YBL/CS/2022-23/058

August 04, 2022

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

BSE Limited
Corporate Relations Department
P.J. Towers, Dalal Street
Mumbai – 400 001
BSE Scrip Code: 532648

Dear Sirs,

Subject: Update on Credit Ratings by Moody's Investors Service & ICRA

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to update on:

1. Press release issued by Moody's Investors Service titled ***"Moody's upgrades Yes Bank's rating to Ba3 from B2; changes outlook to stable"***. Summarizing rating action as below:

Particulars	**Rating Action**
Long-Term Foreign Currency Issuer Rating, Long-term (Local and Foreign Currency) Deposit Rating	Upgraded to Ba3 from B2 (Outlook changed to Stable from Positive)
Baseline Credit Assessment (BCA) and Adjusted BCA	Upgraded to b1 from b3
Senior Unsecured (Foreign Currency) Medium-Term Note Program	Upgraded to (P) Ba3 from (P) B2

2. Press release issued by ICRA titled ***"Ratings upgraded/reaffirmed; outlook revised to Positive from Stable"***. Summarizing rating action as below**:**

Instrument	**Rating Action**
Infrastructure Bond, Basel II - Lower Tier II Bond	[ICRA]A-(Positive); upgraded from [ICRA]BBB(Stable) and outlook revised to Positive from Stable
Basel III - Tier II Bond	[ICRA]A-(Positive); upgraded from [ICRA]BBB-(Stable) and outlook revised to Positive from Stable
Basel II - Tier I Bond, Basel II - Upper Tier II Bond	[ICRA]BBB+(Positive); upgraded from [ICRA]BB+ and outlook revised to Positive from Stable
Basel III - Additional Tier I Bond*	[ICRA]D; reaffirmed
Basel III - Additional Tier I Bond	[ICRA]BB(Positive); upgraded from [ICRA]C and Positive outlook assigned

** Was written down as a part of the restructuring of liabilities*

We request you to kindly take the same on your record. The press release on ratings and the rationale is enclosed herewith.

The same is also being hosted on the Bank's website at www.yesbank.in
Thanking you,

For YES BANK Limited

SHIVANAND RAMA SHETTIGAR
Digitally signed by SHIVANAND RAMA SHETTIGAR
Date: 2022.08.04 20:47:23 +05'30'

Shivanand Shettigar
Company Secretary

Encl.: As above

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades Yes Bank's rating to Ba3 from B2; changes outlook to stable

04 Aug 2022

Singapore, August 04, 2022 -- Moody's Investors Service has upgraded Yes Bank Limited's long-term foreign currency issuer rating and long-term foreign and local currency bank deposit ratings to Ba3 from B2 and the bank's Baseline Credit Assessment (BCA) and Adjusted BCA to b1 from b3.

Moody's has also changed the outlook on Yes Bank's ratings where applicable to stable from positive.

For a detailed list of the affected ratings for both Yes Bank Limited and Yes Bank, IFSC Banking Unit Branch, please refer to the end of this press release.

RATINGS RATIONALE

The upgrade of Yes Bank's BCA and ratings reflects the bank's planned equity capital raise, which will support its credit profile and strengthen its resilience against potential asset quality risks arising from headwinds such as higher inflation and tighter global financial conditions. The stable rating outlook reflects Moody's expectation that the bank's credit profile will improve at a gradual pace because it will take time for the bank to establish its competitive strengths.

On 29 July 2022, the bank announced that it will be raising equity capital of around INR89 billion ($1.1 billion) from funds affiliated with The Carlyle Group and Advent International, with each investor potentially acquiring up to a 10% stake in the bank. The capital raise comprises two parts: (1) INR51 billion ($640 million) in equity shares and (2) INR38 billion ($475 million) through equity share warrants that will be exercisable only after 1 April 2023. The transaction is pending approvals from shareholders, the regulator and competition commission in India.

Moody's estimates that the first part of the capital raise will result in an increase of 2.2 percentage points in the bank's consolidated Common Equity Tier 1 (CET1) ratio from 11.9% as of the end of June 2022, after including profit for the June quarter. The second part of the capital raise will add another 1.6 percentage points.

Yes Bank's reported nonperforming loan (NPL) ratio declined moderately to 13.4% as of the end of June 2022 from 16.8% as of the end of March 2020, while its loan loss coverage increased to 82% from 78% over the same period. However, the bank's off-balance-sheet exposures to NPLs, restructured loans and loans overdue for more than 60 days pose risks to asset quality. These items accounted for around 7% of total loans as of the end of June 2022. The bank's plan to transfer the bulk of its NPLs to an asset reconstruction company will be credit positive because it will ease management burden on resolving legacy problem assets and help the bank focus on growing its assets and liabilities.

Return on tangible assets (ROTA) improved to 0.3% in the financial year ended March 2022 (FY2021), its first year of profits since FY2019 when it entered the central bank-led reconstruction scheme, because of lower credit costs. Moody's expects Yes Bank's ROTA to rise gradually over the next 12–18 months as it restarts loan growth and the burden of credit costs eases.

Funding and liquidity also improved as the bank grew its deposits and reduced its reliance on market funds. Its daily average liquidity coverage ratio also improved to 116% as of 30 June 2022 from 40% as of 31 March 2020.

Yes Bank's issuer and deposit ratings benefit from one notch of rating uplift, based on Moody's expectation of a moderate probability of support from the Government of India (Baa3 stable). The support assumption is in line with the support expected for other private-sector banks in India.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

Moody's also considers the bank's improvements in governance under its environmental, social, and governance (ESG) framework, which is one of the key drivers of today's rating action.

The changes made to the bank's board and management team, the focus on identifying and resolving legacy problem assets, the lowering of risk appetite, and the multiple equity capital raises since the central-led reconstruction scheme in March 2020 have led to a more prudent financial strategy and strengthened risk management. Nevertheless, Moody's expects the bank to increase its risk appetite to improve profitability, which continues to pose risks to its financial strategy and risk management.

As a result, Moody's has revised the Governance Issuer Profile Score of Yes Bank to G-3 (moderately negative) from G-4 (highly negative), and the Credit Impact Score to CIS-3 (moderately negative) from CIS-4 (highly negative).

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Given the stable outlook, Yes Bank's ratings are unlikely to be upgraded over the next 12-18 months. Nevertheless, Moody's could upgrade the ratings and BCA if the bank establishes a credible and sustainable strategy to improve profitability, without compromising its asset quality and capital.

Moody's could downgrade Yes Bank's ratings if there is a significant deterioration in the bank's asset quality, leading to the erosion of its profitability and capital, or the turnaround of the bank fails because of an aggressive financial strategy and risk management. Specifically, a decline in the total common equity to risk weighted assets below 6% and net income/tangible assets below 0.5% will exert negative pressure on the BCA. Any weakening in Yes Bank's funding and liquidity will also be negative.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in July 2021 and available at https://ratings.moodys.com/api/rmc-documents/71997 . Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

Yes Bank is headquartered in Mumbai and reported consolidated assets of INR3,185 billion ($40.1 billion) as of 30 June 2022.

LIST OF AFFECTED RATINGS

..Issuer: Yes Bank Limited

.... Adjusted Baseline Credit Assessment, Upgraded to b1 from b3

.... Baseline Credit Assessment, Upgraded to b1 from b3

.... Long-Term Counterparty Risk Assessment, Upgraded to Ba3(cr) from B2(cr)

.... Long-Term Counterparty Risk Rating (Local and Foreign Currency), Upgraded to Ba3 from B2

.... Long-Term Issuer Rating (Foreign Currency), Upgraded to Ba3 from B2, Outlook changed to Stable from Positive

....Senior Unsecured Medium-Term Note Program (Foreign Currency), Upgraded to (P)Ba3 from (P)B2

....Long-Term Deposit Rating (Local and Foreign Currency), Upgraded to Ba3 from B2, Outlook changed to Stable from Positive

.... Short-Term Counterparty Risk Assessment, Affirmed NP(cr)

.... Short-Term Counterparty Risk Rating (Local and Foreign Currency), Affirmed NP

.... Short-Term Deposit Rating (Local and Foreign Currency), Affirmed NP

....Outlook, Changed To Stable From Positive

..Issuer: Yes Bank, IFSC Banking Unit Branch

.... Long-Term Counterparty Risk Assessment, Upgraded to Ba3(cr) from B2(cr)

.... Long-Term Counterparty Risk Rating (Local and Foreign Currency), Upgraded to Ba3 from B2

....Senior Unsecured Medium-Term Note Program (Foreign Currency), Upgraded to (P)Ba3 from (P)B2

....Senior Unsecured Regular Bond/Debenture (Foreign Currency), Upgraded to Ba3 from B2, Outlook changed to Stable from Positive

.... Short-Term Counterparty Risk Assessment, Affirmed NP(cr)

.... Short-Term Counterparty Risk Rating (Local and Foreign Currency), Affirmed NP

....Outlook, Changed To Stable From Positive

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on https://ratings.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1288235.

At least one ESG consideration was material to the credit rating action(s) announced and described above.

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the EU and is endorsed by Moody's Deutschland GmbH, An der Welle 5, Frankfurt am Main 60322, Germany, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that issued the credit rating is available on https://ratings.moodys.com.

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Please see the issuer/deal page on https://ratings.moodys.com for additional regulatory disclosures for each credit rating.

Rebecca Tan
Vice President - Senior Analyst
Financial Institutions Group
Moody's Investors Service Singapore Pte. Ltd.
71 Robinson Road #05-01/02
Singapore, 068895
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Alka Anbarasu
Associate Managing Director
Financial Institutions Group
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Releasing Office:
Moody's Investors Service Singapore Pte. Ltd.
71 Robinson Road #05-01/02
Singapore, 068895
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

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MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

August 04, 2022

Yes Bank Limited: Ratings upgraded/reaffirmed; outlook revised to Positive from Stable

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Infrastructure Bond	7,030.00	7,030.00	[ICRA]A-(Positive); upgraded from [ICRA]BBB(Stable) and outlook revised to Positive from Stable
Basel II - Lower Tier II Bond	459.70	459.70	[ICRA]A-(Positive); upgraded from [ICRA]BBB(Stable) and outlook revised to Positive from Stable
Basel II - Lower Tier II Bond	1,142.90	-	[ICRA]A-(Positive); upgraded from [ICRA]BBB(Stable) and outlook revised to Positive from Stable and withdrawn
Basel III - Tier II Bond	10,900.00	10,900.00	[ICRA]A-(Positive); upgraded from [ICRA]BBB-(Stable) and outlook revised to Positive from Stable
Basel II - Tier I Bond	307.00	-	[ICRA]BBB+(Positive); upgraded from [ICRA]BB+ and outlook revised to Positive from Stable and withdrawn
Basel II - Upper Tier II Bond	429.10	429.10	[ICRA]BBB+(Positive); upgraded from [ICRA]BB+(Stable) and outlook revised to Positive from Stable
Basel II - Upper Tier II Bond	915.00	-	[ICRA]BBB+(Positive); upgraded from [ICRA]BB+(Stable) and outlook revised to Positive from Stable and withdrawn
Basel III - Additional Tier I Bond **	8,415.00	8,415.00	[ICRA]D; reaffirmed
Basel III - Additional Tier I Bond	280.00	280.00	[ICRA]BB(Positive); upgraded from [ICRA]C and Positive outlook assigned
Total	**29,878.70**	**27,513.80**	

**Instrument details are provided in Annexure I; ** Was written down as a part of the restructuring of liabilities*

Rationale

The ratings upgrade factors in the continued and meaningful traction in Yes Bank Limited's (YBL) deposit base since its reconstruction, which has led to an improvement in its scale, and the recoveries from non-performing advances (NPAs; including write-offs), which drove an increase in the overall net profitability. The upgrade also factors in the announced capital raise of Rs. 8,898 crore, of which Rs. 6,045 crore is expected to be raised in FY2023 through a mix of the preferential allotment of share and warrants, while the residual amount could flow in upon the conversion of the warrants in FY2024. Subject to various approvals, the planned capital raise will help augment the bank's growth and profitability, while driving an improvement in its overall solvency[1] profile and capital cushions.

The above positives are offset by the below-average interest spreads on account of high funding costs and the weak cost-to-income ratio that continues to weigh on the operating profitability and return metrics. While deposit growth has been appreciable, the share of corporate/wholesale deposits remains relatively high. Going forward, YBL's ability to continue to granularise its deposit franchise and improve the funding cost will remain key for an improvement in its profitability.

The ratings also factor in the materially high monitorable book (comprising the overdue book (overdue 31 to 90 days) and the standard restructured book), which stood at ~49% in relation to the overall core capital as on June 30, 2022, although it has moderated from the higher level of 58% as on June 30, 2021. Furthermore, YBL is in the process of setting up an asset reconstruction company (ARC), to transfer a sizeable portion of its stressed assets, but the said transaction alone is unlikely to materially improve the solvency profile.

The Positive outlook on the ratings reflects ICRA's expectation that YBL's capital cushions and solvency profile will improve on a sustainable basis following the conclusion of the capital raise.

[1] *Solvency = (Net NPA + Net non-performing investments + Net security receipts)/Core capital*

ICRA has withdrawn the ratings assigned to the Rs. 1,142.90-crore Basel II Lower Tier II bonds, Rs. 307-crore Basel II Tier I bonds, and Rs. 915-crore Basel II Upper Tier II bonds as these have been redeemed and no amount is outstanding against the rated instruments. The ratings were withdrawn in accordance with ICRA's policy on withdrawal and suspension (click here for the policy).

Key rating drivers and their description

Credit strengths

Current capital position remains adequate; planned capital raise to strengthen capital cushions – The bank's Tier I capital remained satisfactory despite the 14% YoY growth in advances as on June 30, 2022 and was supported by the moderation in the risk-weighted density of assets, which kept the overall risk-weighted assets (RWA) growth limited at 4% during the same period. Additionally, YBL turned profitable over FY2022-Q1 FY2023, which supported its capital levels.

Incrementally, YBL announced a capital raise via a preferential allotment to CA Basque Investments (Carlyle Group) and Verventa Holdings Limited (Advent International). Of the proposed amount of Rs. 8,898 crore, Rs. 6,045 crore (of which Rs. 951 crore pertains to warrant) is likely to flow in during FY2023 while the residual Rs. 2,853 crore shall flow in upon the exercise of the warrants (post April 1, 2023). The capital raise is subject to shareholder and regulatory approvals and will help shore up the bank's capital cushions. The incoming shareholders will hold a stake of 10% each (upon conversion of warrants), but State Bank of India (SBI; rated [ICRA]AAA (Stable) for Tier II bonds) is expected to remain YBL's largest shareholder with a 24% stake.

Furthermore, following the improvement in its operating performance, the bank has exited the reconstruction scheme and its shareholders have approved and appointed a new board, which has replaced the board constituted as a part of the reconstruction scheme. Moreover, the two additional directors appointed by the Reserve Bank of India (RBI) have ceased to be directors on the board.

Deposit base growth satisfactory, but remains concentrated – YBL's deposit base grew by 18% YoY to Rs. 1.93 lakh crore as on June 30, 2022 from Rs. 1.63 lakh crore as on June 30, 2021 (Rs. 1.17 lakh crore as on June 30, 2020). The cost of interest-bearing funds differential vis-à-vis the private sector average improved to 115 basis points (bps) in FY2022 (120 bps in FY2021 and 150 bps in FY2020), but remains high.

The growth in current account savings account (CASA) and retail term deposits has been healthy, although the share of the wholesale term deposits remained high at 38% of the overall term deposits as on June 30, 2022. Moreover, despite the moderation in the share of the top 20 depositors in total deposits to ~16% as on March 31, 2022 from ~18% as on March 31, 2021, it remains higher than most peer banks. Given its aim to grow in the secured retail lending segment, YBL's ability to continue to grow its deposit franchise, while narrowing the cost differential, will be key for supporting an improvement in its scale and profitability.

Credit challenges

Stressed book remains elevated; asset quality remains a monitorable – The annualised fresh NPA generation rate[2] reduced to 2.48% in Q1 FY2023 from 3.69% in FY2022 and 7.39% in FY2021. Further, the recoveries and upgrades remained meaningfully high in FY2022, partially supported by one-time loan restructuring as a part of the Covid-19 pandemic relief measures. This led to some improvement in the headline asset quality numbers, i.e. gross NPA (GNPA) and net NPA (NNPA), which stood at 13.45% and 4.17%, respectively, as on June 30, 2022. With the steady improvement in capital accretion and the absolute decline in the net stressed assets, the solvency profile witnessed a relative improvement to ~34% as on June 30, 2022 from 46% as on March 31, 2021.

However, the overall net restructured book stood at 3.24% of standard advances as on June 30, 2022 (2.92% as on June 30, 2021), while the overdue book stood at 4.17% (7.50% as on June 30, 2021), which collectively remains elevated in relation to the total standard assets and the overall capital position of the bank. These exposures remain a potential source of incremental

[2] *Fresh NPA generation – Gross fresh slippages/opening standard advances*

stress for the bank in the near term. While YBL is guiding towards lower slippages (fresh NPA generation of 2.3-2.6% in FY2023), the ability to keep incremental slippages in check will remain a near-to-medium-term monitorable.

The proposed transfer/sale of stressed assets to an ARC will drive a reduction in the reported GNPA and NNPA metrics, though the said transaction is unlikely to materially improve the overall solvency profile. However, meaningful recoveries from stressed assets, coupled with the closure of the proposed equity raise, will drive the improvement in the solvency profile.

Improving profitability, although return metrics likely to remain muted – YBL's standard loan book grew 16% to Rs. 1.79 lakh crore as on June 30, 2022 from Rs. 1.54 lakh crore as on June 30, 2021, supporting an improvement in the net interest income. The annualised net interest margin improved to 2.32% of the average total assets (ATA) in Q1 FY2023 (2.20% in FY2022 and 2.80% in FY2021), while the uptick in economic activity, recoveries from stressed assets as well as the growth in the retail segments led to an improvement in other income to 1.03% of ATA in Q1 FY2023 (1.01% in FY2022 and 0.80% in FY2021).

However, the overall operating expenditure remained high at 2.57% of ATA in Q1 FY2023 (2.2-2.3% in FY2021-FY2022), driven by the costs incurred towards the expansion of the franchise. As a result, the core operating profitability (before treasury gains/losses) remained suboptimal at 0.57% of ATA in Q1 FY2023 (0.89% in FY2022) and was comparatively lower than the private sector average of 1.74% for FY2022. Credit costs were largely controlled on account of high recoveries and upgrades, given the high provision cover on the sizeable pool of stressed assets. Consequently, the net credit cost stood much lower than the past level at 0.22% of ATA in Q1 FY2023 (0.24% in FY2022) and has been supporting the bottom line despite the suboptimal operating profitability. YBL's ability to improve the scale of operations while reducing the funding costs will be key for improving its operating profitability and its ability to absorb asset quality shocks and achieve a better return on assets in future.

Liquidity position: Adequate

With steady deposit accretion and relatively lower growth in advances, YBL's overall liquidity position has improved over the last year. The bank's average liquidity coverage ratio (LCR) stood at ~119% for Q1 FY2023 and remained above the regulatory requirement of 100% for all the quarters of FY2022. The cumulative gaps in all the < 1-year maturity buckets remain manageable as per the structural liquidity statement as on March 31, 2022. Furthermore, the excess statutory liquidity ratio (SLR) holding above the regulatory ask (4% above the regulatory level as on March 31, 2022) can be utilised to meet its liquidity requirements. YBL has access to liquidity support from the RBI under the liquidity adjustment facility apart from the marginal standing facility in case of urgent liquidity needs.

Rating sensitivities

Positive factors – ICRA could upgrade the long-term ratings upon the conclusion of the planned equity raise. Further, YBL's ability to consistently maintain a Tier I capital cushion of more than 2% over the regulatory level {including capital conservation buffer (CCB)} and a solvency ratio of more than 25%, reduce the stressed exposures meaningfully and improve the profitability will be positive factors.

Negative factors – A higher-than-expected deterioration in the asset quality, resulting in the erosion of the Tier I capital cushion to <1% over the regulatory level (including CCB), will be a credit negative.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Rating Methodology for Banks ICRA's Policy on Withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of YBL. YBL has one subsidiary as mentioned in Annexure II. It divested its asset management company and trustee company in FY2022, while no material capital requirement is envisaged for the remaining subsidiary.

About the company

YBL is a private sector bank that was set up in 2004. It is the sixth largest private bank, in terms of total assets, with a 2.5% market share in standard advances as on March 31, 2022. The bank had a network of 1,140 branches as on June 30, 2022 as well as an international branch in Gift City, Gujarat (India). YBL's regulatory capital adequacy ratio (Basel III) stood at 17.52% (CET I and Tier I of 11.72%) as of June 30, 2022.

A moratorium was placed on YBL by the Central Government on March 5, 2020, whereby payments to its depositors and creditors were restricted. The moratorium was removed w.e.f. March 18, 2020 and the Government approved a reconstruction scheme for the bank, based on which it received equity of Rs. 10,000 crore from SBI and other domestic financial institutions. Apart from the equity infusion, YBL's board was reconstituted with a new Managing Director (MD) and Chief Executive Officer (CEO) from SBI. In July 2020, the bank concluded a follow-on public offer (FPO) of Rs. 15,000 crore. Consequently, SBI's shareholding declined to 30% from 48% (following the reconstruction scheme) as of March 31, 2022. In July 2022, the shareholders approved the appointment of a new board, that effectively replaces the one that was constituted as a part of the reconstruction scheme, while also approving the extension in the tenure of the MD & CEO, subject to RBI approval.

Key financial indicators (standalone)

Yes Bank Limited	FY2021	FY2022	Q1 FY022	Q1 FY2023
Net interest income	7,429	6,498	1,402	1,850
Profit before tax	(4,735)	1,436	276	415
Profit after tax	(3,462)	1,066	207	311
Net advances (Rs. lakh crore)	1.67	1.81	1.64	1.86
Total assets (Rs. lakh crore)	2.73	3.18	2.73	3.18
CET I	11.15%	11.60%	11.48%	11.72%
Tier I	11.27%	11.60%	11.48%	11.72%
CRAR	17.47%	17.43%	17.83%	17.52%
Net interest margin / ATA	2.80%	2.20%	2.05%	2.32%
PAT / ATA	(1.30%)	0.36%	0.30%	0.39%
Return on net worth	(10.43%)	3.16%	2.49%	3.66%
Gross NPAs	15.41%	13.93%	15.60%	13.45%
Net NPAs	5.88%	4.53%	5.78%	4.17%
Provision coverage excl. technical write-offs	65.70%	70.67%	79.30%	82.30%
Net NPA / Core equity capital	38.14%	30.52%	36.85%	28.58%

Source: Yes Bank Limited, ICRA Research; Amount in Rs. crore; Total assets and net worth exclude revaluation reserves; All ratios as per ICRA's calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2023)				Chronology of rating history for the past 3 years										
		Type	Amount rated (Rs. crore)	Amount outstanding as of August 02, 2022 (Rs. crore)	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021		Date & rating in FY2020							
					Aug 04, 2022	Sep 09, 2021	Sep 11, 2020	Jun 23, 2020	Mar 30, 2020	Mar 24, 2020	Mar 6, 2020	Feb 20, 2020	Dec 19, 2019	Nov 13, 2019	Jul 24, 2019	May 3, 2019
1	Basel II Lower Tier II Bond Programme	Long Term	459.70	459.70	[ICRA]A- (Positive)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB+&	[ICRA]BB+&	[ICRA]BB+&	[ICRA]D	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]AA- (Negative)
2	Basel II Lower Tier II Bond Programme	Long Term	1,142.90	-	[ICRA]A- (Positive); withdrawn	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB+&	[ICRA]BB+&	[ICRA]BB+&	[ICRA]D	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]AA- (Negative)
3	Basel II Upper Tier II Bond Programme	Long Term	429.10	429.10	[ICRA]BBB+ (Positive)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]D	[ICRA]BB&	[ICRA]BB&	[ICRA]D	[ICRA]BBB+ (Negative)	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)
4	Basel II Upper Tier II Bond Programme	Long Term	915.00	-	[ICRA]BBB+ (Positive); withdrawn	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]D	[ICRA]BB&	[ICRA]BB&	[ICRA]D	[ICRA]BBB+ (Negative)	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)
5	Basel II Tier I Bond Programme	Long Term	307.00	-	[ICRA]BBB+ (Positive); withdrawn	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]D	[ICRA]D	[ICRA]D	[ICRA]D	[ICRA]BBB+ (Negative)	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)
6	Infrastructure Bond Programme	Long Term	7,030.00	3,780.00^	[ICRA]A- (Positive)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BB+&	[ICRA]BB+&	[ICRA]BB+&	[ICRA]D	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]AA- (Negative)
7	Basel III Tier II Bond	Long Term	10,900.00	10,899.00^	[ICRA]A- (Positive)	[ICRA]BBB- (Stable)	[ICRA]BBB- (hyb)(Stable)	[ICRA]BB (hyb) &	[ICRA]BB (hyb) &	[ICRA]BB (hyb) &	[ICRA]D (hyb)	[ICRA]A- (hyb) (Negative)	[ICRA]A(hyb) (Negative)	[ICRA]A+(hyb) (Negative)	[ICRA]A+(hyb) (Negative)	[ICRA]AA- (hyb) (Negative)
8	Basel III Additional Tier I Bond	Long Term	8,415.00	8,415.00	[ICRA]D	[ICRA]D	[ICRA]D (hyb)	[ICRA]D (hyb)	[ICRA]D (hyb)	[ICRA]D (hyb)	[ICRA]D (hyb)	[ICRA]BBB- (hyb) (Negative)	[ICRA]BBB (hyb) (Negative)	[ICRA]BBB+ (hyb) (Negative)	[ICRA]BBB+ (hyb) (Negative)	[ICRA]A (hyb) (Negative)
9	Basel III Additional Tier I Bond Programme	Long Term	280.00	280.00	[ICRA]BB (Positive)	[ICRA]C	[ICRA]C (hyb)	[ICRA]D (hyb)	[ICRA]D (hyb)	[ICRA]D (hyb)	[ICRA]D (hyb)	[ICRA]BBB- (hyb) (Negative)	[ICRA]BBB (hyb) (Negative)	[ICRA]BBB+ (hyb) (Negative)	[ICRA]BBB+ (hyb) (Negative)	[ICRA]A (hyb) (Negative)

^ Balance amount yet to be placed; & - Rating Watch with Negative Implications

Complexity level of the rated instruments

Instrument	Complexity Indicator
Infrastructure Bond Programme	Very Simple
Basel II Lower Tier II Bond Programme	Simple
Basel III Tier II Bond Programme	Highly Complex
Basel II Tier I Bond Programme	Highly Complex
Basel II Upper Tier II Bond Programme	Highly Complex
Basel III Additional Tier I Bond Programme	Highly Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE528G09129	Basel II - Lower Tier II Bonds	Oct 16, 2012	10.00%	Oct 16, 2022	200.00	[ICRA]A-(Positive)
INE528G08246	Basel II - Lower Tier II Bonds	Oct 31, 2012	9.90%	Oct 31, 2022	259.70	
INE528G08204	Basel II - Lower Tier II Bonds	Oct 28, 2011	10.20%	Oct 28, 2021	243.00	[ICRA]A-(Positive); withdrawn
INE528G08212	Basel II - Lower Tier II Bonds	Mar 28, 2012	9.90%	Mar 28, 2022	300.00	
INE528G08220	Basel II - Lower Tier II Bonds	Aug 23, 2012	10.00%	Aug 23, 2022	300.00	
INE528G08238	Basel II - Lower Tier II Bonds	Sep 10, 2012	10.00%	Sep 10, 2022	300.00	
INE528G09103	Basel II - Upper Tier II Bonds	Jun 29, 2012	10.25%	Jun 29, 2027	60.10	[ICRA]BBB+(Positive)
INE528G09111	Basel II - Upper Tier II Bonds	Sep 28, 2012	10.15%	Sep 28, 2027	200.00	
INE528G09137	Basel II - Upper Tier II Bonds	Dec 27, 2012	10.05%	Dec 27, 2027	169.00	
INE528G08154	Basel II - Upper Tier II Bonds	Aug 14, 2010	9.65%	Aug 14, 2025	440.00	[ICRA]BBB+(Positive); withdrawn
INE528G08162	Basel II - Upper Tier II Bonds	Sep 08, 2010	9.50%	Sep 08, 2025	200.00	
INE528G08253	Basel II - Upper Tier II Bonds	Nov 10, 2012	10.25%	Nov 10, 2027	275.00	
INE528G08279	Infrastructure Bonds	Feb 24, 2015	8.85%	Feb 24, 2025	1,000.00	[ICRA]A-(Positive)
INE528G08295	Infrastructure Bonds	Aug 05, 2015	8.95%	Aug 05, 2025	315.00	
INE528G08345	Infrastructure Bonds	Sep 30, 2016	8.00%	Sep 30, 2026	2,135.00	
INE528G08360	Infrastructure Bonds	Dec 29, 2016	7.62%	Dec 29, 2023	330.00	
Yet to be placed	Infrastructure Bonds	-	-	-	3,250.00	
INE528G08287	Basel III - Tier II Bonds	Jun 29, 2015	9.15%	Jun 30, 2025	554.00	[ICRA]A-(Positive)
INE528G08303	Basel III - Tier II Bonds	Dec 31, 2015	8.90%	Dec 31, 2025	1,500.00	
INE528G08311	Basel III - Tier II Bonds	Jan 15, 2016	9.00%	Jan 15, 2026	800.00	
INE528G08329	Basel III - Tier II Bonds	Jan 20, 2016	9.05%	Jan 20, 2026	500.00	
INE528G08337	Basel III - Tier II Bonds	Mar 31, 2016	9.00%	Mar 31, 2026	545.00	
INE528G08378	Basel III - Tier II Bonds	Sep 29, 2017	7.80%	Sep 29, 2027	2,500.00	
INE528G08386	Basel III - Tier II Bonds	Oct 03, 2017	7.80%	Oct 01, 2027	1,500.00	
INE528G08402	Basel III - Tier II Bonds	Feb 22, 2018	8.73%	Feb 22, 2028	3,000.00	
Yet to be placed	Basel III - Tier II Bonds	-	-	-	1.00	
INE528G09061	Basel II - Tier I Bonds	Mar 05, 2010	10.25%	Dec 30, 2020	82.00	[ICRA]BBB+(Positive); withdrawn
INE528G09079	Basel II - Tier I Bonds	Aug 21, 2010	9.90%	Aug 21, 2020	225.00	
INE528G08261	Basel III - Additional Tier I Bonds	Dec 31, 2013	10.50%	NA#	280.00	[ICRA]BB(Positive)
INE528G08352	Basel III - Additional Tier I Bonds	Dec 23, 2016	9.50%	NA*	3,000.00	[ICRA]D
INE528G08394	Basel III - Additional Tier I Bonds	Oct 18, 2017	9.00%	NA*	5,415.00	

*Source: Yes Bank Limited; * Was written down as a part of the restructuring of liabilities; # Perpetual bonds*

Key features of the rated instruments

The servicing of the Basel II Lower Tier II Bonds and infrastructure bonds is not subject to any capital ratios and profitability. However, the Basel III Tier II Bonds are expected to absorb losses once the point of non-viability (PONV) trigger is invoked. The rated Basel III Tier II instrument is a hybrid subordinated instrument with equity-like loss-absorption features. Such features may translate into higher loss severity vis-à-vis conventional debt instruments.

The Basel II Upper Tier II Bonds have specific features wherein the debt servicing is linked to the bank meeting the profitability and regulatory norms for capitalisation. As per the regulatory norms for these instruments, approval from the RBI is required for coupon payments (including redemption) in case the bank reports a loss and is not liable to service the debt if it breaches the minimum regulatory capitalisation norms, i.e. CRAR of 9.0%. The coupon, if missed on the Basel II Upper Tier II Bonds, is cumulative if not paid. ICRA has notched down the rating on these instruments, given the expected pressure on the bank's profitability in the near term.

The Basel III AT-I instrument (Rs. 8,415 crore) was written down as a part of the restructuring of liabilities. YBL continues to have Basel III AT-I Bonds of Rs. 280 crore. It has stopped including this Rs. 280-crore bond in its Tier I capital, though the coupon is still contingent on regulatory approvals.

Annexure II: List of entities considered for limited consolidated analysis

Company Name	Yes Bank Ownership	Consolidation Approach
Yes Securities (India) Limited	100%	Limited consolidation

Source: Yes Bank Limited

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Anil Gupta
+91 124 4545 314
anilg@icraindia.com

Aashay Choksey
+91 22 6114 3430
aashay.choksey@icraindia.com

Devesh Lakhotia
+91 22 6114 3404
devesh.lakhotia@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches