriate, and keep the market appropriately informed.

Thank you once again for joining us, and we will now be happy to take your questions.

Moderator: The first question comes from the line of Sucrit D. Patil with Eyesight Fintrade Private Limited.

Sucrit D Patil: Good morning to the team. I have two forward-looking questions. My first question to Mr. Vinay is, just want to understand beyond the regular outlook, what are the top 2 to 3 execution priorities you are focusing on in the next few quarters?

And alongside that, what do you see as the biggest risk in credit growth, Deposit mobilization, and competitive intensity? And I just want to understand how are you preparing to manage them while strengthening the Bank's position in the Banking Sector? That's my first question. I'll ask my second question after this. Thank you.

Vinay M. Tonse: Sucrit, thanks for that. Going forward, we have already started building strong foundational pillars for taking the growth momentum upwards. We have already seen a

good traction, and some of these are already reflecting in the quarter 2 as well as you would have seen in the quarter 1 results.

One of the main initiatives that we are now driving and focusing upon is the One Bank concept where the synergies between all the verticals start working, and we look at how do we meet the end-to-end customer needs of any customer, be it corporate or otherwise.

Growth and scale is something which we are looking at very strongly, and we're already seeing optimism in ourselves that things are looking much more better as months pass. Another significant positive for us would be the cross-referrals that come out of the SMBC relationship, and in this also, we have already started seeing some good traction in the cross-referrals that are happening. This is in simple response to you, Sucrit.

Sucrit D Patil:

Thank you. My second question to Mr. Niranjana: Again, along the similar lines, just want to understand from a financial point of view, what key risks or challenges do you anticipate in the next quarter, to be very precise? And what specific measures have been taken to manage margins, credit costs, capital adequacy, and overall, the Balance Sheet strength, especially in a rate-sensitive area? Thank you.

Niranjana Banodkar:

Thank you. The first point I would like to call out is on our Capital, because as Vinay just mentioned, we continue to keep our objectives on growth and scale and maximizing the SMBC ecosystem value proposition intact. Clearly, when we look through our Capital requirements, it's going to be an important element. CET-1 in the range of, on a pro forma basis, again, this is not conclusive, is at about 11.4%.

We do believe that we will continue to evaluate areas of capital actions to make sure that the bank remains well-capitalized in order to fulfill its growth objectives. That's point number one. Point number two, I think which is where I would like to bring focus, is on our core operations. As you would have seen over the last many quarters, the Bank continues to improve on the core metrics of ROA.

In fact, even adjusted for Security Receipts, the Bank's core ROA continues to improve. We continue to see improvements in our cost-to-income. So about two years back, the Cost-to-Income was in the range of 74%. It is already down to 64% as we reported this quarter. So, there's an improvement that's happening there as well.

The third is, if you look through our NPA credit costs, that have over the last three quarters been consistently improving, which is a function of the slippages that we have seen. And that's been one of the steepest improvements that we have seen. So, as we look through our core operations, we are feeling a lot more confident and comfortable going forward.

The last point I'll make, just because it's a reported number, it comes from the vantage point of margins. We've seen margins dip this quarter, and it is, I would say, almost entirely attributable to the FCNR scale that came in. So, we ended up raising, in INR-equivalent terms, about INR 18,000 crores of Deposits, FCNR Deposits, and we also

had about INR 15,000 crores INR-equivalent of Foreign Currency Term Loans in our IBU, GIFT City.

A function of the two, which is both undeployed credit from the FCNR Deposits and a much wider denominator, meant that our margins were lower. Now, that is one area that we will work to continue to deploy the credit in Q3 and Q4. In addition, we believe that with the interest rates actually increasing, it should have a positive bias on the margins going in. So that's one area that we will continue to observe.

The second moving part is on our RIDF balances. In H2 FY27, we will continue to have a reducing balance on our RIDF Deposits. So just as a call out, you will recall, we had Deposits placed in lieu of shortfall in PSL in the past, and those balances will continue to come down, and that will be a tailwind to margins.

So, as we look through H2, to respond simplistically, there will be competitive pricing pressures on margins, but we do believe that there will be tailwinds for us to be able to offset that as well. So, our outlook when we think through H2, December might still be closer to a stable margin structure, but as we look through March, we should have a positively improving bias. Thank you.

Sucrit D Patil: Thank you and best wishes.

Niranjan Banodkar: Thank you, Sucrit. Thank you.

Moderator: The next question comes from the line of Jai Prakash Mundhra with ICICI Securities.

Jai Prakash Mundhra: Hi. Good morning, sir, and thanks for the detailed disclosures, including the pro forma number. Sir, I wanted to check on the accounting entry if, hypothetically, this AT-1 were to be reversed. Would there be any P&L implication or it will be only adjusted in the reserves? Because I believe at the time of write-off, we had taken the P&L entry. So, if you can highlight those.

Niranjan Banodkar: So, Jai, I'll take that question. What we have done right now is to provide you a pro forma which has been taken through the P&L and the impact is available. In terms of the substance of this matter, we do believe that the route through the P&L is only just a means.

In substance, if you think about the restatement, it is actually a Balance Sheet structure where, you know, the core reserves are being used to reinstate the liability, and that is from the perspective of accounting. Now, when we finally effect, of course, it is subject to our assessment and there are multiple operational aspects that need to conclude. So, as the assessment is concluded, you know, we will take it through the accounting route as well.

Jai Prakash Mundhra: Sure. Understood. And is there any cash outflow also because of this or it is only accounting?

- Niranjan Banodkar:** The principal restatement of the AT-1 bonds, as I said earlier, is in substance a Balance Sheet change from the reserves to the borrowings, which is Tier 1 classification, , no cash outflow on the borrowing. It's just an accounting that we will have to restate.
- Jai Prakash Mundhra:** Sure. And what is your -- is this final that the coupons have no bearing or you believe you may have to pay the coupon also? Or is that clear, not clear, or very clear that we are not liable for the coupon?
- Niranjan Banodkar:** So Jai, you know, the Bank is still evaluating the consequential implications of the judgment, including the decisions, the actions that are required to give effect, right? And therefore, the manner and the timing of reinstatement of the bonds as well as payment of the coupon is also under assessment. We've informed the stock exchanges as well, and we will disclose the outcome once the assessment is complete. Our consideration on coupons will also be a function of the terms of the information memoranda, and, you know, that's also pronounced in the judgment. So I'll stop here.
- Jai Prakash Mundhra:** No. That is very helpful. Secondly -- sorry, just to move away from this, what would be your market share in value terms in payer PSP and payee PSP? A broad number will also be useful. And maybe if you have the number for above-2,000 transaction.
- Niranjan Banodkar:** Jai, see, overall, I mean without getting into details, we make these disclosures, but overall, you can say we are about a 1/3rd market share Bank here.
- Jai Prakash Mundhra:** No. If you have the number separately for payer PSP and payee PSP, I think that would be more useful.
- Sunil Parnami:** Yes. So, Jai, payee PSP is about 58.7%, and the payer PSP is about 36.4%. It is also disclosed in our investor presentation on Page 41.
- Jai Prakash Mundhra:** No. Is this value or volume? Sorry, I was more interested if you have the value market share.
- Sunil Parnami:** Maybe we can take this offline, Jai, with you.
- Jai Prakash Mundhra:** Okay. Sure. So -- and sorry, just to -- any quantification of this MDR? I think we have been investing quite early and quite substantially in this network, and now, there is an opportunity to monetize. Have you done any assessment as to, you know, what kind of an additional fee it could generate for the bank as and when it comes, I mean what kind of quantum it could generate?
- Niranjan Banodkar:** So, Jai, as you rightly said, clearly, you know, the MDR rules mean that we have an upside on income on, account of our market share. However, it is going to be premature for us to be sizing up that because it's a function of how also the markets play out in terms of the actual MDR, that get charged to the customers. But we do believe that it is a quantum that will certainly be an upside to our current revenue streams.

It's just that we don't want to, you know, size that up in the absence of where we feel, commercially this will land in actual terms, number one. And number two, it's also a function of our bilateral arrangements and negotiations with, let's say, the third-party application providers as well.

Vinay M. Tonse: And the sharing arrangements, which eventually will get crystallized, I think that also will have a bearing on how much we get out of it.

Niranjan Banodkar: That's right.

Jai Prakash Mundhra: Sure. Sorry, sir. I have a few more questions if I can ask them now, or I can come back in the queue.

Vinay M. Tonse: Go ahead. No problem.

Jai Prakash Mundhra: Okay. Sure. Sir, if you can suggest your thought process on the NIM sensitivity in the sense, (A), what would be your share of, let's say, EBLR, T-bills, MCLR, and fixed-rate loans? And if you have done any sensitivity that 1 basis point repo rate hike gives you how much additional rupees for interest income, that would be useful to understand.

Niranjan Banodkar: So, again, Jai, simplistically, when we think through our floating-rate book structure as a combination -- let me put it this way, as a combination of floating-rate book as well as the short-term book, because it might be in the nature of fixed, but, like, it is akin to a market that keeps moving. On both these, the broad mix that we have is about a 2/3rd, 1/3rd.

So, about a 65% of the book will be floating, which is either linked to a repo or a T-bill. And T-bill is again, you know, at different, let's say, there could be a 1-month T-bill or even a 3-month T-bill. So, that's the broad split from the floating rate to fixed rate.

As we look through , the benefit of margins, and I'm just putting a number -- you have a 25 basis points of increase that has happened in the repo, assuming we have a broadly similar structure sensitivity to other benchmarks as well, you could see margins clearly moving into high single-digit increases. But I think again, you know, the reason we don't want you to be kind of be guided by that is because it's finally a function of market forces.

So, when you think about spreads, it's a function of market forces. As long as the market in general increases prices by this quantum, of course, we do believe we'll find a high single-digit increase on account of the 25 basis points increase. But it's then a function of liquidity, it's a function of competitive intensity, and that will also have a bearing of how exactly this flows in. Thank you.

Jai Prakash Mundhra: Sure. And secondly in an observation on Certificate of Deposits. So we have increased from 6,000-odd crores to around 11,000-odd crores. We also had FCNR(B). So I believe what was the need for Certificate of Deposit rising up? I found it counterintuitive that

ideally it should have been repaid because you would have had excess liquidity out of FCNR. So any thought process here?

Niranjan Banodkar: No, absolutely. On that it is actually more tactical, not so much a change in our fundamental funding strategy and the reason was also because we've had rating upgrades as well. Although CDs short-term rating was always A1 plus, but the long-term rating also went up above AA, which means the access to that funding was also at some cheaper rates as well.

But I think fundamentally, when we think through our funding. So one was of course economically, it made sense to access that funding, but secondly there are also certain considerations from Balance Sheet, which is LCR, NSFR. So some of this was more tactical in the interim as compared to a long-term strategy direction.

Vinay M. Tonse: Jai, it was a selective use of that particular market, very tactical at that time.

Jai Prakash Mundhra: Okay and last question, if you can, sir, quantify the ECL impact. I believe we are now very close to the actual implementation. If you would have a broad number for what would be the transitional impact and maybe the recurring basis, if you have that number. Thank you.

Niranjan Banodkar: Yes, Jai. Again these are very indicative numbers and these are getting firmed up as we speak. But our expectation is on the opening Balance Sheet, the CET-1 impact could be in the range of about 50 to 60 basis points. However, what we have also seen is that the new circular on Credit Risk also offers a substantial offset to this. So as we look through a combination of these two circulars, we do believe that the opening CET-1 impact should not be a material hit to the CET-1.

Jai Prakash Mundhra: Thank you and all the very best, sir.

Niranjan Banodkar: Thank you Jai.

Moderator: The next question comes from the line of Mayank Bukrediwala with MLP.

Mayank Bukrediwala: Thanks for taking my questions. So in your margin discussion, the point about the coupons that might need to be paid on those AT-1 bonds wasn't discussed, because that could have a materially negative impact on the margins. So I just wanted to understand your thoughts on that. Now, I understand that those coupons are optional and at the discretion, but since you've not mentioned those specifically on your margin math for the future, I just wanted to understand how you guys are thinking about that?

Niranjan Banodkar: So, Mayank, as I said earlier as well, this is a matter that is currently under assessment. The entire consequential implications, decisions, actions are required to be given effect and we are evaluating all of those, which includes coupon as well. So I would urge that allow us the time to conclude on this assessment. And we'll be forthcoming in making

the relevant disclosures the moment this is done. As you rightly said, the coupon will be guided by the information memorandum and that is also a matter that we are currently reviewing. Once we conclude, we will come back to you.

Mayank Bukrediwala: Perfect. I understand that. I understand that the coupons of the past remain a matter of debate. What I was trying to understand is that once these AT-1 bonds are restored on the Balance Sheet and I'm talking about prospective coupons where I would believe that it's not really a legal matter, it is simply a management discretion issue. And I think the only thing that is an interplay between the coupon is whether you can pay dividend or not. So only from that perspective, I'm obviously not looking for an answer about the past coupons during which these bonds were not in play.

Niranjan Banodkar: No, of course. Again, as I said, future coupons will form part of the future assessment. And therefore, I think just from a timeline standpoint, it's important that we first conclude the assessment on the judgment.

I think our decisions on the future coupon will also be made at the appropriate time. Our consideration on each coupon will continue to be guided by the terms of the information memoranda, as has also been pronounced in the judgment. So there is actually no decision to pre-announce that today.

Mayank Bukrediwala: Okay. Fair enough. So, if I could just ask one or two more questions. One on Asset Quality, the slippages from the Retail book, they're sort of coming at the same level for the last couple of quarters. Just wanted to understand, is this the normalized level of slippages we should anticipate from the Retail book or is this likely to move down?

Niranjan Banodkar: So, Mayank, if you think on slippages, we have seen, on absolute terms, actually the slippages holding well. And for a book that is now beginning to grow with slippages holding up, I would say is actually a positive sign that we have seen. In absolute terms, we do believe that this is a level which is reasonable, and even now from a slippage ratio standpoint, I think we might see some basis points of improvement, but not a whole lot from here on.

Mayank Bukrediwala: Got it. And sorry, last question coming back to the same issue, but since our CET-1 plus AT-1 remains broadly the same and fundamentally materially above the regulatory guidelines, and I understand most of the capital strain is mostly an unofficial guidance from the regulator in some sense to be closer to the 14%, 15% level.

But would you guys have any conversation with the regulator given the circumstance where fundamentally CET-1 plus AT-1 remains the same and doesn't really force us into an immediate capital raise?

Niranjan Banodkar: So, Mayank, let me put it this way. For us, when we were at 14% CET-1, it was our comfortable level where we were operating between, let's say, 13.5% to 14% level. We do believe it was a level which was comfortable just keeping our growth objectives, ambitions in mind.

From a regulatory standpoint, there was no stricture to say that this is the CET-1 that you have to operate. There are regulations that cover our CET-1, so we were always comfortably above those regulatory requirements.

However, once we conclude the assessment with a CET-1 pro forma at 11.4%, we do believe that it still allows us headroom to continue to grow. But yes, I would say the evaluation for Capital actions, including any raise, I think we will have to be mindful of that because clearly 11%, 11.5% of CET-1 is not ideal.

And that's something that we will, irrespective of how the regulator might want to say, we will want to make sure that capital levels are more comfortable. But we will certainly not take any action which is going to be detrimental to our stakeholders, including the shareholders, very important to us. So the quantum, the value, the rate, I think all of these, we will make an ongoing assessment.

Plus, there are certain other features of stored capital that we have in our Balance Sheet. We've said that in the past as well. There is a Security Receipts portfolio which is about face value about INR 15 billion, NAV is about INR 20 billion, INR 2,000 crores, which has zero carrying value.

Now, again, we're not kind of saying we will necessarily take an action, but there are such stored levers also available to unlock capital that allows us to continue to pursue our growth and scale objectives.

Mayank Bukrediwala: Got it. Perfect. Thank you so much for all the answers.

Niranjan Banodkar: Thank you, Mayank.

Moderator: Next question comes from the line of Jayant Kharote with Axis Capital.

Jayant Kharote: Thank you for the opportunity. Sorry, I joined a bit late. Wanted to know what is the RIDF plan for this year, rest of the 2 quarters, how much is the run-down expected? And again, what is the exact NIM outlook for the next 2 quarters? I understand the medium-term levers, but specifically for Q3, Q4, if you have given a quantitative NIM guidance given the rate hike and this RIDF run-down? This is the first question.

Vinay M. Tonse: Jayant, thank you for coming in. I would request Niranjan to take that with exact figures.

Niranjan Banodkar: Thank you. So on the RIDF, H2 reduction is expected to be about INR 8,000 crores, H2 and that split Q3 as about INR 4,500 crores and Q4 of about, let's say, INR 3,500 crores. So that's really the split. Of course, I would request that when you think through the benefit of that reduction, so let's say Q3 redemption of about INR 4,500 crores, kindly bake the benefit of that to play out in Q4, and similarly Q4 reduction of about INR 3,500 crores to be baked in in Q1 of next financial year. So I think that's on RIDF. That's one clear tailwind.

We spoke about the 25 basis points repo increase as well. Because the repricing of the book will start, let's say, beginning November because the decision was announced in October, so we will have 2 months of repricing, but effectively for not the entire quarter. But when we look through Q4, we do believe that this should translate -- assuming nothing else changes -- a high single-digit margin benefit or tailwind should also come from this.

What we had, however said on the earlier question was many a times, while this is straight a mathematical outcome saying that we might have a 8 basis points of improvement, but reality is there are market forces that will continue to be at play, including liquidity conditions, deposit rates, the loan spread, pricing, and the competitive intensity of that.

So I think those we will continue to watch, but we do believe that RIDF and the repo rate pricing, at least in the immediate term, should be a positive bias. The third element, I would say, which is not so much a Q3 element, but more a Q4 element, is really deployment of the FCNR funds as well. So that will in itself also be a tailwind.

So Q3, our expectation is that we should be in the similar range on margins that we've seen compared to Q2, maybe there might be some bias of pulling it back because of the full effect of the FCNR. However, the tailwinds we expect should neutralize. But as we move to Q4, our expectation is that we should have a positive bias on the margins.

Jayant Kharote:

And Niranjana, just thinking into FY28 now, given that you'll exit on a very strong NIM -- I mean when I say strong, I mean a decent uptick in Q4 -- but the full impact of the second half RIDF payment should start showing in FY28 as well.

So fair to say all things being equal, our ROA steadily for all four quarters, again all things being equal meaning Asset Quality being stable, just from purely waterfall perspective, we should comfortably be north of 1%? I remember our guidance used to be exit 1% ROA for this year. Would you want to fathom a guess for next year? Where do you see yourself exiting by Q4 '28?

Niranjana Banodkar:

So, Jayant, what we had said is that fiscal '27 ROA should be a 1% for full year. We are clocking at a 90 basis points for H1. What we had said, however, is that for that guidance to play out entirely, there is also some reliance on let's say the non-core elements that we call, for example, the quantum of Security Receipts that we will have, so on and so forth, right?

What we certainly believe is that that core ROA performance, we continue to see a material improvement even in H1. So for example, we've already higher on the core ROA closer to like 20 basis points as we see H1 playing out. And that improvement, we are very confident that we will continue to deliver. So as we go into FY28, I would say our confidence on delivering 1% ROA with lesser and minimal reliance on non-core, I think is something that we can directionally certainly call out. But you'll have to allow us to put that guidance out more emphatically as we conclude fiscal '27.

Jayant Kharote: Great, great. And so last question on growth now: Let's assume this impact fully comes through and if I'm not wrong, there'll be a DTA release CET-1 of 60 basis points, right, which you keep getting over the next few years or quarters, which means theoretically our growth or let me put it, the capital consumption is not proportionate to the growth because we have release of this deferred tax asset that will come through.

So have you done any analysis or calculation at what level of growth, even with this capital without a capital raise, can you guys comfortably grow for next two or three years? If any calculation has been done because there are some elements like the CET release, like the stored capital that you have, so any analysis where below which number you would not want the Balance Sheet to slow down?

Niranjan Banodkar: So, Jayant, point number one is instead of growth, I will look at, let's say, from an ROE perspective because ROE is accreting capital. So at about, 8.2% accretion to ROE actually in effect allows us, with the benefit of DTA, we have ability to grow at 11% without consuming capital, because there is a DTA release grossing up that happens, and ROE is actually on a higher denominator of equity. Once you adjust for DTA, effectively you are accreting core equity at a higher rate. So that means at about 11%, we have the ability to grow without consuming capital.

And we can just put some very simplistic numbers. So if risk-weighted assets, I'm just saying, is growing at 15%, we will have about a 4% burn on our CET-1 ratio. So if my CET-1, let's say, is at 12% -- I'm again simplistically putting a number -- that's about 48 basis points, but it is never a linear answer. The actual answer will be more like a 35 to 40 basis points, because it's not a linear equation.

So even with a 15% growth next year, we are potentially looking at a consumption which could be in the range of about, let's say, 30 to 40 basis points. And then one can also argue that with some capital actions that we could take, as you said, stored capital, potentially we could look to operate at the similar CET-1 levels as well. So the way I would portray this is we don't believe that this really has a bearing in the way we will want to look at our growth capital.

Of course, when we were earlier looking at solving for capital at some stage, maybe some of that thinking, thought process could be brought forward a little bit. But it is not that we have to solve for it in one quarter or two quarters. I think we will have the reasonable cushion and buffers to still make sure that we solve it in a manner that is appropriate and in the best interest of all the stakeholders.

Jayant Kharote: And Niranjan, when you said that 8% ROE leads to 11%, I mean, just on that 8 and 11 delta of 3%, you have only assumed the DTA that you're currently releasing or you've assumed the DTA that you will also release once you account for this INR 8,000 crores of it?

Niranjan Banodkar: So that DTA -- okay, let me put it this way: So, when I look through a 11.4% CET-1 pro forma number, that takes into account that DTA. So DTA is effectively a function of

whatever Profit you make, you actually gross it up for the Profit. So, let's put it this way: Let's assume on a pro forma basis, the CET-1 is at 11.4%. So, with an ROE of 8.2%, the first step that will happen is the ROE first will actually improve to about 9% for the same level of Profits, because now the equity effectively is lower.

The 9%, then let's say the Bank is delivering a 9%, at a structural level you could argue that in itself is looking to improve. Let's assume that improves to about 10%. The point I was making is that on that 10%, you could now further build the DTA benefits, because whenever you have an ROE of 10%, there will be a DTA release that will be commensurate to that earnings, and therefore potentially we could work upwards more 12% to 13% of ability to fund the growth as we move forward.

So, I think there is no gun to our head to solve for capital. In any case, we have to make sure we are going through the moment of evaluation, assessment. But we believe that this is something where we will continue to work towards growing in line with our objectives.

Jayant Kharote: So fair to say you're not taking your feet off the pedal right now in terms of growth, and we continue on the trajectory that we have set on the last two, three quarters?

Niranjan Banodkar: Absolutely, Jayant. For us this is the way we look at it is our CET-1, again subject to the actual conclusion of assessment and implication, for us this is core equity of 14%, potentially down to 11.4%. But that will still mean that we will want to continue to focus on our growth, scale, because the whole of the franchise is actually working at a great momentum. It's getting reflected in our numbers, including growth.

For a Bank, and you have tracked us, we were delivering sub-industry level growth levels, of course for the right reasons in the past. We are now actually clocking, even adjusted for the FCTL, a growth in excess of the industry as well. So that momentum is strong. We will want to make sure that we continue to sustain that momentum.

Vinay M. Tonse: And Jayant, in one line, I think we have enough capacity to continue to grow at whatever we have planned.

Jayant Kharote: Great. Perfect, and all the best to the team.

Vinay M. Tonse: Thank you.

Niranjan Banodkar: Thank you, Jayant.

Moderator: The next question comes from the line of Mahrukh Adajania, Tara Capital.

Mahrukh Adajania: Hi. Good Morning. I just had a fundamental question on coupon payment. So, I know that you are assessing the order, and I also know what's written in the info memorandum, but there need to be dire circumstances to not pay coupon. Would that

be correct on a fundamental basis, say weak Profitability or if a company is making losses? Otherwise, it would impact sentiment around Capital raise, right?

Whether it's bond or equity, it would also impact the valuation of bonds and equity, right? Missing coupon without very severe circumstances? Is that the correct way to think about it or is there some other way?

Niranjan Banodkar: So, Mahrukh, I'm afraid we will not comment beyond what we've already said on this, because there are two parts to this. One is the evaluation of the consequential implications of the judgment, which is immediate, and second is we are talking about elements of future. So, I want to break this into two. We are right now in the process of concluding the present, which is the judgment and its implication.

I think when we come to the point of future, I think I don't want to pre-empt a decision that's not been made yet, so there's no point on that. The information memorandum is out there. As the judgment has also directed towards, we will abide by the information memorandum where the conditions have been detailed on coupon payment.

Mahrukh Adajania: Okay. Thanks a lot. Thank you.

Vinay M. Tonse: Thank you, Mahrukh.

Moderator: Next question comes from the line of Kunal Shah with Citi.

Kunal Shah: Yes. Thanks for taking the question. Sorry, I called to join a bit late, so if it's repetitive. But firstly, on Credit Rating Agencies, have there been any interactions with them, how they are viewing this judgment, and if there is a knockoff on the CET-1, how they are looking at it? And suppose if there is no coupon payment which happens in future, would there be any implication on the credit rating out there?

Niranjan Banodkar: So, Kunal, on Credit Rating Agencies, we've had interactions. There are a couple of them that have actually come out with a bulletin or a note which, in our understanding, is that it is put out as a very emphatic credit-neutral event on the rating.

Of course, there are certain other comments that have been made, but at a fundamental level headline, this is a credit-neutral event from a rating perspective. I think two of the agencies have put out, one international and one domestic. Others are of course, we've had conversations, I think they will go through the motions of their conclusions as well.

Kunal Shah: Okay. And secondly, in terms of, maybe you are evaluating the consequential actions and even some legal remedies. So, what could be -- any legal remedies out there over and above this judgment? Or do we say like, okay, this is something which has happened, and maybe the only option now is left is the capital raise to shore up the CET-1, and the capital raise could happen much sooner rather than waiting or maybe awaiting for all the legal remedies which are there? So, which would be the priority, maybe going through any legal remedy or considering this as a judgment and going in for the CET-1 raise sooner?

- Niranjan Banodkar:** So, Kunal, I'll break this into three simple buckets. One is the evaluation of the consequential implications of the judgment, because it's a Supreme Court judgment. We are respectful of the Honorable Supreme Court's judgment. So, we have to review and evaluate and take into effect the implications of the judgment, so that is one part.
- The second part, as you said, are the legal remedies, what could be the next steps. But I have to call out that these are two separate lines that we will pursue, because we have to be respectful to the Honorable Supreme Court for the verdict that they have given, and that's one part of the motion. The second, as I said, is a legal remedy, legal review. I think again, it is a matter that we are currently discussing with our legal counsel, the advisors, and we will evaluate and as appropriate, take the next steps.
- The third is on solving capital, whether I do it beforehand or after, after all of this. There, in my previous response, we said even with an 11.4% CET-1 ratio, we do believe that our growth objectives and ambitions are not getting compromised. I think we will continue to pursue that path.
- The evaluation of whether we need to raise capital now or we do it afterwards, I think these are commercial evaluations that we will do, but I think the simple point I want to leave with you is that it is not that I have to solve for capital tomorrow. We do believe we have buffers. We have the benefit of DTA that allow us to solve for growth without necessarily getting to capital levels that we don't feel comfortable at all.
- Kunal Shah:** Okay. Got it. And lastly, in terms of this FCNR deployment, so how much of this would have been utilized, because we are still seeing in terms of the growth, even ex of FCNR, the deposit accretion would have supported that kind of a growth, and when do we see the entire money getting utilized? In fact, we had seen many of them putting into the short-term corporate lending.
- For us, in fact, the Corporate and Institutional Banking is just flat on a quarter-on-quarter basis. So, would there be immediate channelization which would happen into of the FCNR Deposits or this is going to take some time?
- Niranjan Banodkar:** No, as I said, Kunal, earlier, between Q3 and Q4, we think that this deployment should be complete. So, our expectation is that, largely in Q3, but some part will spill over to Q4.
- Kunal Shah:** And fair to assume Q2 didn't have much of a deployment?
- Niranjan Banodkar:** So, I would say Q2, there was a large increase in our short-term, which was in the nature of, let's say, investments, some Nostro balances that we had. So yes, not ideal from a credit perspective.
- Kunal Shah:** Yes. So overall, maybe in terms of whenever it gets utilized, at least it will be yield accretive. And the maximum drag on margins would have got -- maybe there will be a full quarter impact which will come through in Q3, but still otherwise maybe at least on an incremental basis now only it will get channelized into a better-yielding one.

- Niranjan Banodkar:** Yes. And that's what I also called out, Kunal, earlier that, one, we will have a full quarter impact in Q3, but there will be offsets. I think repo rate hike, assuming spreads don't change, is there, plus RIDF reduction in balances will continue to play out. So, I think those are tailwinds which will support the margin in Q3. We said Q3 in our assessment should be similar to Q2, maybe a very marginal negative bias. But as we kind of go into Q4, we certainly believe we should have an upward bias on the margins.
- Kunal Shah:** Okay. Got it. Yes. Thanks, thanks for answering all the questions and all the best. Thank you.
- Niranjan Banodkar:** Thank you, Kunal. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to Mr. Vinay M. Tonse for closing comments.
- Vinay M. Tonse:** Thank you very much, all our friends for joining in, and as I said, early morning, apologies for that. Our priorities, to conclude, I must reassure all of you that our priorities remain centered on the fundamentals, that's improving the core Profitability, growing Deposits franchise and Advances in a risk-calibrated manner, managing margins and operating efficiency, and also maintaining Asset Quality.
- Capital planning will remain an important area of focus as we reassess the implications of the judgment and also support the bank's future growth requirements. The bank, you would have seen, has made progress in strengthening the scale and quality of its franchise, and I must also here say that we recognize the significance of the Supreme Court judgment.
- We also recognize the need for a carefully considered response, and we will continue to act in accordance with applicable legal and regulatory requirements, engage with the regulator and other authorities as we find appropriate, and also keep the market appropriately informed. Before signing off, I would like to extend our festive greetings to all of you on the Navratri just concluding and also the Vijayadashami coming up. Thank you very much.
- Moderator:** Thank you. On behalf of Yes Bank that concludes this conference. Thank you for joining us. You may now disconnect your lines.