

Yes Bank reported disappointing set of Numbers during Q1FY20 on all fronts. Operating performance of the bank was weaker. Advances during the quarter declined by 2% on QoQ basis leading to 9% de-growth in NII to Rs 2281 cr on QoQ basis. Due to sharp rise in other income, the operating profit grew by 48% QoQ but on a YoY basis it de-grew by 20%. PAT for the quarter came in at Rs 114 cr vs. loss of Rs 1507 cr in Q4FY19.

Asset quality of the bank deteriorated further. GNPA during the quarter increased by 179 bps to 5.01% while NNPA increased by 105bps to 2.91% on QoQ basis.

Particulars (Rs in Cr)	Q1FY20	Q1 FY19	YoY	Q4FY19	QoQ
Interest Earned	7,816	6,578	19%	7,857	-1%
Interest Expended	5,535	4,359	27%	5,351	3%
Net Interest Income	2,281	2,219	3%	2,506	-9%
Other Income	1,273	1,694	-25%	532	139.4%
<i>Other income / Net Income (%)</i>	35.8	43		18	
Total income	3554	3,913	-9%	3,038	17%
Employee Expenses	661	591	12%	660	0%
Non-Employee expenses	933	868	7%	1,054	-12%
Operating Expenses	1,594	1,459	9%	1,714	-7%
<i>Cost-income Ratio (%)</i>	44.9	37.3		56	
Pre-Prov Profits	1,959	2,455	-20%	1,323	48%
Provisions & Contingencies	1,784	626	185%	3,662	-51%
PBT	175	1,829	-90%	-2,338	-107%
Provisions for Tax	61	569	-89%	-832	-107%
<i>Effective Tax Rate (%)</i>	35.0	31	13%	36	-2%
PAT (reported)	114	1,260	-91%	-1,507	-108%
EPS Diluted	0.5	5.4	-91%	-6.5	-108%
GNPAs	12,092	2,824	328%	7,883	53%
NNPAs	6,883	1,263	445%	4,485	53%
GNPAs (%)	5.01%	1.31%		3.22%	
NNPAs (%)	2.91%	0.59%		1.86%	
Total CAR (%)	15.7	17.3		16.5	
Tier 1 (%)	10.7	12.8		11.3	
NIMs	2.8%	3.3%		3.1%	
Advances	236,300	214,720	10%	241,500	-2%
Deposits	225,902	213,395	6%	227,610	-1%

Suspension of Coverage

Yes Bank's Q1FY20 performance was subdued. Advances book also witnessed de-growth on QoQ basis, which has affected the operating performance of the bank. Asset quality took a hit which was negative for the bank. We have been cautious on the business model of Yes Bank and advise investors to stay away from this counter. Due to the lack of clarity, weak capital position, worst operating environment and huge stress on its asset quality we discontinue our coverage on the bank.