YBL/CS/2020-21/70

August 27, 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 Credit Rating Agencies upgrading the ratings assigned to the debt instruments of the Bank as detailed below:

Credit Rating Agency	Debt Instrument	Current Rating	Revised Ratings
CRISIL	Certificate of Deposits	A2	A2+
	Infrastructure Bonds	BBB/Stable	BBB/Stable (Reaffirmed)
	Tier II Bonds (Under Basel III)	BBB/Stable	BBB/Stable (Reaffirmed)
India Ratings	Infrastructure bonds	IND BB-/RWE	IND BBB/Stable
	Basel III Tier 2 bonds	IND B+/RWE	IND BBB/Stable

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

The same is being hosted on the Bank's website www.yesbank.in in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

For **YES BANK LIMITED**

Shivanand R. Shettigar
Group Company Secretary

Encl: As above

Regd. & Corporate Office: ***YES BANK*** *Limited, YES BANK Tower, One International Center, 15˜ Floor, Senapoti Bapat Marg, Elphinsfone (W), Mumbai 400 013, India*
Tel: +91 (22) 3366 9000 Fax : +91 (22) 2421 4500
Website: www.yesbank.in Email: communications@yesbank.in CIN - L65190MH2003PLC143249

Ratings

CRISIL
An S&P Global Company

Rating Rationale

August 27, 2020 | Mumbai

YES Bank Limited

CD rating upgraded to 'CRISIL A2+'

Rating Action

Rs.20000 Crore Certificate of Deposits	**CRISIL A2+ (Upgraded from 'CRISIL A2')**
Rs.3780 Crore Infrastructure Bonds	**CRISIL BBB/Stable (Reaffirmed)**
Rs.13941 Crore Tier II Bonds (Under Basel III)	**CRISIL BBB/Stable (Reaffirmed)**

1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has upgraded its rating on the Rs 20,000 crore certificates of deposit (CD) of Yes Bank Limited (Yes Bank) to **'CRISIL A2+'** from 'CRISIL A2'. It has reaffirmed its 'CRISIL BBB/Stable' rating on the bank's Tier-II bonds (under Basel III) and infrastructure bonds.

The upgrade in the short term rating reflects improvement in the funding and liquidity profile of the bank, with gradual increase in its deposit base as well as sizeable capital raised recently. With this, Yes Bank has repaid Rs 35,000 crore of the Rs 50,000 crore special liquidity facility availed from the Reserve Bank of India (RBI) in March 2020, which is ahead of the earlier plan. Further, the bank's liquidity coverage ratio (LCR) has improved in recent months.

Yes Bank's total deposits increased to Rs 1.17 lakh crore (including CD) as on June 30, 2020 from Rs 1.05 lakh crore as on March 31, 2020. Further, the bank has raised Rs 15,000 crore though a follow-on public offer (FPO) in July 2020, significantly improving its capital position ' Pro-forma common equity tier I (CET1) ratio and overall capital adequacy ratio (CAR) improved to 13.4% and 20%, respectively, from 6.3% and 8.5%, respectively as on March 31, 2020. The bank's LCR improved to 114.1% as on June 30, 2020 from 37.0% as on March 31, 2020; as against the minimum regulatory requirement of 80%.

The ratings continue to be underpinned by the expectation of continued extraordinary systemic support from key stakeholders and sizeable ownership by the State Bank of India (SBI).

At the same time, the ability of the bank to control deposit outflow on a sustainable basis, build a strong retail liabilities franchise and a stable and sound operating business model with strong compliance and governance framework over the medium term, needs to be demonstrated. Additionally, the bank's asset quality is weak and the impact of the shift in business model to focus on granular retail segments and selective working capital loans in the corporate segment will need to be seen over a longer period. These will be key rating monitorables.

From an industry perspective, the nationwide lockdown, imposed by the Government of India (GoI) to contain the spread of the Covid-19 pandemic, has impacted disbursements and collections of financial institutions. The lockdown has now been extended in containment zones, with re-opening of the prohibited activities in a phased manner in other areas. However, certain states have implemented localised lockdowns. Herein, CRISIL believes that eventual lifting of restrictions will continue to be in a phased manner. Any delay in return to normalcy will put further pressure on collections and asset quality metrics of lenders.

Yes Bank has provided moratorium to its borrowers in line with the relief measures provided by RBI. Any change in behaviour of borrowers on the payment discipline can affect asset quality levels post the moratorium. Also, while the one-time restructuring scheme announced by RBI will aid in providing necessary support to affected borrowers in the current environment, the details and operational implementation of the same will have to be seen.

Analytical Approach

For arriving at its ratings, CRISIL has combined the business and financial risk profiles of Yes Bank and its subsidiaries, because of the majority shareholding, business and financial linkages, and shared brand. CRISIL has also factored in the expectation of extraordinary systemic support for Yes Bank.

Please refer Annexure - Details of Consolidation, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths

*** Continued extraordinary systemic support**

CRISIL's rating centrally factors in the extraordinary systemic support from key stakeholders. The key stakeholders, including the Ministry of Finance, RBI, and SBI have reiterated in various forums that depositors' money in Yes Bank is safe and they will continue to ensure the safety of deposits through various measures, if required. This systemic support has primarily come in three forms.

First, to protect the interests of the public and depositors, RBI and GoI came together to implement the reconstruction scheme within a short time. As part of the Scheme, the RBI appointed an administrator to oversee its implementation. Furthermore, pursuant to the scheme, 8 entities, primarily other banks, have infused Rs 10,000 crore equity in the bank in March 2020, bolstering its capital ratios, which had weakened significantly following the large loss in the third quarter of fiscal 2020 on account of higher provisions. While the capital infusion along with write-down of additional tier I (ATI) bonds, improved the bank's CET1 ratio and CAR to 6.3% and 8.5%, respectively as on March 31, 2020, from 0.6% and 4.1%, respectively, as on December 31, 2019, the ratios remained lower than the regulatory requirements as on March 31, 2020.

As a part of its plan to shore-up its capital position, the bank launched an FPO in July 2020, which witnessed interest from domestic as well as global institutional investors. It raised Rs 15,000 crore though the FPO, out of which Rs 4,098 crore was raised from anchor investors. Post this capital raise, its CET1 and CAR improved significantly to 13.4% and 20%, respectively, which is well-above the minimum regulatory requirement.

Second, systemic support has come in to bolster the bank's liquidity. Key stakeholders are expected to continue to provide liquidity support if required. Yes Bank has also raised CD from various banks which helped it manage deposit withdrawals. Refinance from financial institutions is also available if needed. Furthermore, Yes Bank can raise funds through securitisation and inter-bank participation certificates. CRISIL believes Yes Bank will be able to tap these sources, in case the need arises.

Third, SBI, the largest bank in India, is taking the lead in supporting Yes Bank in various forms. Over 60% (Rs 6,050 crore) of the equity infusion of Rs 10,000 crore, as part of the reconstruction scheme, came from SBI making it the single largest stakeholder in Yes Bank with a shareholding of 48.21% as on March 31, 2020. Further, SBI invested Rs 1,740 crore in the FPO of Yes Bank and continues to be the single largest stakeholder in Yes Bank with a shareholding of 30% post the FPO. SBI is also an investor in Yes Bank's CD. Two directors on the board of Yes Bank are from the SBI. Furthermore, SBI has publicly articulated that for the three years from the implementation of reconstruction scheme, it will not sell any of its stake in Yes Bank. The rating on Yes Bank reflects this articulated stance of SBI and any change in this will be a key rating sensitivity factor.

Weaknesses

*** Modest resource profile - ability to limit further deposit outflow and to build a retail liabilities franchise over the medium term needs to be demonstrated**

Yes Bank witnessed a steady outflow of deposits in the period till March 2020 given the challenges faced and the adverse news reports about the bank. Just between December 31, 2019, and March 5, 2020, the deposit base shrunk by around Rs 28,000 crore. Furthermore, after the moratorium, the bank saw deposit withdrawals of around Rs 30,000 crore between March 18 and March 31, 2020. As on March 31, 2020, deposits stood at Rs 105,364 crore.

The deposit base has stabilised after March 31, 2020, helped the bank's increased efforts to restrict deposit outflow and bring in new depositors. Total deposits as on June 30, 2020 increased at Rs 117,360 crore. Building back the liability franchise is the top priority of the management and the bank has taken various steps and initiatives in this regard. The bank has initiated a new campaign with 'Safety First' tagline and has moved away from the interest rate campaigns with overall strategy focussed on acquiring new customers, retaining existing clients, and winning back lost customers. It has been in touch with existing depositors to address concerns, and key stakeholders have provided public assurances regarding the safety of deposits in Yes Bank.

However, deposits tend to be highly confidence-sensitive. In the current environment, it remains to be seen if there will be any material deposit withdrawal in the near future. Nevertheless, liquidity support measures are expected to mitigate the risk substantially. The ability of the bank to build a retail liabilities franchise on a steady state basis will be a critical determinant in building a stable business model.

*** Weak asset quality, impacting profitability**

The bank witnessed a sharp increase in slippages in the second half of fiscal 2020, largely stemming from challenges in the corporate loan book. This led to a significant increase in gross non-performing assets (NPAs) to 16.8% as on March 31, 2020, from 7.4% as on September 30, 2019 (3.2% as on March 31, 2019). While the absolute gross NPAs were stable at Rs 32,703 crore as on June 30, 2020 compared to March levels, the same is partly contributed by the standstill in the accounts under the moratorium provided by the bank.

Because of the increase in gross NPAs and associated provisioning cost in fiscal 2020, Yes Bank reported a large loss of Rs 22,715 crore (excluding the extraordinary profit from the write down of Tier-I bonds) for fiscal 2020. However, with improvement in the provision coverage ratio to 73.8% as on March 31, 2020, from 43.1% as on March 31, 2019 and standstill on asset classification, incremental provisions on NPAs declined. Bank's credit costs (annualised) declined to 1.7% in the first quarter of fiscal 2021 (from 10.3% for fiscal 2020) and with the support of treasury income of Rs 407 crore, the bank reported a profit of Rs 45 crore with an RoA (annualised) of 0.1% in the first quarter of fiscal 2021.

Any further material slippage, particularly given the challenging macroeconomic environment amid the Covid-19 outbreak, can potentially impact the bank's earnings, and thereby, its capital position.

The bank plans to focus on granular retail asset segments and working capital financing for the corporate segment. However, given the intense competition, ability to scale up this book while maintaining asset quality and profitability needs to be seen. Build-up of a sound operating model and strengthening of governance and compliance framework will also be critical for the long-term success of the bank and will be key rating monitorables.

Liquidity Adequate
LCR was 114.1% as on June 30, 2020, against the regulatory requirement of 80%. Further, the regulator and SBI, the largest shareholder, are expected to support the bank with liquidity in various forms, if the need arises.

Outlook: Stable
CRISIL believes Yes Bank will continue to receive extraordinary systemic support over the medium term.

Rating sensitivity factors:
Upward factors:
* Stability in deposit base, with no material reduction from current levels
* Improvement in asset quality and profitability

Downward factors:
* Any change in expectation of systemic support from key stakeholders, including RBI, or material decline in SBI's ownership
* Significant contraction in deposit base over a prolonged period
* Capital adequacy ratios remaining below minimum regulatory requirements over an extended period of time
* Any adverse observations by investigative agencies or regulators

About the Bank
Set up in 2004, Yes Bank is a private sector bank with total assets of Rs 2,55,485 crore, total advances of Rs 1,64,510 crore, and a network of 1,139 branches as on June 30, 2020.

On March 5, 2020, the central government imposed a moratorium on Yes Bank, based on RBI's assessment of lack of a credible revival plan by the bank, and in the interest of the public and depositors. During the moratorium that was initially slated to last till April 3, 2020, Yes Bank could not, without written permission from RBI, pay any depositor or creditor a sum exceeding Rs 50,000. The bank was also restricted from lending. Pursuant to the regulatory requirements for hybrid debt capital instruments, approval from the RBI is required for debt servicing (including principal repayments) in the event that the Bank reports a loss and is not liable to service the debt if it breaches the minimum regulatory capitalisation conditions. The coupon payment with respect to Bank's Basel II Tier I bonds amounting to '�''8.4 crores was due on March 5, 2020. While the Bank had submitted an application for the payment of interest on January 5, 2020, the RBI did not permit the payment of interest.

Following equity infusion of Rs 10,000 crore by 8 financial institutions under the Scheme, and with write down of Basel III ATI bonds aggregating Rs 8,415 crore (the first such instance in India), the capital position of the bank has improved significantly. As on March 31, 2020, post the capital infusion, the CET1 ratio is 6.3% compared with 0.6% as on December 31, 2019, while the overall CAR is 8.5% compared with 4.1%. However, this was lower than the regulatory requirement. Post this, the bank raised Rs 15,000 crore through an FPO in July 2020, which significantly improved the capital position of the bank. Its CET1 and overall CAR stood at 13.4% and 20.0%, respectively, post the FPO.

The bank had a profit of Rs 45 crore and total income of Rs 2529 crore in the quarter ended June 30, 2020, against a profit of Rs 114 crore and total income of Rs 3554 crore in the corresponding quarter of the previous year.

Key Financial Indicators - Standalone

As on/for the year ended Jun 30,	Unit	2020	2019
Total assets	Rs crore	255,485	371,161
Net advances	Rs crore	164,510	236,300
Deposits	Rs crore	117,360	225,902
Total income (net of interest expense)	Rs crore	2529	3554
Profit after tax	Rs crore	45.4	113.8
Gross NPAs	%	17.3	5.0
Net NPAs	%	4.96	2.9
Provision coverage ratio (PCR)	%	75.1	43.1
Tier I capital adequacy ratio	%	13.5*	10.7
Overall capital adequacy ratio	%	20.0*	15.7
Return on assets (annualised)	%	0.1	0.1

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL complexity levels are assigned to various types of financial instruments and are included (where applicable) in the Annexure -- Details of Instrument in this Rating Rationale. For more details on the CRISIL complexity levels, please visit www.crisil.com/complexity-levels.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs Crore)	Comlexity level	Rating assigned with outlook
INE528G08360	Infrastructure Bonds	29-Dec-16	7.62%	29-Dec-23	330	Simple	CRISIL BBB/Stable
INE528G08345	Infrastructure Bonds	30-Sep-16	8.00%	30-Sep-26	2,135	Simple	CRISIL BBB/Stable
INE528G08295	Infrastructure Bonds	05-Aug-15	8.95%	05-Aug-25	315	Simple	CRISIL BBB/Stable
INE528G08279	Infrastructure Bonds	24-Feb-15	8.85%	24-Feb-25	1,000	Simple	CRISIL BBB/Stable
INE528G08287	Basel III Compliant Tier II Bonds	29-Jun-15	9.15%	30-Jun-25	554	Complex	CRISIL BBB/Stable
INE528G08303	Basel III Compliant Tier II Bonds	31-Dec-15	8.90%	31-Dec-25	1,500	Complex	CRISIL BBB/Stable
INE528G08311	Basel III Compliant Tier II Bonds	15-Jan-16	9.00%	15-Jan-26	800	Complex	CRISIL BBB/Stable
INE528G08329	Basel III Compliant Tier II Bonds	20-Jan-16	9.05%	20-Jan-26	500	Complex	CRISIL BBB/Stable
INE528G08337	Basel III Compliant Tier II Bonds	31-Mar-16	9.00%	31-Mar-26	545	Complex	CRISIL BBB/Stable
INE528G08378	Basel III Compliant Tier II Bonds	29-Sep-17	7.80%	29-Sep-27	2,500	Complex	CRISIL BBB/Stable
INE528G08386	Basel III Compliant Tier II Bonds	03-Oct-17	7.80%	01-Oct-27	1,500	Complex	CRISIL BBB/Stable
INE528G08402	Basel III Compliant Tier II Bonds	22-Feb-18	8.73%	22-Feb-28	3,000	Complex	CRISIL BBB/Stable
INE528G08410	Basel III Compliant Tier II Bonds	14-Sep-18	9.12%	15-Sep-28	3,042	Complex	CRISIL BBB/Stable
NA	Certificate of Deposits Programme	NA	NA	7-365 Days	20,000	Simple	CRISIL A2+

Annexure - List of entities consolidated

Entity consolidated	Extent of consolidation	Rationale for consolidation
YES SECURITIES (India) Ltd	Full	Subsidiary
YES Asset Management (India) Ltd	Full	Subsidiary
YES Trustee Ltd	Full	Subsidiary

Annexure - Rating History for last 3 Years

	Current				2020 (History)		2019		2018		2017		Start of 2017
Instrument	Type	Outstanding Amount	Rating		Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Certificate of Deposits	ST	20000.00	CRISIL A2+		29-06-20	CRISIL A2		--		--		--	--
					05-06-20	CRISIL A2							
					19-03-20	CRISIL A2							
Infrastructure Bonds	LT	3780.00 27-08-20	CRISIL BBB/Stable		29-06-20	CRISIL BBB/Stable		--		--		--	--
					05-06-20	CRISIL BBB/Stable							
Tier II Bonds (Under Basel III)	LT	13941.00 27-08-20	CRISIL BBB/Stable		29-06-20	CRISIL BBB/Stable		--		--		--	--
					05-06-20	CRISIL BBB/Stable							

All amounts are in Rs.Cr.

Links to related criteria
Rating Criteria for Finance Companies
CRISILs Criteria for Consolidation

[CRISILs Criteria for rating short term debt](https://www.crisil.com)

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India Ratings & Research
A Fitch Group Company

India Ratings Upgrades Yes Bank to 'IND BBB'/Stable; Off RWE

27

AUG 2020

By Jindal Haria

India Ratings and Research (Ind-Ra) has upgraded Yes Bank Ltd's Long-Term Issuer Rating to 'IND BBB' from 'IND BB-' while resolving the Rating Watch Evolving (RWE). The Outlook is Stable. The instrument-wise rating actions are as follows:

Instrument Type*	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Infrastructure bonds	-	-	-	INR35.8	IND BBB/Stable	Upgraded; Off RWE
Basel III Tier 2 bonds	-	-	-	INR110	IND BBB-/Stable	Upgraded; Off RWE

*Details in Annexure

The multi-notch upgrade and the resolution of RWE reflects a significant improvement in Yes Bank's profile and operating metrics post its reconstruction in March 2020. The upgrade factors in the bank's substantial equity raise; reduced concerns on immediate liquidity position as its funding profile moves towards stability; a strengthened board, and limited incremental credit costs from identified delinquent assets, as the bank has ramped up its provision cover.

Ind-Ra expects the bank to continue improving its operating metrics and liability profile over the next few quarters as it continues making provisions for COVID-19 related impact on its portfolio. Ind-Ra also expects the bank to benefit from its association with its single largest shareholder the State Bank of India (SBI; 'IND AAA'/Stable). The agency believes it is critical for the bank to rebuild its loans and deposit franchise, as well as trust in the bank and its management to recover the bank's franchise.

KEY RATING DRIVERS

Reconstruction Exercise Measures Addresses Key Challenging Areas: In Yes Bank's regulator-driven reconstruction in March 2020, the bank received INR100 billion equity infusion from domestic banks, led by the SBI with INR60 billion for 48.21% stake. Most of the proceeds from this infusion as well as the write off of additional tier-1 bonds, of about INR85 billion, were used to boost provisions. The bank also received substantial liquidity support in the form of INR500 billion refinancing from the Reserve Bank of India (RBI) in March 2020 and liability support on certificates of deposit and interbank lines from the financial eco-system. As of end-July 2020, the bank had repaid 70% of the refinance lines to the RBI.

The bank has raised additional equity of INR150 billion since March 2020; the proforma common equity tier-1 (CET-1) of the bank for 1QFY21 was 13.4% (6.5% without adding the fresh equity raise).

The bank's new, post-reconstruction, board has two serving and one former officers from the SBI; the latter – Prashant Kumar- the former chief financial officer of the SBI and is now the chief executive officer of Yes Bank. The new board is focussed on improving governance and compliance; regaining its liability franchise, and building a sustainable loan and transaction business franchise.

The bank is also exploring hiving off a large portion of its non-performing assets and non-performing investment book into a separate legal unit to manage it more efficiently, release some capital and reduce the need for ageing-related provisions. Ind-Ra expects the bank's association with the SBI to help rebuild trust in the management as well as the overall institution of Yes Bank. Ind-Ra believes this could assist the bank to rebuild its liability and deposit profile, strengthen access to debt capital markets and interbank markets, and rebuild its franchise.

Strengthened Capital Buffers; Limited Incremental Credit Costs from Identified Stressed Assets: Yes Bank reported substantially better-than-historical levels of proforma CET-1 capital of 13.4% at end-1QFY21 (March 2020: 6.3%), and provision coverage ratio of 75% (2QFY20: 43%). As the bank has taken accelerated provisions on the majority of its stressed book, Ind-Ra expects marginal near-term ageing provision requirements, giving the bank the ability to build provisions for COVID-19 related stress. The agency believes the restructuring guidelines could help the bank manage its COVID-related stress and help spread its impact over two years.

Ind-Ra believes 7.7% of the banking system advances could be restructured in FY21 and the restructuring quantum could be greater, given its higher exposure to real estate, hospitality and micro, small and medium enterprises.

The bank has residual/legacy additional tier-1 bonds and upper tier-2 bonds, whose coupons the bank was unable to pay in 4QFY20 and 1QFY21 as it was not compliant with the minimum capital and profitability levels. Post the capital infusion, the bank was able to pay the cumulative coupons on the upper tier-2 bonds. Ind-Ra believes the bank will be able to service these coupon payments as it is in compliance with the capital requirement and will post modest profits in FY21.

Operating Performance likely to Improve Gradually: In the medium term, the bank will focus on the resolution of corporate stressed assets, non-corporate segments and transaction banking, mainly in the corporate segment, to generate current account float and granular fee income streams. This, the agency believes, along with a changing portfolio mix - large corporate portfolio expected to constitute 40% of the bank's advances in the medium term (1QFY21: 55%) - could offset the declining yields on the portfolio.

The bank is offering 1.5%-2% higher deposit rates than other higher-rated private sector banks. The agency believes the bank's non-interest income stream and current account deposit accretion could have adverse impactd by the new RBI circular, which states that CA accounts can be opened in lending banks.

Ind-Ra expects the bank's pre-provision operating profits to be between 2.5%-3% in the medium term while credit costs could be 2%-2.5%, assuming the bank will continue building up provisions for the assets expected to be restructured under the restructuring guidelines. The aforementioned factors, along with the lower requirement of ageing provisions and restructuring viable stressed assets gives the bank financial ability and time to make provisions for stressed assets in a post-COVID-19 environment. Hence, Ind-Ra expects the bank to post modest profits in FY21.

Liquidity Indicator – Adequate: As the bank is building back its liabilities and deposit profile, it has also complied with statutory liquidity ratio (SLR) and liquidity coverage ratio requirements; its SLR improved above-regulatory compliance levels (March 2020: 10%) and liquidity coverage ratio to about 114% at end-June 2020 (40.4%). The bank has made a provision of INR3.3 billion for SLR non-compliance and would be required to pay the same to the RBI, if required.

The bank's short-term liabilities exceeded the short-term assets by 15% of total assets at end-June 2020 and is manageable in the agency's opinion. Most of this gap is on account of the scheduled repayment of INR450 billion to the RBI in 2QFY21, part of which has already been repaid. With low growth in advances, Ind-Ra expects the deposit pricing to help the bank manage the tenor of liabilities and improve the balance sheet liquidity position while providing the bank with time to enhance access to interbank and debt capital markets.

RATING SENSITIVITIES

Positive: A sustained increase in the franchise scale, along with a considerable improvement in the retail franchise with a more granular funding and asset mix, while building stronger capital and operating buffers, could lead to a positive rating action.

Negative: A significantly higher-than-expected deterioration in the asset quality owing to COVID-19 and impairment in the funding profile could lead to a negative rating action. A sizeable drop in the provision coverage ratio will also lead to a negative rating action. CET-1 reducing below 10% and the premature withdrawal of support by the banking system could also lead to negative rating action.

COMPANY PROFILE

Yes Bank was established in 2004 as a new-generation private sector bank, headquartered in Mumbai. It was incorporated in 2004 and has grown to become a full service commercial bank, providing complete range of products, services and digital offerings, catering to corporate, micro, small and medium enterprises and retail customers.

FINANCIAL SUMMARY

Particulars (INR billion)	**FY20**	**FY19**
Total assets	2,578.3	3,808.26
Total equity	217.3	269.04
Net income	-227.2*	17.20
Return on assets (%)	-7.1*	0.5
CET-1 (%)	6.3	8.4
Source: YES Bank *Excluding proceeds from write off of additional tier-1 bonds		

RATING HISTORY

Instrument Type	**Current Rating/Outlook**			**Historical Rating/Rating Watch/Outlook**							
	Rating Type	**Rated Limits (billion)**	**Rating**	**18 March 2020**	**6 March 2020**	**12 February 2020**	**18 December 2019**	**31 August 2019**	**8 May 2019**	**2 November 2018**	**19 F 2**
Issuer rating	Long-term/Short-term	-	IND BBB/Stable	IND BB-/RWE	IND BB-/RWN	IND A-/RWN	IND A/RWN/IND A1/RWN	IND A+/Negative/IND A1+	IND AA-/Negative/IND A1+	IND AA+/Negative/IND A1+	I AA+/St A
Basel III Tier 2 Bonds	Long-term	INR110	IND BBB-/Stable	IND B+/RWE	IND B+/RWN	IND A-/RWN	IND A/RWN	IND A+/Negative	IND AA-/Negative	IND AA+/Negative	IND AA
Infrastructure bonds	Long-term	INR35.8	IND BBB/Stable	IND BB-/RWE	IND BB-/RWN	IND A-/RWN	IND A/RWN	IND A+/Negative	IND AA-/Negative	IND AA+/Negative	IND AA

ANNEXURE

Issue name/Type	**ISIN**	**Date of Issuance**	**Coupon Rate (%)**	**Maturity Date**	**Size of Issue (billion)**	**Rating/Rating Watch**
Infrastructure bonds	INE528G08360	29 December 2016	7.62	29 December 2023	INR3.3	IND BBB/Stable
Total utilised					**INR3.3**	
Total unutilised					**INR32.5**	
Basel III Tier 2 Bonds	INE528G08378	29 September 2017	7.8	29 September 2027	INR25	IND BBB-/Stable
Basel III Tier 2 Bonds	INE528G08386	3 October 2017	7.8	1 October 2027	INR15	IND BBB-/Stable
Basel III Tier 2 Bonds	INE528G08402	22 February 2018	8.73	22 February 2028	INR30	IND BBB-/Stable
Basel III Tier 2 Bonds	INE528G08410	14 September 2018	9.12	15 September 2028	INR30.42	IND BBB-/Stable
Total utilised					**INR100.42**	

Total unutilised	INR9.58

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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DISCLAIMER

Applicable Criteria

Financial Institutions Rating Criteria
Rating Bank Subordinated and Hybrid Securities

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