

YES BANK

Result Update

CMP	734
Target Price	807
Previous Target Price	-
Upside	10%
Change from Previous	-

Market Data

BSE Code	532648
NSE Symbol	YESBANK
52wk Range H/L	910/590
Mkt Capital (Rs Cr)	29,138
Av. Volume	2,84,231
Nifty	7215

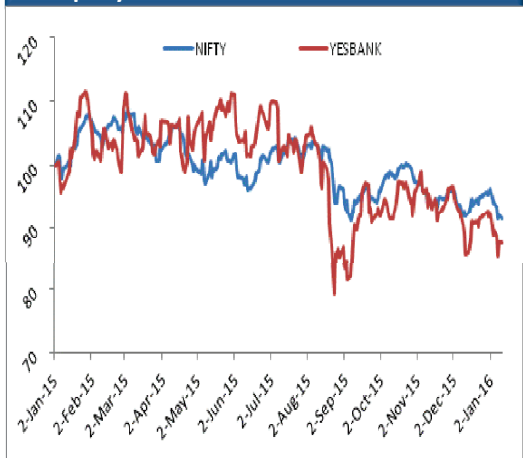
Stock Performance

	1Month	3 Month	1Year
Absolute	2.30	-8.2	-10.7
Rel.to Nifty	2.6	-4.8	-2.0

Share Holding Pattern-%

	2QFY16	1QFY16	4QFY15
Promoters	22.0	22.0	22.1
FII	41.3	44.4	45.1
DII	23.2	21.3	20.7
Others	13.6	12.3	12.2

Company Vs NIFTY



View & Valuation :

Yes bank maintained its overall trend of growth and registered profit growth of 26.5% YoY despite of higher provision and contingencies. Loan growth was very strong at 29% YoY higher from past few quarters and margin was better from last quarter but was same at previous quarter at 3.3%. The bank's high exposure to corporate loans makes us cautious in the current weak corporate environment, which has been hit by the overall economic slowdown. At current CMP , 734, the stock is traded at 11x for FY16E earning . We maintain "Neutral" rating in this stock .

Healthy Set of Number of NII and PAT :

Yes Bank reported encouraging set of number where Profit grew by 25.1% to 675 crore in Q3FY16. This growth led by surge in net interest income (NII) 27.3% YoY to 1157 crore . The net interest margin was increased by 20bps to 3.4% YoY which aid the NII growth. Non-interest income increased 40% YoY to Rs 986 crore which was led by remittances and services businesses from the branches and it was largely retail and SME customers. Contribution from lumpy financial advisory fee remained high at 51% of overall non-interest income. Bank added 38 branches in Q2FY16 . The total branch stood in the end of the Q2FY16 at 750 and ATM was 1480.

Loan Growth:

In Q3FY16 , Loan growth grew at 27% YoY due to retail banking business 33% YoY. Corporate banking growth remains healthy at 24% YoY. while deposits grew 23.1% YoY at INR 101437 crore . The cost of fund was decreased by 20bps to 6.86 % from 7.33% QoQ . The CASA deposits reported a strong growth to 45.08 % Vs 40% YoY in Q2FY16 . The saving deposit growth is exceptionally strong at 64% YoY and 7% QoQ. Current Account deposit grew by 18% YoY. CASA ratio improved to 26.6% as compared to 25.5% in 2QFY16 and 22.6% in 3QFY15.

Asset Quality :

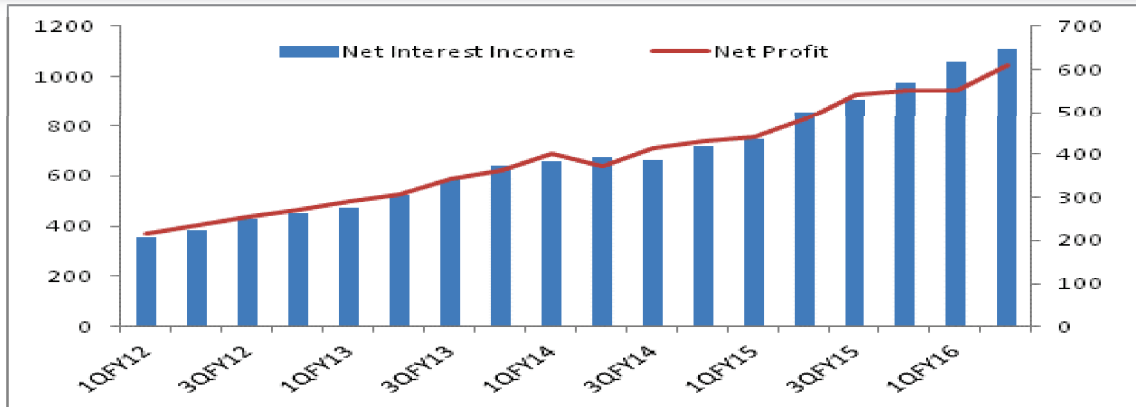
The asset quality was little slowdown . The Gross NPA increased by 0.4 bps to 0.66% QoQ (INR 559 crore Vs 491 croe in Q2FY16) and Net NPA was flat at 0.2% QoQ (INR 187 crore Vs 159 Crore in Q2FY16) . There is no increased in restructuring during the quarter. Credit cost was increased 14 bps and PCR was declined by 330bps to 67.7% . Bank said that there was no sale of asset to ARC during Q3FY16 . The Return on Asset Position is at 1.7% a small improvement over the sequentially previous quarter and ROE has improved 19.4% .

Financials	2012	2013	2014	2015	2016E
NII	1616	2219	2716	3488	4539
PPP	1540	2142	2688	3250	4124
Net Profit	977	1301	1618	2005	2503
NIM	0.00	3.11	3.00	3.43	3.50

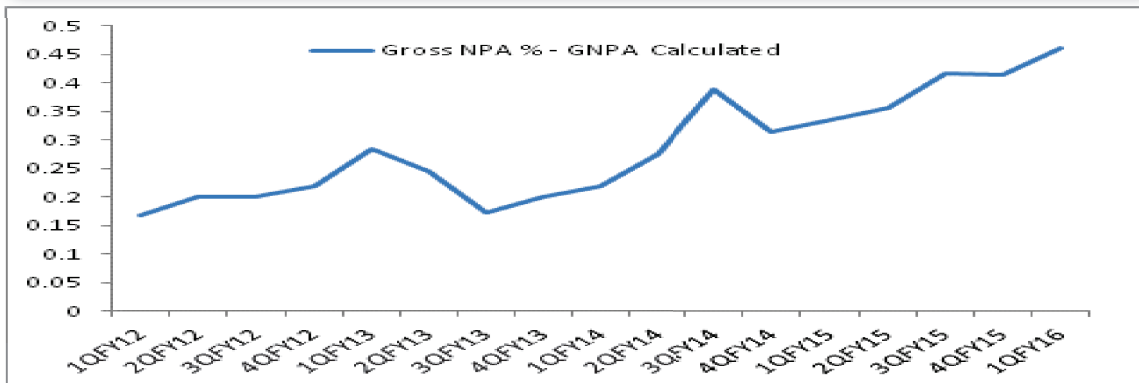
(Source: Company/Eastwind)

- : Bank expects retail to grow and by 2020 the contribution would be 45%.
- > Bank is planning to raise CASA to 40%.
- > Bank expects to the cash redemption upto 35% of securities receipts which are lining for recoveries in next 1 to 2 Qtrs.
- > Bank was targeted 3 to 4 percent CASA Mix year on year.
- > Bank has Credit cost for full year would be below 50bps.
- > Loan growth would be in mid 20s

NII & PAT :



Gross NPA % :



View & Valuation

Yes bank maintained its overall trend of growth and registered profit growth of 26.5% YoY despite of higher provision and contingencies. Loan growth was very strong at 29% YoY higher from past few quarters and margin was better from last quarter but was same at previous quarter at 3.3%. Gradual improvement of economy, healthy capital structure and softening cost of fund has given us confidence to advice our clients to remain invested in bank. At current CMP ,734, the stock is treaded at 11x for FY16E earning . We maintain "BUY" rating in this stock at price tgt 807 .

Financials Snap Shot

INCOME STATEMENT					RATIOS				
	FY12	FY13	FY14	FY15		FY12	FY13	FY14	FY15
Income on Investments	1847	2859	3414	3511	Business Ratios				
Intt. on bal.with RBI & other inter-bar	23	17	24	43	Total Business Growth%	0.0	30.8	13.9	28.4
Others	10	21	3	2	Credit-Deposit(%)	77.3	70.2	75.0	82.9
Total Interest Income	6307	8294	9981	11572	CASA	195.24	110.66	75.23	67.57
Total Interest expended	4692	6075	7265	8084	Earnings Ratios				
Net Interest Income	1616	2219	2716	3488	Interest Expended / Interest Earned (%)	74.4	73.2	72.8	69.9
Other Income	857	1257	1722	2046	Cost Income Ratio	41.4	44.6	47.6	47.4
Total Income	2473	3476	4438	5534	Spread Analysis As Calculated				
Total Operating Expenses	933	1335	1750	2285	Yield on Advances (%)	13.6	13.7	13.8	13.0
Pre Provisioning Profit	1540	2142	2688	3250	Cost of Depostis (%)	0.0	0.0	0.0	0.0
Provisions (other than tax) and Contir	90	216	362	339	NIM%	0.0	3.1	3.0	3.4
Profit Before Tax	1450	1926	2326	2910	Spread%	0.0	3.1	3.0	3.2
Tax	473	625	709	905	Return Ratios				
Minority Interest	0	0	0	0	Return on Assets% as reported	0.0	0.0	0.0	0.0
Profit/ loss of Associates	0.0	0.0	0.0	0.0	RONW (%) as calculated	21.6	14.5	9.4	3.3
Balance in Profit and Loss A/c brough	1115	1658	2338	3207	Asset Quality				
Net Profit attributable to the group	2092	2959	3956	5213	Gross NPA as % of Gross Advances	0.2	0.2	0.3	0.4
Source: Eastwind/Company					Net NPA as % of Gross Advances	0.1	0.0	0.1	0.1
					Restructured Assets to Advances Ratio(%)	0.5	0.3	0.2	0.5
BALANCE SHEET					Capital Adequacy Ratio				
	FY12	FY13	FY14	FY15	Capital Adequacy Ratio (%)	0.0	17.9	18.3	14.4
Capital	353	359	361	418	Tier I Capital (%)	0.0	9.9	9.5	9.8
Reserves & Surplus	4324	5449	6761	11262	Source: Eastwind/Company				
Deposits	49152	66956	74192	91176	Valuation				
Borrowings	14156	20922	21314	26220		FY12	FY13	FY14	FY15
Other Liabilities & Provisions	5641	5419	6388	7094					
Total Capital & Liabilities	73626	99104	109016	136170	Net profit before taxes	1450	1926	2326	2910
					Net cash flow before changes in Working C	1613	2236	2796	3380
Cash & Balances with Reserve Bank o	2333	3339	4542	5241	Cash Flow from Operating Activities	-2421.7	540.6	4448.9	-1448.9
Balances with Banks and Money at Ca	1253	727	1350	2316	Cash Flow From Investing Activities :	-4863	-6742	-2799	-4460
Investments	27757	42976	40950	46605	Cash Flow From Financing Activities	7375	6681	176	7574
Advances	37989	47000	55633	75550	Cash Flow For The Year	90	480	1826	1665
Fixed Assets	177	230	293	319	Cash & Cash Equivalents At The Beginning	3496	3586	4066	5892
Other Assets	4117	4833	6247	6139	Cash & Cash Equivalents At The Year Of En	3586	4066	5892	7557
Total Assets	73626	99104	109016	136170					
Source: Eastwind/Company					Source: Eastwind/Company				