



YBL/CS/2019-20/192

March 17, 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,

Subject: Press release on Credit Ratings by Moody's Investors Service


Please find enclosed press release issued by Moody's Investors Service on credit ratings of the Bank.

Kindly take the above on record.

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 Shetfigar
Group Company Secretary

Encl.: as above



Rating Action: Moody's upgrades Yes Bank's ratings; outlook changed to positive

16 Mar 2020

Singapore, March 16, 2020 -- Moody's Investors Service (Moody's) has today upgraded Yes Bank Limited's (Yes Bank) long-term foreign currency issuer and foreign currency senior unsecured MTN program ratings to Caa1 from Caa3 and (P)Caa1 from (P)Caa3 respectively.

In addition, Moody's has confirmed the bank's long-term foreign and local currency bank deposit ratings at Caa1. Moody's has also confirmed the bank's long-term domestic and foreign currency Counterparty Risk Rating (CRR) and long-term Counterparty Risk Assessment (CR Assessment) at Caa1 and Caa1(cr) respectively.

Lastly, Moody's has affirmed Yes Bank's Baseline Credit Assessment (BCA) and adjusted BCA at ca.

The rating outlook is positive. Today's rating action concludes the review with direction uncertain that was initiated on Yes Bank's ratings on 06 March 2020.

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 long-term issuer rating to Caa1 from Caa3, placing it at the same level as its long-term deposit ratings, takes into account the bailout of the bank's depositors and senior creditors under the Yes Bank Reconstruction Scheme, as approved by the Indian Government (Baa2 negative) on 13 March 2020. Today's rating action also takes into account the confirmation by the Indian authorities and Yes Bank that the moratorium on its depositors and creditors will be lifted on 18 March 2020.

Based on the reconstruction scheme, State Bank of India (SBI, Baa2 negative, ba1) and six other Indian financial institutions have infused INR100 billion as new equity capital into Yes Bank. The rights, along with the terms and conditions of the bank's depositors and senior creditors, remain unaffected by the planned reconstruction.

Separately, INR84.15 billion Additional Tier 1 (AT1) bonds have been written down in full to provide additional loss absorbing capital against the bank's losses.

Given the new capital raised and the AT1 securities writedown, Moody's expects Yes Bank's solvency has improved and that the recovery rates for the banks' depositors and senior creditors will be very high, supporting the current credit ratings.

Moody's has also affirmed the bank's BCA at ca. Despite the reconstruction scheme and new capital infusion, the bank's standalone viability is in question as the bank's deposit franchise has significantly deteriorated since quarter ended 30 September 2019. Between 1 October 2019 to 5 March 2020, Yes Bank's deposits declined by 34% and may weaken further once the moratorium is lifted. As a result, Moody's expects that the bank will continue to require liquidity assistance and forbearance from RBI immediately after the moratorium is lifted and until its operations stabilize.

Moody's has also changed the rating outlook to positive to reflect Moody's expectation that the bank's financial fundamentals can improve due to the extraordinary support provided by the Indian authorities. Such extraordinary support will provide the bank sometime to rebuild its franchise, including its deposit base.

As part of the reconstruction scheme, the Indian authorities and SBI have appointed new board members and a new MD & CEO to Yes Bank. Moody's expects Yes Bank's risk appetite will decrease and the bank's management framework will remain consistent and in line with its lower risk appetite. Nevertheless, the bank's complex shareholding structure could complicate governance and management structures at the bank. Corporate governance remains a key credit consideration and requires ongoing monitoring.

WHAT COULD CHANGE THE RATING UP

Moody's could upgrade the ratings if the bank's financial fundamentals, including its depositor franchise, stabilize such that the risk of losses to senior creditors and depositors further declines.

WHAT COULD CHANGE THE RATING DOWN

A worsening of the bank's fundamentals due to an increase in asset risk or a significant outflow of deposits after the RBI's moratorium is lifted resulting in lower recovery rates for the bank's creditors, could lead to a further downgrade of the bank's ratings.

The principal methodology used in these ratings was Banks Methodology published in November 2019. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

Yes Bank Limited is headquartered in Mumbai and reported total assets of INR2.9 trillion (\$40.8 billion) at 31 December 2019.

Yes Bank Limited

- Long-term foreign currency Issuer Rating, Upgraded to Caa1 from Caa3, outlook changed to positive from rating under review
- Long-term foreign and local currency Deposit Rating, Confirmed at Caa1, outlook changed to positive from rating under review
- Short-term foreign and local currency Deposit Rating, Affirmed NP
- Foreign currency senior unsecured Medium-Term Note Program, Upgraded to (P)Caa1 from (P)Caa3
- Baseline Credit Assessment (BCA) and adjusted BCA, Affirmed ca
- Long-term Counterparty Risk Assessment (CR Assessment), Confirmed at Caa1(cr)
- Short-term Counterparty Risk Assessment, Affirmed NP(cr)
- Long-term foreign and local currency Counterparty Risk Rating (CRR), Confirmed at Caa1
- Short-term foreign and local currency Counterparty Risk Rating (CRR), Affirmed NP
- Outlook: Changed to positive from rating under review

Yes Bank, IFSC Banking Unit Branch

- Foreign currency senior unsecured Medium-Term Note Program, Upgraded to (P)Caa1 from (P)Caa3
- Foreign currency senior unsecured debt rating, Upgraded to Caa1 from Caa3, outlook changed to positive from rating under review
- Long-term Counterparty Risk Assessment, Confirmed at Caa1(cr)
- Short-term Counterparty Risk Assessment, Affirmed NP(cr)
- Long-term foreign and local currency Counterparty Risk Rating (CRR), Confirmed at Caa1
- Short-term foreign and local currency Counterparty Risk Rating (CRR), Affirmed NP
- Outlook: Changed to positive from rating under review

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