

RESULTS SHOW SC ORDER CONTAINED YES BANK'S NPAS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

Bad loans at private sector lender [Yes Bank](#) would have touched 20% of its total advances in the absence of the Supreme Court order in September to halt classification of certain loans as bad, chief executive Prashant Kumar said.

The bank's reported bad loans were at 15.36% of advances as on 31 December, but the SC order masks another 8,322 crore non-performing assets (NPAs) from a mix of retail, corporate and small businesses. Of this, debt recast has been initiated for loans of 1,264 crore under the Reserve Bank of India's (RBI) [covid-19](#) package announced on 6 August.

Thus, the bank's NPAs—if not for the court order —would have been higher than what it had reported in the December and March quarters of the past financial year. "But what has actually happened is that the loan book is shrinking and that is why the percentages are going up," said Kumar.

Yes Bank has initiated debt recast for loans worth 8,062 crore as on 31 December but these have not yet been implemented. RBI has given banks three months to implement retail recasts and six months for corporate loans. It was able to make cash recoveries of 1,512 crore in Q3, as against 1,094 crore in the September quarter.

On Friday, the bank reported a net profit of 150.7 crore for the quarter ended 31 December on account of higher net interest income and lower provisions, against a loss of 18,560 crore in the same quarter last year.

Its net interest income (NII), or the difference between interest earned and expended, rose 29.7% to 2,560 crore. It was aided by a higher net interest margin (NIM), an important metric of profitability, at 3.4% and was 30 basis points (bps) higher sequentially. Provisions fell 91% from a year ago to 2,199 crore, though higher by 85% sequentially.

On the operations side, other income, which includes core fee income, rose 91% to 1,197 crore in the December quarter.

Loan book shrank 9% from a year ago to 1.69 trillion as on 31 December. Its total deposits were down 12% to 1.46 trillion. Current and savings account (Casa) ratio dropped to 26% of total deposits against 32.1% in the same quarter last year. Kumar said the bank expects its loan book to grow 12% in FY22. He added that credit growth on the retail side would be around 20%.

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