YBL/CS/2020-21/76

September 11, 2020

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,

Sub: Update on Credit Ratings

In terms of Regulation 30 of the Listing Regulations, we would like to update on the press release issued by ICRA, Credit Rating Agency upgrading the ratings assigned to the debt instruments of the Bank as detailed below:

Credit Rating Agency	Debt Instrument	Current Rating	Revised Ratings
ICRA	Infrastructure Bond Programme	BB+ (Rating watch)	BBB(Stable)
	Basel II Compliant Lower Tier II Bond	BB+(Rating watch)	BBB (Stable)
		BB+(Rating watch)	BBB(Stable)#
	Basel III Compliant Tier II Bond	BB/hyb (Rating watch)	BBB- (hyb)(Stable)
	Basel II Compliant Tier I Bond	D	BB+(Stable)
	Basel II Compliant Upper Tier II Bond	D	BB+/(Stable)
	Basel III Compliant Additional Tier I Bond	D/hyb	D (hyb)*
		D	C (hyb)
		D/hyb	C (hyb)#

- Rating withdrawn as no amount is outstanding. *was written down as a part of the restructuring of liabilities

We request you to kindly take this in your record. The press release on ratings and the rational is enclosed herewith.

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

Thanking you,

Yours faithfully,

For **YES BANK LIMITED**

Shivanand R. Shettigar
Group Company Secretary

Encl: As above

September 11, 2020

Yes Bank Limited: Ratings upgraded

Summary of rating action

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Infrastructure Bond Programme	7,030.00	7,030.00	[ICRA]BBB(Stable); upgraded from [ICRA]BB+&; removed from rating watch and Stable outlook assigned
Basel II Compliant Lower Tier II Bond	1,924.60	1,924.60	[ICRA]BBB(Stable); upgraded from [ICRA]BB+&; removed from rating watch and Stable outlook assigned
Basel II Compliant Lower Tier II Bond	306	0	[ICRA]BBB(Stable); upgraded from [ICRA]BB+&; removed from rating watch and Stable outlook assigned and withdrawn
Basel III Compliant Tier II Bond	10,900.00	10,900.00	[ICRA]BBB-(hyb)(Stable); upgraded from [ICRA]BB(hyb)&, removed from rating watch and Stable outlook assigned
Basel II Compliant Tier I Bond	307.00	307.00	[ICRA]BB+(Stable); upgraded from [ICRA]D
Basel II Compliant Upper Tier II Bond	1,344.10	1,344.10	[ICRA]BB+(Stable); upgraded from [ICRA]D
Basel III Compliant Additional Tier I Bond*	8,415.00	8,415.00	[ICRA]D (hyb); reaffirmed
Basel III Compliant Additional Tier I Bond	280.00	280.00	[ICRA]C (hyb); upgraded from [ICRA]D
Basel III Compliant Additional Tier I Bond	2,105.00	0.00	[ICRA]C (hyb); upgraded from [ICRA]D(hyb) and withdrawn
Total	**32,611.70**	**30,200.70**	

*& Rating Watch with Developing Implications, *was written down as a part of the restructuring of liabilities*

Rationale

The rating upgrade factors in the sizeable capital raise of Rs. 15,000 crore in July 2020, which has resulted in an improvement in the capital ratios of Yes Bank Limited (YBL). The ratios are now comfortably above the regulatory levels. The capital raise follows the Government-approved reconstruction scheme implemented in Q4 FY2020, under which equity capital of Rs. 10,000 crore from State Bank of India (SBI; rated [ICRA]AAA (Stable) for Tier II bonds) and other domestic institutions was infused into the bank. Besides the reconstruction of the bank, the board was reconstituted with a new Managing Director (MD) and Chief Executive Officer (CEO; former Deputy MD & CFO of SBI). Moreover, two other nominee directors were appointed by SBI and two by the Reserve Bank of India (RBI).

The rating upgrade also factors in the improvement in the bank's liquidity position after the stability and subsequent increase in its deposit base. This, coupled with the recent capital raise, has helped YBL fully repay the Special Liquidity Facility (SLF) extended to it by the RBI.

While the improvement in the capital position remains a key positive for the bank, the Covid-19-induced stress on the residual corporate book as on June 30, 2020 (~5% of standard advances were overdue) are likely to keep the credit costs at elevated levels in the near term. The management has guided towards a slippage of ~5% in FY2021. Despite having the flexibility to restructure loans, ICRA estimates that the slippages and credit costs will remain high in a stress scenario.

ICRA notes that following a sharp decline in the overall scale in FY2020, efforts towards gradually scaling up its deposit franchise will be critical for maintaining YBL's scale of operations and operating profitability. The bank's ability to improve its operating profitability, through cost rationalization efforts and improved scale of operations amidst relatively higher cost of funds and diminished non-interest income will remain a challenge. Against this backdrop, elevated credit costs are likely to impact the overall internal capital generation, which could narrow the capital cushions from the levels witnessed after the recent capital raise. However, ICRA expects timely capital and liquidity support to be forthcoming from various stakeholders, if required, as demonstrated in the recent past. Thus, the removal of the rating watch and the assignment of a Stable outlook factors in ICRA's expectations that the bank will continue to maintain its capital position above the regulatory levels.

Key rating drivers and their description

Credit strengths

Demonstrated support from SBI and other financial institutions – YBL raised Rs. 15,000 crore of equity capital in July 2020 following the equity infusion of Rs. 10,000 crore from SBI and various domestic institutions in March 2020 as a part of its reconstruction scheme. SBI holds a 30% stake (subject to a minimum of 26% till March 2023) in the bank, which is lower compared to 48.2% in March 2020. The participating investors in the follow-on public offer (FPO) remained broad-based and included foreign investors, domestic insurance companies and banks. Apart from the equity infusion, the board of directors was reconstituted as a part of the reconstruction scheme and Mr. Prashant Kumar (former CFO and Deputy MD of SBI) was appointed the MD and CEO. Additionally, the RBI has appointed two directors on YBL's board. ICRA derives comfort from the change in the shareholding with SBI holding the highest stake in the bank. While the SLF facility from the RBI fully repaid and is unlikely to be available thereafter, ICRA expects YBL to maintain adequate liquidity by ramping up its deposit base and maintaining calibrated growth. Moreover, the bank is likely to receive support from domestic financial institutions, if required. Given the extraordinary support extended to the bank by various stakeholders in the recent past, ICRA continues to expect support in future also, if required.

Credit challenges

Ability to rebuild and retain granular deposit franchise – The deposit base grew ~11% QoQ to Rs.1.17 lakh crore as on June 30, 2020 from Rs. 1.05 lakh crore as on March 31, 2020 (Rs. 1.66 lakh crore as on December 31, 2019 and Rs. 2.28 lakh crore as on March 31, 2019), driven largely by the growth in wholesale deposits and the higher interest rate offerings. In the recent past, a sizeable portion of the reduction in the deposit base resulted from the outflow of corporate deposits, which declined by ~Rs. 22,000 crore in Q3 FY2020 and further by ~Rs. 29,300 crore in Q4 FY2020, amid challenges faced by the bank regarding the capital, asset quality and the imposition of a moratorium in March 2020. As a result, YBL's share of non-retail deposits remained high at ~41% of total deposits as on June 30, 2020, which, in turn, increased from ~36% as on March 31, 2020. The bank's ability to improve its deposit franchise over the medium term will be critical to maintain its scale of operations as well as profitability.

Credit costs expected to remain high as fresh slippages are expected to remain high – The bank continues to report high levels of overdue advances, which stood at ~Rs. 7,831 crore (5% of standard advances) as on June 30, 2020. Prior to the announcement of the restructuring framework by the RBI in August 2020, the management had guided towards fresh slippages of 5% in FY2021. While the bank may decide to restructure certain eligible exposures and make necessary provisions (10%) on the restructured portfolio, the overall slippages may remain high in the current situation. YBL's net stress book (net non-performing advances (NPAs) + non-fund exposure of NPAs + net non-performing investments + net security receipts) remained high in relation to the core capital at ~44% as on June 30, 2020, which could also drive incremental credit costs. YBL's ability to control slippages and resolve/recover its stressed assets could partly offset the incremental credit provisioning on fresh slippages and will remain a monitorable.

Upon the recognition of stressed assets as non-performing, the gross and net NPAs rose to 17.30% and 4.96%, respectively, as on June 30, 2020 (7.4% and 4.4%, respectively, as on September 30, 2019). The accelerated provisioning resulted in an increase in the provision coverage ratio (PCR) to 75.06% as on June 30, 2020.

YBL's exposure to the corporate sector has been declining but remained high at 56% of the overall advances. Nevertheless, the bank has guided towards gradually increasing the share of the retail portfolio to 60% over the medium to long term. The high share of corporate advances has impacted the bank's asset quality. The top 20 exposures stood at 162% of YBL's Tier I capital post the capital raise.

Weak internal capital generation – YBL's standard loan book declined to Rs. 1.56 lakh crore as on June 30, 2020 from Rs. 2.29 lakh crore as on June 30, 2019. With the declining loan book and the increase in slippages leading to a reversal in the interest income, the bank's net interest income and non-interest income declined in H2 FY2020. YBL reported an core operating loss in H2 FY2020 due to a drop in the operating income. With a standstill on asset classification and lower slippages, the bank witnessed an improvement in the net interest income although the non-interest income (excluding trading gains) remained muted due to weak corporate and transaction banking fees, partly due to drop in economic activity following the lockdown. YBL's ability to retain and improve its deposit base meaningfully will continue to drive the size of its loan book and profitability over the medium term.

Following the capital raise in July 2020, the bank's CET-I and Tier I ratios are estimated to have improved to ~13.4-13.5%. However, given the expectation of profitability pressure because of the high credit costs, as per ICRA's estimates, the extent of capital cushion could narrow down from the current levels. Nevertheless, ICRA expects that YBL will maintain the capital ratios above the regulatory levels and will curtail growth if the stress on the asset quality and profitability is higher than anticipated.

Liquidity position: Adequate

ICRA draws comfort from the liquidity support to be provided by domestic financial institutions and the RBI, if required, post the removal of the moratorium on withdrawal of deposits in March 2020. The bank breached the minimum liquidity coverage ratio (LCR) requirement mandated by the RBI (daily average LCR stood at 40% in Q4 FY2020 and 42% in Q1 FY2021). Nevertheless, supported by an improving deposit base, the LCR has improved steadily to ~114% as on June 30, 2020. While the RBI has relaxed the LCR requirement to 80% for banks amid the ongoing Covid-19 crisis, it will go back to 100% by April 1, 2021. YBL's success in building up its retail liability base will drive its ability to meet the regulatory requirements going forward.

Rating sensitivities

Triggers for Basel III Tier II Bonds, Basel II Lower Tier II Bonds, and infrastructure bonds programme

Positive triggers – ICRA could revise the outlook to Positive or upgrade the ratings if YBL is able to grow its deposit base meaningfully, resulting in a commensurate increase in its scale, while improving its profitability in a sustained manner. This should be accompanied with an improvement in the capital cushions at over 2% of the regulatory levels for the Tier I capital and a solvency level of more than 30% on a sustained basis.

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

Triggers for Basel II Upper Tier II Bonds programme and Basel II Tier I Bonds

Positive triggers – ICRA could revise the outlook to Positive or upgrade the rating if YBL is able to improve its profitability in a sustained manner.

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

Triggers for Basel III AT-I Bonds

Positive triggers – As the coupon on these bonds can be serviced through profits, the bank's ability to become profitable on sustained basis, while maintaining the capital ratios above the regulatory levels will remain a positive trigger.

Negative triggers – Continued losses or breach in regulatory capital ratios which may constrain the coupon servicing ability of the bank will be negative rating triggers

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Rating Methodology for Banks
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of YBL

About the company

YBL is a private sector bank that was set up in 2004. As on June 30, 2020, the bank had a network of 1,139 branches as well as an international branch in Gift City, Gujarat (India). YBL's regulatory capital adequacy ratio (Basel III) stood at 8.60% (CET-I of 6.50% and Tier I of 6.60%) as on June 30, 2020. 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 has been reconstituted with a new MD and CEO from SBI. in July 2020, the bank concluded a follow-on public offer (FPO) of Rs. 15,000 crore. Consequently, SBI's shareholding reduced to ~30% from 48% (following the reconstruction scheme).

Key financial indicators

For the period / At the end of	FY2019	FY2020	Q1 FY2020*	Q1 FY2021*
Net interest income	9,809	6.805	2,281	1,908
Profit before tax	2,357	(22,944)	175	60
Profit after tax	1,720	(16,418)	114	45
Net advances	2,41,500	1,71,443	2,36,300	1,64,510
Total assets	3,80,826	2,57,827	3,71,161	2,55,485
% CET	8.4%	6.30%	8.00%	6.50%
% Tier I	11.3%	6.50%	10.70%	6.60%
% CRAR	16.5%	8.50%	15.70%	8.60%
% Net interest margin / Average total assets	2.8%	2.13%	2.43%	2.97%
% Net profit / Average total assets	0.5%	-5.14%	0.12%	0.07%
% Return on net worth	6.5%	-67.52%	1.70%	0.84%
% Gross NPAs	3.22%	16.80%	5.01%	17.30%
% Net NPAs	1.86%	5.03%	2.91%	4.96%
% Provision coverage excl. technical write-offs	43.10%	73.77%	43.08%	75.06%
% Net NPA/ Core equity	17.5%	57.0%	26.64%	54.3%

Amount in Rs. crore, Unaudited*

Source: YBL, ICRA research

All ratios are as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for three years

	Name of Instrument	Current Rating (FY2021)					Rating History for the Past 3 Years																	
		Type	Rated Amount	Amount Outstanding	Sep-20	Jun-20	FY2020								FY2019					FY2019				
					11-Sep-20	23-Jun-20	30-Mar-20	24-Mar-20	06-Mar-20	20-Feb-20	19-Dec-19	13-Nov-19	24-Jul-19	03-May-19	28-Nov-18	16-Nov-28	21-Sep-18	16-Aug-18	10-Apr-18	19-Feb-18	17-Nov-17	17/13-Oct 2017	27-Sep-17	11-Aug-17
1	Certificates of Deposit Programme	Short Term	20,000.00	NA	-	-	[ICRA]A4+ &; withdrawn	[ICRA]A4+ &	[ICRA]D	[ICRA]A2+	[ICRA]A1	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+					[ICRA]A1+				
2	Basel II Compliant Lower Tier II Bond Programme	Long Term	1,924.60	1,924.60	[ICRA]BBB (Stable); upgraded	[ICRA]BB+ &	[ICRA]BB+&	[ICRA]BB+&	[ICRA]D	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]AA- (Negative)	[ICRA] AA @	[ICRA] AA+ @	[ICRA]AA+ (Stable)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Positive)				
2	Basel II Compliant Lower Tier II Bond Programme	Long Term	306	0.00	[ICRA]BBB (Stable); withdrawn	[ICRA]BB+ &	[ICRA]BB+&	[ICRA]BB+&	[ICRA]D	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]AA- (Negative)	[ICRA] AA @	[ICRA] AA+ @	[ICRA]AA+ (Stable)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Positive)				
3	Basel II Compliant Upper Tier II Bond Programme	Long Term	1,344.10	1,344.10	[ICRA]BB+ (Stable); upgraded	[ICRA]D	[ICRA]BB&	[ICRA]BB&	[ICRA]D	[ICRA]BBB+ (Negative)	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA] AA- @	[ICRA] AA @	[ICRA]AA (Stable)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	[ICRA]AA (Positive)				
4	Basel II Compliant Tier I Bond Programme	Long Term	307	307	[ICRA]BB+ (Stable); upgraded	[ICRA]D	[ICRA]D	[ICRA]D	[ICRA]D	[ICRA]BBB+ (Negative)	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA] AA- @	[ICRA] AA @	[ICRA]AA (Stable)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	[ICRA]AA (Positive)				
5	Infrastructure Bond Programme	Long Term	7,030.00	3,780.00^	[ICRA]BBB (Stable); upgraded	[ICRA]BB+ &	[ICRA]BB+&	[ICRA]BB+&	[ICRA]D	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]AA- (Negative)	[ICRA] AA @	[ICRA] AA+ @	[ICRA]AA+ (Stable)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Positive)				
6	Basel III Compliant Tier II Bond Programme	Long Term	10,900.00	10,899.00^	[ICRA]BBB- (hyb)(Stable); upgraded	[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)	[ICRA] AA (hyb) @	[ICRA] AA+ (hyb) @	[ICRA]AA+ (hyb) (Stable)	[ICRA]AA+ (hyb) (Positive)	[ICRA]AA+ (hyb) (Positive)	[ICRA]AA+ (hyb) (Positive)				
7	Basel III Compliant Additional Tier I Bond Programme	Long Term	8,695.00	8,695.00	[ICRA]D (hyb); reaffirmed	[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)	[ICRA] AA- (hyb) @	[ICRA] AA (hyb) @	[ICRA]AA (hyb) (Stable)	[ICRA]AA (hyb) (Positive)	[ICRA]AA (hyb) (Positive)	[ICRA]AA (hyb) (Positive)				
8	Basel III Compliant Additional Tier I Bond	Long Term	280.00	280.00	[ICRA]C (hyb); upgraded	[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)	[ICRA] AA- (hyb) @	[ICRA] AA (hyb) @	[ICRA]AA (hyb) (Stable)	[ICRA]AA (hyb) (Positive)	[ICRA]AA (hyb) (Positive)	[ICRA]AA (hyb) (Positive)				

	Programme																			
10	Basel III Compliant Additional Tier I Bond Programme	Long Term	2,105.00	0.00	[ICRA]C (hyb); upgraded and withdrawn	[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)	[ICRA] AA- (hyb) @	[ICRA] AA (hyb) @	[ICRA]AA (hyb) (Stable)	[ICRA]AA (hyb) (Positive)	[ICRA]AA (hyb) (Positive)	[ICRA]AA (hyb) (Positive)
11	Short-term Fixed Deposit Programme	Short Term	NA	NA	-	-	[ICRA]A4+&; withdrawn	[ICRA]A4+&	[ICRA]D	[ICRA]A2+	[ICRA]A1	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+					[ICRA]A1+

Amount in Rs. crore;^ Balance amount yet to be placed; & Rating Watch with Developing Implications; @ Rating Watch with Negative Implications

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE528G08196	Basel II Compliant Lower Tier II Bond Programme	25-Jul-11	10.30%	25-Jul-21	322	[ICRA]BBB (Stable)
INE528G08204	Basel II Compliant Lower Tier II Bond Programme	28-Oct-11	10.20%	28-Oct-21	243	[ICRA]BBB (Stable)
INE528G08212	Basel II Compliant Lower Tier II Bond Programme	28-Mar-12	9.90%	28-Mar-22	300	[ICRA]BBB (Stable)
INE528G08220	Basel II Compliant Lower Tier II Bond Programme	23-Aug-12	10	23-Aug-22	300	[ICRA]BBB (Stable)
INE528G08238	Basel II Compliant Lower Tier II Bond Programme	10-Sep-12	10	10-Sep-22	300	[ICRA]BBB (Stable)
INE528G09129	Basel II Compliant Lower Tier II Bond Programme	16-Oct-12	10	16-Oct-22	200	[ICRA]BBB (Stable)
INE528G08246	Basel II Compliant Lower Tier II Bond Programme	31-Oct-12	9.90%	31-Oct-22	260	[ICRA]BBB (Stable)
INE528G08154	Basel II Compliant Upper Tier II Bond Programme	14-Aug-10	9.65%	14-Aug-25	440	[ICRA]BB+ (Stable)
INE528G08162	Basel II Compliant Upper Tier II Bond Programme	08-Sep-10	9.50%	08-Sep-25	200	[ICRA]BB+ (Stable)
INE528G09103	Basel II Compliant Upper Tier II Bond Programme	29-Jun-12	10.25	29-Jun-27	60	[ICRA]BB+ (Stable)
INE528G09111	Basel II Compliant Upper Tier II Bond Programme	28-Sep-12	10.15	28-Sep-27	200	[ICRA]BB+ (Stable)
INE528G08253	Basel II Compliant Upper Tier II Bond Programme	10-Nov-12	10.25%	10-Nov-27	275	[ICRA]BB+ (Stable)
INE528G09137	Basel II Compliant Upper Tier II Bond Programme	27-Dec-12	10.05	27-Dec-27	169	[ICRA]BB+ (Stable)
INE528G09061	Basel II Compliant Tier I Bond Programme	05-Mar-10	10.25%	N.A.	82	[ICRA]BB+ (Stable)
INE528G09079	Basel II Compliant Tier I Bond Programme	21-Aug-10	9.90%	N.A.	225	[ICRA]BB+ (Stable)
INE528G08279	Infrastructure Bonds	24-Feb-15	8.85%	24-Feb-25	1,000	[ICRA]BBB (Stable)
INE528G08295	Infrastructure Bonds	05-Aug-15	8.95%	05-Aug-25	315	[ICRA]BBB (Stable)
INE528G08345	Infrastructure Bonds	30-Sep-16	8.00%	30-Sep-26	2,135	[ICRA]BBB (Stable)
INE528G08360	Infrastructure Bonds	29-Dec-16	7.62%	29-Dec-23	330	[ICRA]BBB (Stable)
INE528G08287	Basel III Compliant Tier II Bonds	29-Jun-15	9.15%	30-Jun-25	554	[ICRA]BBB- (hyb) (stable)
INE528G08303	Basel III Compliant Tier II Bonds	31-Dec-15	8.90%	31-Dec-25	1,500	[ICRA]BBB- (hyb) (stable)
INE528G08311	Basel III Compliant Tier II Bonds	15-Jan-16	9.00%	15-Jan-26	800	[ICRA]BBB-(hyb)(stable)
INE528G08329	Basel III Compliant Tier II Bonds	20-Jan-16	9.05%	20-Jan-26	500	[ICRA]BBB- (hyb) (stable)
INE528G08337	Basel III Compliant Tier II Bonds	31-Mar-16	9.00%	31-Mar-26	545	[ICRA]BBB- (hyb) (stable)

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE528G08378	Basel III Compliant Tier II Bonds	29-Sep-17	7.80%	29-Sep-27	2,500	[ICRA]BBB- (hyb) (stable)
INE528G08386	Basel III Compliant Tier II Bonds	03-Oct-17	7.80%	01-Oct-27	1,500	[ICRA]BBB- (hyb) (stable)
INE528G08402	Basel III Compliant Tier II Bonds	22-Feb-18	8.73%	22-Feb-28	3,000	[ICRA]BBB- (hyb) (stable)
INE528G08261	Basel III Compliant Additional Tier I Bond Programme	31-Dec-13	10.5	N.A.	280	[ICRA]C (hyb)
INE528G08352	Basel III Compliant Additional Tier I Bond Programme	23-Dec-16	9.50%	N.A.	3,000	[ICRA]D(hyb)
INE528G08394	Basel III Compliant Additional Tier I Bond Programme	18-Oct-17	9.00%	N.A.	5,415	[ICRA]D(hyb)

Source: YBL

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 letters 'hyb' in parenthesis, suffixed to a rating symbol, stand for hybrid, indicating that the rated 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. ICRA has notched down the rating on the Basel III Tier II bonds from the Basel II Lower Tier II Bonds, given the expected pressure on the bank's profitability in the near term.

The Basel II Upper Tier II Bonds and Basel II Tier I 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 Tier I Bonds, is non-cumulative, while that on the Basel II Upper Tier II Bonds is cumulative, if not paid. The bank had not paid the coupon on the Basel II Tier I Bonds due on March 5, 2020. Later, on June 29, 2020, the bank skipped the coupon on its Basel II Upper Tier II Bonds due to a breach in the CRAR ratio of 9.0%. With the CRAR surpassing the regulatory level following the equity raise, YBL serviced the skipped coupon on August 19, 2020. 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, the servicing of which will remain contingent on its ability to maintain the regulatory capital ratios and profitable operations. If the bank reports losses, it can utilise the distributable reserves to service the coupon on these bonds provided it remains above the capital ratios. The coupon, once skipped, is non-cumulative. In the event of profitability pressure and accumulated losses, YBL's ability to service the coupon on this instrument could remain a challenge.

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

Samiksha Karnavat
+91 22 6114 3471
Samiksha.karnavat@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

Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Registered Office
1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore + (91 80) 2559 7401/4049
Ahmedabad+ (91 79) 2658 4924/5049/2008
Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 2556 0194/ 6606 9999