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# Quarterly Result Update

## Yes Bank

23rd July 2026

## Reco BUY

| | |
|---|---|
| Industry | BFSI – Pvt. Bank |
| LTP (Jul 22, 2026) | 23.2 |
| Add on Dips | 20.8-21.2 |
| Target | 26.2 |
| Time Horizon | 4 Quarters |

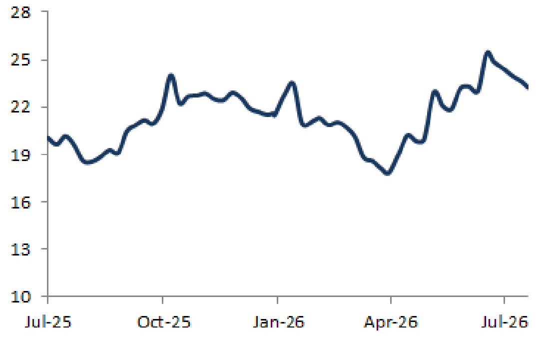
### Stock Info

| | |
|---|---|
| HDFC Scrip Code | YESBAN |
| BSE Code | 532648 |
| NSE Code | YESBANK |
| Bloomberg | YES IN |
| Equity Capital (Rs Cr) | 23.2 |
| Face Value (Rs) | 6277.35 |
| Equity Share O/S (Cr) | 2 |
| Market Cap (Rs Cr) | 3138.7 |
| Book Value (Rs) | 72942 |
| Avg. 52 Wk Volumes | 16.5 |
| 52 Week High | 11,27,65,000 |
| 52 Week Low | 25.78 |

### Share Holding Pattern (%) (Jun'26)

| | |
|---|---|
| Promoters | 0.0 |
| Institutions | 70.2 |
| Non-Institutions | 29.8 |
| Total | 100.0 |

### One Year Price Chart




* Refer at the end for explanation on Risk Ratings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## Consistent Progress, Capitalized for the Future

*Yes Bank reported strong Q1FY27 results, with standalone PAT surging 34% year-on-year to Rs 1,071cr, even as non-core income from security receipts plummeted to Rs 86cr from Rs 338cr a year earlier, highlighting the bank's reliance on core banking operations rather than one-off gains. NII grew a robust 17.5% YoY to Rs 2,786cr, supported by NIM of 2.7%, up 20bps YoY (flat QoQ), reflecting improved asset-liability management and lower funding costs despite competitive deposit pricing pressures. Operating profit climbed 25.5% YoY to Rs 1,704cr, while the cost-to-income ratio improved sharply to 62.8% from 67.1%, signalling genuine operating leverage.*

*Loan growth accelerated to 18.3% YoY, with advances reaching Rs 2.85 lakh crore, outpacing management's guidance of 13–15%, driven by a remarkable 41% YoY surge in corporate lending and a retail segment turnaround from a Rs 668cr loss to a Rs 35.7cr profit. Deposits grew 14.3% YoY to Rs 3.15 lakh crore, though they dipped 1.1% sequentially, raising minor concerns about funding stability, while the CASA ratio held at 32.7% and the liquidity coverage ratio improved to 138.5%.*

*Asset quality reached multi-quarter highs, with gross NPA falling to 1.3% from 1.6% YoY and net NPA at a pristine 0.2%, even as slippages declined 33.9% YoY to Rs 964cr, aided by a provision coverage ratio of 81.7% and credit costs contained at 0.3% of average assets. However, RoA remained at 0.9%, slightly below the 1.0% target, while provisions spiked 39% YoY to Rs 394cr and capital adequacy dipped to 15.1%, prompting the bank to plan a Rs 7,500cr equity raise to bolster its balance sheet.*

*Management Guidance:*

- *15–17% YoY sustainable broad-based loan growth*
- *Target of 3.0%+ NIMs by FY28*
- *Full-year FY27 target of ~1.0% (FY28E target of 1.0%).*

## Recent developments

**Ratings upgrade by Moody's**

Moody's Ratings (Moody's) has upgraded Yes Bank Limited's long-term (LT) foreign currency (FC) and local currency (LC) bank deposit ratings to Ba1 from Ba2 as well as its Baseline Credit Assessment (BCA) and adjusted BCA to ba2 from ba3. It has also upgraded its LT FC issuer rating to Ba1 from Ba2, LT FC and LC Counterparty Risk Ratings (CRR) to Ba1 from Ba2, LT Counterparty Risk (CR) Assessment to Ba1(cr) from Ba2(cr), as well as the senior unsecured medium-term note program rating to (P)Ba1 from (P)Ba2. The ratings outlook remains stable.

The upgrade of Yes Bank's ratings and BCA reflects an improvement in the bank's credit profile, supported by improving funding, asset quality, and adequate capital. These improvements provide resilience against risks arising from the bank's unseasoned loan book.

**Faster deposit growth to moderate cost of funds**

With more than 1,300 branches, Yes Bank is seeking to leverage its franchise to raise deposits. It has begun cutting deposit rates faster than the industry, to avoid chasing growth through increasingly expensive funding. SMBC, part of Japan's second-largest banking group, became the top shareholder of Yes Bank with a 24.9% stake last year. Yes Bank had signed agreements with SMBC to cross-refer clients for retail offerings and deposits, seeking to capitalise on the lender's relationship with large corporates. Further, the dismal returns from the stock markets over the past few quarters could drive many conservative investors towards term deposits.

**Capital raise to further strengthen balance sheet**

Yes Bank is looking to raise Rs 16000cr via a mix of equity and debt issue. The bank's board approved an equity issuance of up to Rs 7,500cr and a debt issuance of up to Rs 8,500cr. The capital raise would further strengthen the balance sheet and provide headroom for aggressive growth.

## Valuation & Recommendation

Yes Bank is focusing on increasing fee-based income by expanding its retail products. The underlying fundamentals are gradually improving, and we believe the Bank is available at a reasonable valuation. We expect PAT to grow at 32% CAGR over FY26-FY28 driven by ~16% advances growth and NIM expansion to over 3% by FY28. We believe investors can buy the stock at CMP and add on dips in Rs 20.8-21.2 for a fair value target of Rs 26.2 over the next 4 quarters

## Risks & Concerns

- The bank's 2020 crisis was caused mainly by major governance lapses, aggressive lending practices by previous management, and allegations of loan fraud and money laundering involving its former CEO, Rana Kapoor. While a new board and management are in place, the history creates lingering investor caution and reputational risk.
- Although the asset quality of the bank has improved significantly since the crisis, managing credit risk and preventing future loan slippages remains a key challenge
- Yes Bank's financial ratios, such as Net Interest Margin (NIM) and Return on Equity (ROE), are still lower compared to its major private bank peers like HDFC or ICICI. This indicates lower overall operational efficiency and profitability.
- Due to its history and ongoing recovery status, the bank's stock is highly volatile and susceptible to market sentiment and news-driven price movements.
- The bank operates in a highly competitive Indian banking sector and faces stiff competition from larger, more established public and private sector banks.

## Financial Summary

| Particulars (in Rs Cr) | Q1FY27 | Q1FY26 | YoY-% | Q4FY26 | QoQ-% | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|---|---|---|---|
| NII | 2786 | 2371 | *17.5* | 2638 | *5.6* | 8095 | 8944 | 9776 | 12068 | 14230 |
| PPoP | 1704 | 1358 | *25.5* | 1618 | *5.3* | 3386 | 4254 | 5506 | 7413 | 9518 |
| PAT | 1071 | 801 | *33.7* | 1068 | *0.2* | 1251 | 2406 | 3476 | 4724 | 6052 |
| EPS (Rs) | 0.3 | 0.3 | *33.6* | 0.3 | *0.2* | 0.4 | 0.8 | 1.1 | 1.5 | 1.9 |
| ABV (Rs) | | | | | | 14.2 | 15.0 | 16.0 | 17.5 | 19.4 |
| P/ABV (x) | | | | | | 1.6 | 1.5 | 1.4 | 1.3 | 1.2 |
| RoAE (%) | | | | | | 3.0 | 5.4 | 7.0 | 8.8 | 10.3 |
| RoAA (%) | | | | | | 0.3 | 0.6 | 0.8 | 1.0 | 1.1 |

(Source: Company, HDFC sec)

**HDFC Sec Prime Research Rating description**

**Green Rating stocks**

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

**Yellow Rating stocks**

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

**Red Rating stocks**

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

**Disclosure:**

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