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May 06, 2022

National Stock Exchange of India Limited
Exchange Plaza,
Plot no. C/1, G Block,
Bandra - Kurla Complex
Bandra (E), Mumbai - 400 051
Tel.: 2659 8235/36 8458
NSE Symbol: YESBANK

BSE Limited
Corporate Relations Department
P.J. Towers, Dalal Street
Mumbai – 400 001
Tel.: 2272 8013/15/58/8307
BSE Scrip Code: 532648

Dear Sirs,

Sub.: Transcript of Earnings Call for the Financial Results of the quarter and year ended March 31, 2022

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") for the Financial Results of the quarter and year ended March 31, 2022. 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.yesbank.in/pdf?name=q4fy22_analyst_call_transcript_pdf.pdf

You are requested to take the same on record and acknowledge the receipt.

Thanking you,

Yours faithfully,

For **YES BANK LIMITED**

SHIVANAND RAMA SHETTIGAR
Digitally signed by SHIVANAND RAMA SHETTIGAR
Date: 2022.05.06 16:51:20 +05'30'

Shivanand R. Shettigar
Company Secretary

Encl: As above

"Yes Bank Limited
Q4 FY2022 Earnings Conference Call"

April 30, 2022

MANAGEMENT: **MR. PRASHANT KUMAR – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER – YES BANK**
MR. NIRANJAN BANODKAR – CHIEF FINANCIAL OFFICER – YES BANK
MS. ANITA PAI – CHIEF OPERATING OFFICER – YES BANK
MR. RAJAN PENTAL – GLOBAL HEAD – RETAIL BANKING – YES BANK
MR. RAVI THOTA – COUNTRY HEAD – LARGE CORPORATES – YES BANK
MR. AKASH SURI – COUNTRY HEAD – STRESSED ASSETS MANAGEMENT – YES BANK

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY2022 Earnings Conference Call of Yes Bank Limited. On the management panel, we have with us today Mr. Prashant Kumar, MD & CEO, Yes Bank, Mr. Niranjan Banodkar, Chief Financial Officer, Ms. Anita Pai, Chief Operating Officer, Mr. Rajan Pental, Global Head, Retail Banking, Mr. Ravi Thota, Country Head, Large Corporates, and Mr. Akash Suri, Country Head, Stressed Assets Management. 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prashant Kumar, MD & CEO, Yes Bank. Thank you and over to you Sir!

Prashant Kumar: A very good afternoon and thank you for joining Yes Bank FY2022 and Q4 FY2022 financial results call. With me, I have the top management of Yes Bank. We are very happy to report that Yes Bank has become the sixth largest private sector bank in terms of total assets during the year and has also returned to profitability with its full year profits of Rs.1066 Crores for FY2022. This is the first full year profit since FY2019 as against a loss of Rs.22715 Crores in FY2020 and Rs.3462 Crores loss in FY2021. The bank is a go to digital bank with nearly every third digital transaction of the country is being powered by Yes Bank. This dominance enables us to be a banker to majority of the fintec and e-commerce companies in India. The bank continues with its leading market share position in UPI, Aadhaar renewal services, IMPS, NEFT, and micro-ATM with number one position in UPI and NEFT. It is also a leader with more than one million business correspondence and the third largest player in micro-ATM after launching them in March 2021.

Now coming to FY2022 and Q4 financial results. We are pleased to report consistent improvement across all our core operating metrics as well as the second objective. In the year and quarter gone by the bank has achieve the following. On the profit and loss side, as I have already shared the bank has reported a net profit of Rs.1066 Crores for the full year and Rs.367 Crores in Q4. This is 38% up quarter-on-quarter. The operating profits stands at Rs.2916 Crores for the full year and Rs.770 Crores in Q4 and again this is 6% up quarter on quarter. The NIM stands at 2.3% for FY2022 and 2.5% for Q4 and continuing to trend upwards five basis points quarter-on-quarter and this is supported by 10 basis points reduction in cost of deposits, which stands at 4.8% now. The core fee income drivers continue to show significant traction with sustained momentum in retail banking fees. The corporate trade and cash management business and increased digital transaction resulting in higher interchange income. The noninterest income currently at Rs.3267 Crores is up 8% Y-o-Y and Rs.887 Crores for Q4, which is up 29% Y-o-Y. The normalized noninterest income for FY2022 has improved by more than 40%. The operating expenses are at Rs.6844 Crores, which is 18% increase Y-o-Y and Rs.1927 Crores for Q4, which also has gone up by 19% Y-o-Y. The increase in operating expenses is due to provisioning for variable compensation of employees and corresponding head count increase of 2000 plus employees. On the advances side the mix between the retail MSME and corporate has improved by 300 basis points and currently this is 60:40, 60% on the retail MSME and 40% on the corporate. During the financial year we have also sanction and disbursed Rs.70000 Crores of loans across wholesale, SME, retail, and rural segments. Our three segments retail, SME and medium enterprises have shown a strong advances growth of 31%, 16% and 32% Y-o-Y respectively and which augurs very well for our growth aspiration as well as our guidance for FY2023 and beyond.

On the deposit side, last two years our deposits have doubled to two lakh Crores. The casa ratio currently at 31.1% and the component of casa in retail TD has also improved to almost 62%. Currently we are acquiring more than 1 lakh casa customers on monthly basis and the most important part the growth in liability has also come despite reduction in the interest rate which is a reflection of the trust and the confidence of our stakeholder and also due to our superior customer service. Our cost of deposits continues to reduce and it is currently at 4.8% for the quarter and 5% for the FY2022. Both cost of deposits and cost of fund has come down by 100 basis points since last year. The savings bank balances have grown by 48% Y-o-Y and 11% on quarter-on-quarter while current account balances have grown by 39% Y-o-Y and 8% quarter-on-quarter. The average daily current accounts have grown by 50% Y-o-Y mainly on account of our digital solution to the ecommerce and fintec players.

On the asset quality front, our GNPA ratio is currently 30.9% against 15.4% last year and 14.7% last quarter. Similarly net NPA number has also improved to 4.5% against 5.9% last year and 5.3% last quarter. The drag of labelled exposure on banks profitability has significantly reduced Y-o-Y, which is a contributory factor for the net profitability for the FY2022 and this is mainly driven by rise in the recovery and upgrade and lower slippage. The slippage continues to trend lower. This is Rs.5795 Crores for FY2022 against Rs.12000 Crores in FY2021 and for the Q4 Rs.802 Crores and sequentially has come down from Rs.978 Crores in Q3. There has been a significant reduction in the overdue loans of more than 30 days bucket by Rs.1500 Crores quarter-on-quarter. The resolution momentum continues to be very strong with total recoveries and upgrades at Rs.7290 Crores against Rs.5782 Crores in FY2021 and this also involves cash recoveries and upgrades of Rs.1828 Crores in Q4. The profits to form the ARC and complete the transfer of legacy stress assets is on track and we expect to complete this exercise by June 2022. On capital front, our CET ratio has improved by 40 basis points during the financial year and currently at 11.6.

The total capital adequacy at 17.4. The risk weighted assets to total assets has also improved to 73% against 84.4% last year. We also have capital of almost 260 basis points sitting in our DTA which will come back to the bank’s capital over a period of time. On the people front, we have added net addition of more than 2000 employees during the financial year. We have also taken a number of steps for nurturing an inclusive culture and investing in the right skill set and talent. The program on the Yes Professional Bankers and Yes Force have been launched in Q4. These programs which are actually based on the source-train and hire model will help the bank build a robust talent pipeline across various functions. Our top and senior management leadership, we have conducted a 360-degree feedback which would help them identifying their strength and area of opportunity based on the feedback received. We have also conducted an employee survey which we have named as 'Voice of Yes' to understand the views and opinions of all the employees and the input coming from this survey would be integrated into action plan that would help in making Yes Bank a great workplace.

We continue to focus on new customer products and the proposition. Recently in Mumbai we have launched a mobility card with 'Chalo' which is known as the 'BEST Chalo YES Bank Rupay card' so this is a partnership between Chalo, Rupay and Yes Bank and currently 1 lakh commuters of BEST are using this and the plan is that it would be 10 million commuters in Mumbai so I think the customers in Mumbai over a period of time would be using the same mobility card for buses, for metro, for the local trains and even for parking. We have also launched an annual startup enabler program YES Bank Agri Infinity, which seeks to co-develop digital financial solutions for the food and agriculture ecosystem by venturing entrepreneur ventures in the field. We continue to focus on the physical presence in newer geographies in some parts of Karnataka, Telangana, and Odisha. The bank has opened 15 branches and added more than 2000 new Yes banker during the financial year. Because of the continued concerns on the cyber capability site, I think we have been very focused to protect the interest of our depositors and the bank has won the best IT risk management and cyber security initiatives and cloud adoption in the medium bank category at the 17th IBA awards. We have also been included into the FTSE All World Index during the quarter.

Now all the points demonstrate a very strong momentum in the build of a good quality franchise. Our progress over the last 24 months has also been validated by external stakeholder. In addition to Crisil and Moody the CARE has upgrade the bank to triple BBB plus from BBB and maintain a positive outlook. Looking ahead at FY2023 we would like to share our strategic objective guidance which includes casa ratio at 35%. The mix between the retail MSME and corporate would further improve by 400 basis points. We are targeting a total advances growth of more than 15% contributed by 10% growth on large corporates and more than 25% growth in retail MSME and medium enterprise. We will continue to sustain a CD ratio of less than 100%. For the third year consecutively, we would be targeting a recovery and upgrades of more than Rs.5000 Crores. We are very confident to achieve a ROA of 75 basis points by the end of FY2023 and some of the recoveries if that happens as per our expectations, then we would also be in a position to touch a ROA from 1% by the end of FY2023. With this I want to thank all of you once again for taking the time out for joining this call and wish all of you and your family's good health and prosperity and we can now open the floor for your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mahrukh Adajania from Edelweiss. Please go ahead.

Mahrukh Adajania: Congratulations. Sir I have a few questions. Sir just a clarification the bad loans will be transferred to the ARC by June is that what you said?

Prashant Kumar: Exactly we would like to conclude this within the current quarter.

Mahrukh Adajania: Okay so basically then you will be like a zero GNPA bank or how does it work as in zero corporate GNPA bank is that the way to work?

Prashant Kumar: No this is only corporate. I think the entire NPA stock both from corporate and retail would be transferred to the proposed ARC in a transparent manner and then the bank would be exactly without any GNP~~M~~A.

Mahrukh Adajania: And how is the ARC, CNL or recoveries are all reflected in your book or be at arm's length, so how does it work?

Prashant Kumar: It will be like any other ARC where there would be a structure of 15:85 and whenever the ARCs would make the recovery it would come to liquidating our SR's. Similarly since we would be having a stake in the ARC so the profitability of the ARC would also be shared in proposition to our equity loans.

Mahrukh Adajania: Got it Sir. Sir but you would have taken a very hard look at the provisioning and you think that whatever provisions are carried against this asset as of March these assets are adequate correct?

Prashant Kumar: I would be just qualifying it. It is more than adequate.

Mahrukh Adajania: Sir my second question is that basically so I have a few earnings-related question, but this is a very broad strategic question that you off and on there are MNA rumors in the bank? Obviously, I do not expect the management to comment on MNA rumors, but all I want to know is what will be the long-term strategic goal of the bank? Is it to clean up adequately and over the long term be part of a MNA transaction or have a standing of its own? What will be a more appropriate way to think of this?

Prashant Kumar: So Mahrukh I think the appropriate way of looking strategically that after cleaning we would like to become a very strong player on the private banking side and during our journey if we see the opportunities for inorganic growth they would definitely be looking at it.

Mahrukh Adajania: So you will like to have a look at some other players for inorganic growth that way and not the other way around right Sir?

Prashant Kumar: Right absolutely because it is a very, very strong franchise, very strong one that retail and I think today also we are contributing very significantly in the digital story of new India so I think this kind of inorganic growth we would be able to contribute much better.

Mahrukh Adajania: Right and your capital raising plan Sir?

Prashant Kumar: If you see currently we are at 11.6% on CET 1 which would take care of our growth requirements for the current financial year also, but at the same time we also appreciate that due to the uncertainties in the environment it always good to have some buffer so I think we would explore those opportunities and whatever would be the right fit and the right way to raise some capital to just build a buffer, I think we will do that.

Mahrukh Adajania: But has your LCR declined during the quarter?

Prashant Kumar: Can you say again.

Mahrukh Adajania: Why has your LCR gone down Q-o-Q during the quarter?

Prashant Kumar: No LCR is not conceived which has to go up or come down. There is a regulatory requirement of LCR to be kept around 105%. If you keep LCR very high it would impact your profitability so I think it is better to have a LCR which stays clear of the regulatory requirement and your liquidity but at the same time you need to work for board profitability.

Niranjan Banodkar: Mahrukh just to clarify the regulatory requirement is 100%.

Mahrukh Adajania: I just have one last question. In terms of your personal loans that have been growing very well so what kind of loans are these? Are these largely to salaried employees?

Rajan Pental : So this is absolutely what you said is right. It is largely salaried and 65% of these loans confound the salary of around 35,000 plus and business is a very small constitution of this. It is approximately 7% to 8%.

Prashant Kumar: At the same time, the credit rating of all these customers it means that credit score are also very good.

Mahrukh Adajania: Got it and Sir would you be able to share the yield on these loans like incremental or any such things on these personal loans?

Rajan Pental : Sorry.

Mahrukh Adajania: Would you be able to share the yield?

Rajan Pental : So personal loan is around raising between 12.75 to 13.25.

Niranjan Banodkar: Lended on 11.5%, actually 12%

Mahrukh Adajania: So 12 is the yield that way.

Rajan Pental: Yes.

Mahrukh Adajania: Sir my very, very last question is on your digital pay? I did not quite understand when you said that you will power every third transaction so if you could elaborate on that?

Prashant Kumar: No absolutely like if you see the UPI transactions we are having 42% market share. Now UPI transaction in the entire digital space of the country is almost 50% so we are like 41% market share on this. On the Aadhaar enabled payment services our market share is 18.2%. On the NEFT? we are ranked number one and our market share is 14.3% so if you just take the average of the entire digital payment space including UPI, Aadhaar enabled, NEFT, IMPS, and RTGS then we are contributing one third transaction which are supported by the Yes Bank infrastructure.

Mahrukh Adajania: Okay Sir thank you so much. Thanks a lot.

Moderator: Thank you. The next question is from the line of Jai Mundhra from B&K Securities. Please go ahead.

Jai Mundhra: Good evening Sir and thanks for the opportunity. Sorry Sir on ARC formation again, if you can tell us where are we in terms of the regulatory approvals for setting up that ARC? I heard that you intend to sell on the transfer assets by this quarter end but where are we in terms of regulatory timelines or approvals from RBI or may be some other competent authorities?

Prashant Kumar: So Jai I think the selling assets to ARC is already within the regulatory guidelines. You do not need any new guidelines. The issue would be only in terms of we becoming part of ARC. So quickly once we are able to identify the partner then we putting our equity into the proposed ARC we would seek the regulatory approvals.

Jai Mundhra: Right and you do not see any hurdle in you selling your assets to an entity in which you of course have 20% or some equity stake?

Prashant Kumar: Because this would be a transparent in meeting all the regulatory guidelines in terms of transferring profits.

Jai Mundhra: Right and Sir any ballpark estimate that once you transfer your proposed quantum of stress loans to debt what could be the let us say is there any change in the balance sheet on that day or it would only be once the ARC starts realizing those stressed loans right on the day one of your transfer you will just get the SR and 15% cash of the quantum transferred right? Is that understanding right?

Prashant Kumar: Yes absolutely like any other normal transaction with the ARC. You will not be having a NPA sitting on your books and you will be adding 15% cash and 85% SR.

Jai Mundhra: Right and Sir just correct me if you let us say your 85% SR that you get is let us say higher than your book value of that stressed loan will the gains that arise out of SR which is a notional gain because you have got the security receipts which is higher than the net book value of debt bad loan what happens to that notional gain? Can it be routed through P&L or it just remains as notional gain?

Niranjan Banodkar: Jain this is Niranjan. No you cannot recognize into P&L unless you have recovered the principle.

Jai Mundhra: Understood thanks Niranjan. Second question Sir is on your guidance so clearly as of now we have around for full year this year we have around 1% 100 basis points of operating profit as a percentage of assets? I assume it will keep improving but for us to achieve greater than 75 basis point of ROA it implies that there is almost zero credit cost going into FY2023 because 100 basis points of operating assets and even if you have zero credit cost you will have around 75 basis points ROA so how does this work or is it okay to assume 0% kind of a credit cost going into FY2023?

Niranjan Banodkar: So Jai you will have to look at it in two ways one is clearly if you look at this year, this was on the back of a COVID year so even if you look at it trending of slippages for first half this fiscal and compare that with the second half of this fiscal we are actually meaningfully lower in terms of the slippages and defer consequently also the provisioning cost that would have come out of it, so the extent of provisioning cost that will come out of the new slippages is expected to be lower next year as compared to what we have actually seen in this financial year, that is number one. Number two is that when we look at PPOP to assets clearly we expect an expansion in the margins. We will expect an expansion in the Fees to assets as well and at the core level, which would mean PPOP to asset will also expand 40 to 50 basis points I think through fiscal FY2023 so both are combination of expansion of cost to assets and provisioning that in the lower as compared to what we saw this year on account of lower slippages is what will result into the ROA.

Jai Mundhra: I understand that but I am saying could it be let us say possible to have almost negligible kind of a credit cost possible? Could that be a possibility?

Prashant Kumar: Yes certainly I think there is a possibility is encouraging us to reach 1% ROA.

Jai Mundhra: And the last question Sir if you have any guidance on GNPA and NNPA or may be NNPA, GNPA could be subject to whatever you transfer to ARC but do you have any estimation level of net NPA by year end?

Prashant Kumar: I think putting up for LCA proposed ARC then they would not be having this issues on the GNPA and the net NPA.

Jai Mundhra: Net NPA should not change right even if you transfer those loans to a large extent so I was asking if you have any number for net NPA by the fiscal end?

Niranjan Banodkar: The net NPA clearly this year we have seen about 140 basis points reduction in the NNPA ratio so next year let us say we substitute the NNPA ratio because we might send up the security receipts that we will have. Now the value of the security receipts will be lower on account of two things one is the recovery that we have during fiscal FY2023, but more importantly it will also be a function of what is the value at which we sell these assets at time of sell to the ARC, but just from end perspective we believe we should have similar reduction in the NNPA ratio as well for next year.

Jai Mundhra: I have one more question Sir if I may ask so just lastly on this digital payments so it is very much visible that you have very strong presence I just wanted to check how does it translate to profitability? How and when you are thinking of monetizing this digital leadership there and where would we see this? Can you start monetizing this digital leadership either through fee or how should one look at it thank you?

Prashant Kumar: So currently if you see in terms of the fee out of these transactions so I think there are regulations around it but may be going forward when there would be some relaxation in terms of the fee to be charged for the transaction there would be significant gain for us that is one part. The part two is in terms of monetizing this transaction can be in two ways. One would be in terms of acquisition of customers within the bank and do the profits okay. Now this is something which has already started and I think gradually every year we would be building up, but in terms of this particular data being shared by others, I think there is an issue in terms of the data privacy so I think we are very, very careful in this but definitely we have already started working in terms of using this for the customer acquisition within the bank that would definitely help, but I think we need to explore in terms once the data privacy will come in final shape. We will see within those constructs how we can structure this and for monetization.

Jai Mundhra: Sir if I look at your investment breakup and so double BB and below it has now reduced to 0.4% slide 17 which I think last quarter was slightly higher number? I think some lumpy telecom exposure sitting here and that is now out or has that been converted to loan or if you can just explain what has happened here?

Niranjan Banodkar: Jai you are right. The telecom exposure has been fully repaid.

Jai Mundhra: Great. Thank you Sir and all the best.

Moderator: Thank you. The next question is from the line of Sri Karthik from Investec. Please go ahead.

Sri Karthik: Thank you. There has been a sharp increase in the bank balances in the assets line what explains that?

Niranjan Banodkar: So Karthik sometimes let us say the short-term money deployment that happens because we might be sitting on liquidity so we do keep some of that deployed for overnight or short-term lending, but that really explains the balance there.

Sri Karthik: So it is temporary and I am wondering because it could have a drag on your margins so why would you attempt to do that?

Niranjan Banodkar: I agree. It is in some way reflective of the CD ratio as well if you just compare FY2022 over FY2021 that also comes off, but it is temporary. The intent and idea is really to grow the loan book and aspirationally we did have a target of 15% at the start of the year and once that is back we will also see the pickup in the run rate on margin expansion would be faster than fiscal FY2022, but anyways on just on that note if you just look at NII as a percentage of risk assets you would see a sharper improvement than what you would see on NII to total assets.

Sri Karthik: Thank you. There is Rs.580 Crores provision on investment during the quarter what is that pertaining to?

Niranjan Banodkar: It is a split between nonperforming investments and on security receipts. You can broadly split as half and half. Clearly from the perceptive of provisioning that you wanted to take on the book in line with let us say the RBI agency we thought it was prudent to pick that up. That is for the exact reason we have taken the provisioning.

Sri Karthik: Got it. Thank you and just last bit I saw in your press conference of Rs.500 Crores upgrade guidance? I am assuming that presuming ARP structure go through right?

Niranjan Banodkar: Say that again you are saying the upgrade of Rs.5000 Crores.

Sri Karthik: Rs.500 Crores guidance that was flashed on television that is assuming the ARP structure goes through?

Niranjan Banodkar: No so this is actual recoveries resolutions of assets that we will see during the Q4 of fiscal FY2023. I am not sure. Something flashed on TV you are saying for Rs.500 Crores is what you are referring to.

Sri Karthik: Yes.

Prashant Kumar: No I think that must be something wrong. What we were saying that this year also that this year also we would be targeting a recovery and upgrade of more than Rs.5000 Crores and we have already done more than Rs.5000 Crores in FY2021 and FY2022 & this is without ARC.

Sri Karthik: Got it. Thank you very much and wish you all the best.

Moderator: Thank you. The next question is from the line of Kunal Shah from ICICI Securities. Please go ahead.

Kunal Shah: Sir again getting into the guidance when you look at in terms of delivering the ROA of 75 odd basis points so with respect to margins how should one look at the margins? One is may be in terms of the deposit cost that has been down to 4.8 but we will be in a rising interest rate scenario and at the same point in time we are looking towards 25% plus kind of a growth on retail plus SME as well so where do we see these stable profile of the margins and even in terms of the expenses now would we be incurring further cost? There is some inch up on the DSA loan sourcing professional fees but as and when we see this kind of a growth would it require much more investments and opex to assets so that should also inch up higher?

Niranjan Banodkar: So Kunal if you actually look at the net interest margins trajectory for fiscal FY2022 and I am just breaking this quarter-on-quarter, we have seen actually an expansion in the NII NIM by about 40 basis points during the course of this year. It started at about 2.1% June and we have ended at about 2.5% for Q4. As we believe we enter into fiscal FY2023 the amount of margin expansion should actually be similar to even marginally higher next year and we are confident because we expect that loan growth should actually also pickup because we do not expect the CD ratio to now meaningfully get lower from her on. I think the journey of correcting the balance sheet structure is actually behind us and therefore to that extent we believe if we are at 2.5% at least the exit for FY2023 should be 3% plus margin for FY2023. On the cost side if you see the other operating expenses actually and if you do a year-on-year comparison so if you look at the quarterly run rate for March year-on-year has actually grown by 11% and that is actually lower than what the franchise growth would have been on the retail side so if you see the disbursements quantum has grown more than 11%. You have had deposit acquisitions run rate actually been much higher happening as well so we are conscious of that and therefore we have always been saying we should look at cost to assets as a proportion. We would possibly look at a 2.4 cost to asset. We will continue to invest in our retail distribution but we do not see that cost to asset will actually deteriorate more than 10 to 15 basis points and that also will be a function of do we see let us say our run rate on recoveries actually being higher than what we are equipped. If we find recovery coming through maybe we will continue to accelerate the expansion more than what we have planned so that is really clearly about 40 to 50 basis points expansion on the margin is what we expect driving our operating profits next year.

Kunal Shah: Sure lastly in terms of this three-borrower sort of accounts so this has been directly taken from reserves Rs.475 odd Crores kind of a note?

Niranjan Banodkar: So Kunal the requirement is that it needs to be taken in one fourth in one quarter and the balance three fourth you can rate over the remaining three quarters, which is what is getting spilled over to next year so we will take it in FY2023 so about Rs.150 Crores we have already taken in Q4.

Kunal Shah: So Rs.475 Crores is the gross number and we have considered Rs.150 odd Crores in the net worth at this moment and there will be further which will come in FY2023?

Niranjan Banodkar: Small correction we have taken Rs.633 Crores let us say is the total provisioning required of which about Rs.160 Crores is something we have taken in Q4. The balance Rs.475 Crores is being detected directly from reserves and surplus which means the entire Rs.630 Crores provisioning has been adjusted in the capex, but the P&L has had a Rs.150 Crores impact.

Kunal Shah: Okay so one fourth impact in P&L and three fourth impact taken from reserves?

Niranjan Banodkar: That is right.

Kunal Shah: Sure and in terms of watch list on the corporate side is it anything which is there or we are largely done with in terms of the recognition for provisioning everything is more or less now sorted here?

Prashant Kumar: So I think there is no issue in terms of recognition. It is only if you see our SMA1 and SMA2 that is also coming down now significantly. So we do not see any exposure which is area of concern or pain point.

Kunal Shah: Got it. Thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Mahesh MB from Kotak Securities. Please go ahead.

Mahesh MB: My question to Niranjan. This provisioning that we have been discussing out there if assuming that these sales happens or not happens to an ARC the provisions continues as per the current norms right? Is my understanding is right because you will be the single largest owner of the trust in which the ARC assets are sitting? The norms currently stands as to whether it does not matter whether it is sitting in your books or in the books of the ARC right?

Niranjan Banodkar: That right Mahesh so the rules say that in effect if you are the dominant subscriber to the security receipts then you have to follow the aging norms as if the account would have been an NPA in your books.

Mahesh MB: To the other question that you had answered to so are you saying that look the provisioning for FY2023 could be low how would you tie that up? I not sure if this question was asked earlier so just trying to understand it is unlikely that you will see full resolutions coming through an FY2023 right?

Niranjan Banodkar: So the way to look at it is so there is a provisioning is a combination of two aspects. One is the new slippages. The second is the aging related provisioning that will play out during the course of the next year and against that what is the offset coming in from the recovery income so clearly our expectation for the recovery resolution income is higher than let us say the aging provisioning that I will have to take or the provisioning I will have to take from the slippages during the course of the next year.

Mahesh MB: Could you be able to share the data on what will be aging provisions assuming that there is no resolution at this point?

Niranjan Banodkar: Mahesh it is a bit premature for us to be saying that because on some of the aging related provisioning there is also prognosis of recovery or resolutions that play out and therefore when we look at the full portfolio in terms of what the P&L flow happens we believe that we should be able to have a better net run rate than this year, number one. Number two, in many ways let us say acceleration and recoveries also allow us to keep reducing the carry value if we are finding that we are running ahead of the run rate so in many ways have a plan for the subsequent year better.

Mahesh MB: Sir just one additional on the same topic when you look at the recovery rate that you have done for FY2022 and you had kind of indicated a reserve rate on your overall portfolio how has the run rate been with respect to the value of recoveries?

Niranjan Banodkar: Mahesh sorry if you can just repeat the question.

Mahesh MB: The question is see you would have assumed a certain recovery against a specific assets right at the start when this entire resolution started and you are now let us say into the second year of the bank how has been the performance in terms of recoveries that you have received today as compared to the expected recoveries that you had placed on those assets?

Prashant Kumar: So I think this is much better than what we were expecting and what the market was expecting so I think like Mahesh you will be knowing like lot of entities were looking at our portfolio and the people who were looking may be not like more than 25% to 30% kind of thing and we have been able to recover to the extent of 55% to 60% in those kind of things so on an average I think the kind of recoveries which we are seeing and that is exactly helping us in terms of recoveries, helping us in the P&L. We are seeing much better than what market was expecting and also what we were expecting.

Mahesh MB: Prashant as you go forward you get into the more sticker or the difficult assets you think it will still hold good this estimate?

Prashant Kumar: So this estimate cannot be applicable to the entire definitely but I think still we have some juice left there and I think more than Rs.5000 Crores in the current financial year and may be say around Rs.4000 Crores to Rs.5000 Crores in the next financial year also is something which there is a possibility.

Mahesh MB: Perfect Sir and sorry you did not answer this? Just wanted to clarify did you also give an estimate of how are you looking at slippages for this year as well given that we do not have that big a grip on what the corporate slippages will look alike?

Prashant Kumar: So not more than overall on the corporate and retail I think we are not looking at more than 2%.

Mahesh MB: On book?

Prashant Kumar: It will be less than 2% but I think we are taking the estimate of at least 2.

Mahesh MB: Thanks a lot Sir.

Moderator: Thank you. The next question is from the line of S Agarwal from Max Life Insurance. Please go ahead.

S Agarwal: Good evening Sir. I have two questions on ARC so the entire stressed assets will be transferred to the new ARC or will there be fresh challenge method where other ARC will be also be invited to bid for those assets and second question is some of the stressed asset would be nearing resolution may in the next one year? What is the thought process of transferring those assets to the ARC?

Prashant Kumar: So I think there are two things. One is in terms of as per the regulatory guidelines everything has to be done in a transparent process and once we are able to identify a partner and whatever will be the bid we definitely need to go for a connect where the other ARCs would also be to participate right so that is one thing and the second thing is it is difficult to take this call that you cannot be choosy because if you start choosing your asset where recoveries possibilities are much higher and you do not transfer to ARC then the other person would also be choosy in terms of your assets so then it becomes very, very difficult so you need to decide like all your assets on a particular date has to be done.

S Agarwal: Thank you.

Moderator: Thank you. The next question is a followup from the line of Mahrukh Adajania from Edelweiss. Please go ahead.

Mahrukh Adajania: Sir would it be possible to share your gross provision or your aging provisions for FY2022?

Prashant Kumar: No I think it will be very difficult because aging provisions also have some implications in terms of security valuation and other parts okay so at this point of time it will be difficult.

Mahrukh Adajania: But you have provisions which are shown at recovery so would it be possible to share the gross number?

Prashant Kumar: No I think with are having almost 81% provisioning that we have given in our presentation.

Niranjan Banodkar: Mahrukh if you actually look at our presentation, we would have possibly have a P&L benefit and it is actually mentioned on the slide, I think it is from slide 18 where there is interest recovery of Rs.297 Crores that is also asset recovery for about Rs.1400 Crores and there is also P&L write back from the provisioning so I am saying something we can make some deductions from that. Thank you.

Mahrukh Adajania: Thanks a lot.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Prashant Kumar for closing comments.

Prashant Kumar: Thank you so much for taking time out and showing interest, but I think this is a platform which is contributing significantly to the digital journey of our country and I think we look forward for the support from all our stakeholders in contributing at a much large scale. Thank you so much.

Moderator: Thank you. On behalf of Yes Bank that concludes this conference. Thank you for joining us and you may now disconnect your lines.