

## Yes Bank's Financial Resurgence Continues as Sumitomo Stake Sale Nears



Yes Bank, a prominent private sector lender, announced on Saturday, July 19, 2025, a robust 59% year-on-year increase in its Profit After Tax (PAT) for the first quarter of fiscal year 2026 (Q1FY26), reaching ₹801 crore. This positive financial update comes as the bank anticipates the completion of Sumitomo Mitsui Banking Corporation (SMBC)'s acquisition of a 20% stake by September, marking a significant milestone in Yes Bank's ongoing recovery and growth strategy.

The reported net profit of ₹801 crore for the quarter ended June 30, 2025, is a substantial leap from the ₹502 crore recorded in the same period last year. This strong performance was primarily driven by lower funding costs and a steady asset quality, signaling the bank's improved operational efficiency. Net Interest Income (NII), the difference between interest earned and interest expended, grew by 5.7% year-on-year to ₹2,371 crore in Q1FY26. Non-interest income also saw a notable increase of 46.12% to ₹1,752 crore.

A key indicator of profitability, the Net Interest Margin (NIM), held steady at 2.5% in Q1FY26, showing a year-on-year improvement. This was supported by a reduction in deposit costs, despite some repricing impacts. The bank's asset quality remained stable, with Gross Non-Performing Assets (GNPA) at 1.6% and Net Non-Performing Assets (NNPA) at 0.3%. The Provision Coverage Ratio (PCR) was further strengthened to 80.2%, reflecting prudent risk management.

Alongside the strong earnings, the acquisition of a 20% equity stake by Sumitomo Mitsui Banking Corporation (SMBC) is expected to be finalized by September. This transaction, agreed upon in May, involves SMBC acquiring a 13.19% stake from the State Bank of India (SBI) and

the remaining 6.81% from other consortium banks, including Axis Bank, Bandhan Bank, Federal Bank, HDFC Bank, ICICI Bank, IDFC First Bank, and Kotak Mahindra Bank. Once completed, SMBC will emerge as Yes Bank's largest shareholder, marking India's largest cross-border transaction in the banking sector.

Yes Bank's Managing Director and CEO, Prashant Kumar, commented on the results, stating that the bank "entered the new financial year on a strong footing and delivered a robust performance." He emphasized the positive trends in asset quality, healthy growth in Current Account Savings Account (CASA) deposits, and strengthened Common Equity Tier 1 (CET1) capital ratio. The bank confirmed that while SMBC will become the largest shareholder, SBI will remain a major shareholder, retaining over 10% stake in Yes Bank.

This strategic investment by SMBC, a wholly-owned subsidiary of Sumitomo Mitsui Financial Group, is anticipated to provide Yes Bank with global expertise and robust governance standards, propelling it into its next phase of growth, profitability, and value creation. The ongoing recovery and this significant international partnership position Yes Bank for continued progress in the Indian banking landscape.