

YBL/CS/2019-20/172

March 07, 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 Rating Agencies

Please find enclosed press release issued by the following credit rating agencies on credit ratings of the Bank.

1. ICRA
2. CARE Ratings
3. India Ratings
4. Moody's Investors Service
5. Brickwork Ratings

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 Shettigar
Group Company Secretary

Encl.: as above

March 06, 2020

Yes Bank Limited: Ratings downgraded

Summary of rating action

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Basel III Compliant Tier II Bond Programme	10,900.00	10,900.00	[ICRA]D(hyb); downgraded from [ICRA]A- (hyb) (Negative)
Basel II Compliant Lower Tier II Bond Programme	2,230.60	2,230.60	[ICRA]D; downgraded from [ICRA]A- (Negative)
Basel II Compliant Upper Tier II Bond Programme	1,344.10	1,344.10	[ICRA]D; downgraded from [ICRA]BBB+ (Negative)
Basel II Compliant Tier I Bond Programme	307.00	307.00	[ICRA]D; downgraded from [ICRA]BBB+ (Negative)
Infrastructure Bond Programme	7,030.00	7,030.00	[[ICRA]D; downgraded from [ICRA]A- (Negative)
Basel III Compliant Additional Tier I Bond Programme	10,800.00	10,800.00	[ICRA] D (hyb); downgraded from [ICRA]BBB- (hyb) (Negative)
Short-term Fixed Deposit Programme	NA	NA	[ICRA]D; downgraded from [ICRA]A2+
Certificates of Deposit Programme	20,000.00	20,000.00	[ICRA]D; downgraded from [ICRA]A2+
Basel II Compliant Lower Tier II Bond Programme	300.00	-	[ICRA]D; downgraded from [ICRA]A- (Negative) and withdrawn
Total	52,911.70	52,611.70	

Material Event

The ratings downgrade factors in the moratorium placed on the bank by the central government, whereby the bank's payments to its depositors and creditors is now restricted. The Reserve Bank of India (RBI) in consultation with central government has also superseded the board of the bank due to deterioration in bank's financial position. In its press release, the RBI has mentioned that it will explore and draw up a scheme for bank's reconstitution or amalgamation with approval of central government within the moratorium period of 30 days.

Additionally, the bank had not paid the coupon on the Basel II Tier I bond due on March 5, 2020, which was subject to the bank meeting the regulatory capital adequacy ratio (CAR). The coupon payment on these bonds also required prior approval of Reserve Bank of India (RBI) in case such payment of coupon results in an increase in net loss. The bank in its last results for H1FY2020 had declared a CAR of 16.30% and net loss of Rs 486 crore, however it had deferred its Q3FY2020 results.

In ICRA's view, restricted payments during the moratorium period severely constrains the ability of the bank to service its liabilities in a timely manner. The terms of proposed reconstitution or amalgamation of the bank will remain the key determinants of the future rating actions on the above instruments.

The worsening in credit profile of its large borrowers led to sharp increase in its level of stressed assets in relation to its core capital. Further, the limited resolution on these stressed assets till date and the bank's inability to raise sufficient capital in a timely manner has further weakened its financial profile.

The Basel III – Tier II bonds are expected to absorb losses once the point of non-viability (PONV) trigger is invoked. Additionally, the Basel III – Tier I bonds are expected to absorb losses through a write-down mechanism at the objective pre-specified trigger point fixed at the bank's CET-I ratio as prescribed by the RBI, 5.5% till March 2020, and thereafter 6.125% of the total RWAs of the bank or when the PONV trigger is breached in the RBI's opinion. 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.

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 regulatory norms on capitalisation and profitability. As per the regulatory norms for hybrid debt capital instruments, approval from the RBI is required for debt servicing (including principal repayments) 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 Basel II Tier I bonds, is non-cumulative, while that on Upper Tier II bond is cumulative, if not paid.

The servicing of Basel II Lower Tier II bonds and infrastructure bonds are not subject to any capital ratios and profitability. However, the bank has an upcoming coupon payment on Basel II lower Tier II bonds in March 2020 and unless the restrictions are removed, bank may be constrained to timely service these bonds.

ICRA has withdrawn the ratings for Rs. 300 crore Basel II Compliant Lower Tier II Bond Programme as the amount has been redeemed.

Key rating drivers and their description

Credit challenges

Ability to service liabilities in a timely manner constrained by moratorium imposed on bank – The central government on March 5, 2020 has imposed moratorium on the bank till April 3, 2020, whereby it is restricted to pay up to Rs 50,000 to a depositor or any creditor during this period. This will adversely impact the ability of the bank to timely service the liability on its deposits and bonds falling due during the moratorium period.

Additionally, the RBI has proposed the bank's reconstruction or amalgamation with prior approval of central government, the terms of which could be critical for the timely servicing to bond holders.

Significantly high GNPA's and standard BB and below rated exposures, which are likely to increase further in the near term; no material resolutions/recoveries in stressed accounts – The BB and below rated exposures increased to Rs. 31,400 crore (10.1% of gross exposures) from ~Rs. 23,000 crore (7.1%) as on March 31, 2019, partly on account of the downgrade in some of the exposures to stressed groups. ICRA notes that the standard BB and below rated exposures and the NPAs can increase further in the near term, given the limited resolution in these accounts and exposure to a telecom account, which has incrementally turned vulnerable. The NNPA's and net BB and below rated exposures, which are sizeable in relation to the core equity capital.

Delays in capital raising amid increase in stressed exposures – In November 2019, the bank had disclosed interest from investors to raise USD 2 billion, which was upsized from USD 1.2 billion announced earlier in October 2019. However, the same has not yet materialised. On February 12, 2020, the bank announced that it has received a non-binding expression of interest for capital infusion from new investors, which is subject to certain conditions and the receipt of regulatory approvals. The ability to secure these approvals and the quantum, timing and conditions of the proposed capital infusion will be key monitorables. The bank had earlier raised equity capital of Rs. 1,930 crore in Q2 FY2020, and YBL's overall capital adequacy under Basel III stood at 16.3% with CET-I of 8.7% as on September 30, 2019 (15.7% and 8.0%, respectively).

High share of wholesale liabilities and concentrated loan book with high share of corporate advances – Despite an improvement in the granularity of its deposit profile over the last 3-4 years, YBL’s share of non-retail deposits remained high (39.7% as on September 30, 2019). The bank’s total deposit base reduced to Rs. 2,09,497 crore as on September 30, 2019 from Rs. 2,27,610 crore as on March 31, 2019.

YBL’s exposure to the corporate sector has been declining but it remained high at 61.9% as on September 30, 2019 (65.6% as on March 31, 2019 and 67.9% as on March 31, 2018) compared to the banking sector average of ~40%. The high share of corporate advances has impacted the bank’s asset quality. YBL’s top 10 group exposures accounted for 18.8% of the total exposures and 272% of the Tier I capital as on March 31, 2019, while the top 20 advances stood at 14.3% of the overall advances as on March 31, 2019.

Liquidity position: Poor

Given the bank is constrained to repay its liabilities in timely manner, the liquidity is poor for the bank.

Rating sensitivities

Positive triggers – ICRA will monitor the terms of proposed reconstitution or amalgamation of the bank as these will remain the key drivers of the future rating actions. Removal of moratorium and restricted payments will additionally be positive factors.

Negative triggers – Not Applicable

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. It is the fourth largest private sector bank in India, as on September 30, 2019, in terms of assets. As on March 31, 2019, the bank had a network of 1,120 branches. It also has an international branch in Gift City, Gujarat - India. YBL’s regulatory capital adequacy ratio (Basel III) stood at 16.3% (CET-I of 8.7% and Tier I of 11.5%) as on September 30, 2019.

Key financial indicators (audited)

For the period / At the end of	FY2018	FY2019	H1 FY2019	H1 FY2020
Net interest income	7,737	9,809	4,637	4,467
Profit before tax	6,194	2,357	3,255	297
Profit after tax	4,225	1,720	2,225	(486)
Net advances	2,03,534	2,41,500	2,39,627	2,24,505
Total assets	3,12,446	3,80,826	3,71,647	3,46,576
% CET	9.7%	8.4%	9.0%	8.7%
% Tier I	13.2%	11.3%	11.9%	11.5%
% CRAR	18.4%	16.5%	17.0%	16.3%
% Net interest margin / Average total assets	2.9%	2.8%	2.71%	2.46%
% Net profit / Average total assets	1.6%	0.5%	1.30%	-0.27%
% Return on net worth	17.7%	6.5%	16.76%	-3.56%
% Gross NPAs	1.28%	3.22%	1.60%	7.39%
% Net NPAs	0.64%	1.86%	0.84%	4.35%
% Provision coverage excl. technical write-offs	50.02%	43.10%	47.80%	43.10%
% Net NPA/ Core equity	5.3%	17.5%	7.4%	35.8%

Amount in Rs. crore

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

Sr. No.	Name of Instrument	Type	Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2020)					Chronology of Rating History for the Past 3 Years														
					6-Mar-20	20-Feb-20	19-Dec-19	13-Nov-19	24-Jul-19	FY2019						FY2018			FY2017					
					03-May-19	28-Nov-18	16-Nov-2018	21-Sep-2018	16-August-2018	10-April-2018	19-Feb-2018	17-Nov-2017	17/13-Oct-2017	27-Sep-2017	11-Aug-2017	27-March-2017	06-Oct-2016							
1	Certificates of Deposit Programme	Short Term	20,000.00	NA	[ICRA]D	[ICRA]A2+	[ICRA]A1	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	
2	Basel II Compliant Lower Tier II Bond Programme	Long Term	2,230.60	2,230.60	[ICRA]D	[ICRA]A-(Negative)	[ICRA]A-(Negative)	[ICRA]A+(Negative)	[ICRA]A+(Negative)	[ICRA]AA-(Negative)	[ICRA]A @	[ICRA]AA+ @	[ICRA]AA+(stable)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[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]D	[ICRA]BBB+(Negative)	[ICRA]A-(Negative)	[ICRA]A-(Negative)	[ICRA]A-(Negative)	[ICRA]A+(Negative)	[ICRA]A @	[ICRA]AA @	[ICRA]AA+(stable)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)
4	Basel II Compliant Tier I Bond Programme	Long Term	307.00	307.00	[ICRA]D	[ICRA]BBB+(Negative)	[ICRA]A-(Negative)	[ICRA]A-(Negative)	[ICRA]A-(Negative)	[ICRA]A+(Negative)	[ICRA]A @	[ICRA]AA @	[ICRA]AA+(stable)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)
5	Infrastructure Bond Programme	Long Term	7,030.00	3,780.00^	[ICRA]D	[ICRA]A-(Negative)	[ICRA]A-(Negative)	[ICRA]A+(Negative)	[ICRA]A+(Negative)	[ICRA]AA-(Negative)	[ICRA]A @	[ICRA]AA+ @	[ICRA]AA+(stable)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[ICRA]AA+(positive)	[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]D (hyb)	[ICRA]A-(hyb)(Negative)	[ICRA]A-(hyb)(Negative)	[ICRA]A+(hyb)(Negative)	[ICRA]A+(hyb)(Negative)	[ICRA]AA-(hyb)(Negative)	[ICRA]A @ (hyb)	[ICRA]AA+ @ (hyb)	[ICRA]AA+(hyb)(stable)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)
7	Basel III Compliant Additional Tier I Bond Programme	Long Term	10,800.00	8,695.00^	[ICRA]D (hyb)	[ICRA]BBB-(hyb)(Negative)	[ICRA]BBB-(hyb)(Negative)	[ICRA]BBB+(hyb)(Negative)	[ICRA]BBB+(hyb)(Negative)	[ICRA]A-(hyb)(Negative)	[ICRA]A @ (hyb)	[ICRA]AA @ (hyb)	[ICRA]AA+(hyb)(stable)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]AA+(hyb)(positive)	[ICRA]A+(hyb)(positive)
8	Short-term Fixed Deposit Programme	Short Term	NA	NA	[ICRA]D	[ICRA]A2+	[ICRA]A1	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

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]D
INE528G08204	Basel II Compliant Lower Tier II Bond Programme	28-Oct-11	10.20%	28-Oct-21	243	[ICRA]D
INE528G08212	Basel II Compliant Lower Tier II Bond Programme	28-Mar-12	9.90%	28-Mar-22	300	[ICRA]D
INE528G08220	Basel II Compliant Lower Tier II Bond Programme	23-Aug-12	10	23-Aug-22	300	[ICRA]D
INE528G08238	Basel II Compliant Lower Tier II Bond Programme	10-Sep-12	10	10-Sep-22	300	[ICRA]D
INE528G09129	Basel II Compliant Lower Tier II Bond Programme	16-Oct-12	10	16-Oct-22	200	[ICRA]D
INE528G08246	Basel II Compliant Lower Tier II Bond Programme	31-Oct-12	9.90%	31-Oct-22	260	[ICRA]D
INE528G08170	Basel II Compliant Lower Tier II Bond Programme	30-Sep-10	9.30%	30-Apr-20	306	[ICRA]D
INE528G08147	Basel II Compliant Lower Tier II Bond Programme	22-Jan-10	9.65%	22-Jan-20	300	[ICRA]D Withdrawn
INE528G08154	Basel II Compliant Upper Tier II Bond Programme	14-Aug-10	9.65%	14-Aug-25	440	[ICRA]D
INE528G08162	Basel II Compliant Upper Tier II Bond Programme	08-Sep-10	9.50%	08-Sep-25	200	[ICRA]D
INE528G09103	Basel II Compliant Upper Tier II Bond Programme	29-Jun-12	10.25	29-Jun-27	60	[ICRA]D
INE528G09111	Basel II Compliant Upper Tier II Bond Programme	28-Sep-12	10.15	28-Sep-27	200	[ICRA]D
INE528G08253	Basel II Compliant Upper Tier II Bond Programme	10-Nov-12	10.25%	10-Nov-27	275	[ICRA]D
INE528G09137	Basel II Compliant Upper Tier II Bond Programme	27-Dec-12	10.05	27-Dec-27	169	[ICRA]D
INE528G09061	Basel II Compliant	05-Mar-10	10.25%	N.A.	82	[ICRA]D

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
	Tier I Bond Programme					
INE528G09079	Basel II Compliant Tier I Bond Programme	21-Aug-10	9.90%	N.A.	225	[ICRA]D
INE528G08279	Infrastructure Bonds	24-Feb-15	8.85%	24-Feb-25	1,000	[ICRA]D
INE528G08295	Infrastructure Bonds	05-Aug-15	8.95%	05-Aug-25	315	[ICRA]D
INE528G08345	Infrastructure Bonds	30-Sep-16	8.00%	30-Sep-26	2,135	[ICRA]D
INE528G08360	Infrastructure Bonds	29-Dec-16	7.62%	29-Dec-23	330	[ICRA]D
INE528G08287	Basel III Compliant Tier II Bonds	29-Jun-15	9.15%	30-Jun-25	554	[ICRA]D (hyb)
INE528G08303	Basel III Compliant Tier II Bonds	31-Dec-15	8.90%	31-Dec-25	1,500	[ICRA]D (hyb)
INE528G08311	Basel III Compliant Tier II Bonds	15-Jan-16	9.00%	15-Jan-26	800	[ICRA]D (hyb)
INE528G08329	Basel III Compliant Tier II Bonds	20-Jan-16	9.05%	20-Jan-26	500	[ICRA]D (hyb)
INE528G08337	Basel III Compliant Tier II Bonds	31-Mar-16	9.00%	31-Mar-26	545	[ICRA]D (hyb)
INE528G08378	Basel III Compliant Tier II Bonds	29-Sep-17	7.80%	29-Sep-27	2,500	[ICRA]D (hyb)
INE528G08386	Basel III Compliant Tier II Bonds	03-Oct-17	7.80%	01-Oct-27	1,500	[ICRA]D (hyb)
INE528G08402	Basel III Compliant Tier II Bonds	22-Feb-18	8.73%	22-Feb-28	3,000	[ICRA]D (hyb)
INE528G08261	Basel III Compliant Additional Tier I Bond Programme	31-Dec-13	10.5	N.A.	280	[ICRA]D (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)
-	Certificates of Deposit Programme	-	-	-	20,000	[ICRA]D
-	Short-term Fixed Deposit Programme	-	-	-	NA	[ICRA]D

Source: YBL

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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.

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Yes Bank Limited

March 06, 2020

Ratings

Instrument / Facility	Amount (Rs. crore)	Rating ¹	Rating Action
Infrastructure Bonds	5,000.00 (Rs. Five thousand crore only)	CARE B (Single B) (Credit Watch with Developing Implications)	Revised from CARE A- (Single A Minus) (Credit Watch with Negative Implications)
Lower Tier II Bonds	2,230.60 (Reduced from Rs.2,530.6 crore) [^] (Rs. Two thousand two hundred thirty crore sixty lakh only)	CARE B (Single B) (Credit Watch with Developing Implications)	Revised from CARE A- (Single A Minus) (Credit Watch with Negative Implications)
Tier II Bonds (Basel III)*	8,900.00 (Rs. Eight thousand nine hundred crore only)	CARE C (Single C) (Credit Watch with Developing Implications)	Revised from CARE A- (Single A Minus) (Credit Watch with Negative Implications)
Additional Tier I Bonds (Basel III) [#]	3,600.00 (Rs. Three thousand six hundred crore only)	CARE D (Single D)	Revised from CARE BBB- (Triple B Minus) (Credit Watch with Negative Implications)
Upper Tier II Bonds [@]	904.10 (Rs. Nine hundred four crore and Ten lakh only)	CARE C (Single C) (Credit Watch with Developing Implications)	Revised from CARE BBB+ (Triple B Plus) (Credit Watch with Negative Implications)
Perpetual Bonds (Basel II) [@]	82.00 (Rs. Eighty two crore only)	CARE D (Single D)	Revised from CARE BBB+ (Triple B Plus) (Credit Watch with Negative Implications)

Details of instruments/facilities in Annexure-1

[^]Lower Tier II Bonds worth Rs.300 crore withdrawn on account of redemption on maturity

*: Tier II Bonds under Basel III are characterized by a 'Point of Non-Viability' (PONV) trigger due to which the investor may suffer a loss of principal. PONV will be determined by the Reserve Bank of India (RBI) and is a point at which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. In addition, the difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier I capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable.

@: CARE has rated the aforesaid Upper Tier II Bonds and the Perpetual Bonds after taking into consideration their increased sensitivity to Yes Bank's Capital Adequacy Ratio (CAR), capital raising ability and profitability during the long tenure of the instruments. The rating factors in the additional risk arising due to the existence of the lock-in clause in hybrid instruments. Any delay in payment of interest/principal (as the case may be) following invocation of the lock-in-clause, would constitute as an event of default as per CARE's definition of default and as such these instruments may exhibit a somewhat sharper migration of the rating compared with conventional subordinated debt instruments.

#: CARE has rated the aforesaid Basel III Compliant Tier-I Perpetual Bonds [Additional Tier I Bonds (Basel III)] after taking into consideration its key features as mentioned below:

- The bank has full discretion at all times to cancel coupon payments.
- The coupon is to be paid out of current year profits. However, if the current year's profits are not sufficient, i.e., payment of such coupon is likely to result in losses during the current year, the balance of coupon payment may be

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

made out of reserves representing appropriation of net profits, including statutory reserves and excluding share premium, revaluation reserve, foreign currency translation reserve, investment reserve and reserves created on amalgamation provided the bank meets the minimum regulatory requirements for Common Equity Tier I [CET I], Tier I and Total Capital Ratios and capital buffer frameworks as prescribed by the Reserve Bank of India [RBI].

- The instrument may be written-down upon CET I breaching the pre-specified trigger of 5.5% before March 31, 2020, and 6.125% on and after March 31, 2020, or written-off / converted into common equity shares on occurrence of the trigger event called point of non-viability (PONV). The PONV trigger shall be determined by RBI.

Any delay in payment of interest/principal (as the case may be) due to invocation of any of the features mentioned above would constitute as an event of default as per CARE's definition of default and as such these instruments may exhibit a some-what sharper migration of the rating compared with other subordinated debt instruments.

Detailed rationale & key rating drivers

The revision in ratings assigned to the various debt instruments of Yes Bank Limited (YBL) factors in the moratorium imposed by the Reserve Bank of India (RBI) on YBL, in consultation with the Government of India (GoI) thereby severely restricting the bank's ability to meet its liabilities in a timely manner. RBI's action comes on the backdrop of significant deterioration in the financial risk profile of the bank with weakened capitalisation levels and its inability to raise capital to address potential loan losses, rise in withdrawal of deposits as well as certain governance related issues with the bank. The RBI has superseded the Board of Directors of the bank and imposed a moratorium for a period of 30 days from March 05, 2020. The RBI has also appointed Mr. Prashant Kumar (former Deputy Managing Director and Chief Financial Officer of State Bank of India) as the Administrator and on March 06, 2020, the RBI has published a draft scheme for reconstruction for the Bank.

The rating assigned to the Perpetual Bonds (under Basel II) of the bank has been revised to 'CARE D (Single D)' and removed from 'Credit Watch with Negative Implications' on account of non-payment of coupon due on March 05, 2020 due to invocation of the lock-in-clause on the said bond. The payment of the coupon on the said bond required approval from RBI which the bank did not receive. Non-payment of coupon on invocation of the lock-in clause constitutes as an event of default as per CARE's definition of default.

Further, as per the draft scheme of reconstruction, the instruments qualifying as Additional Tier I capital (i.e. AT I Bonds) would stand written down permanently in full with effect from the appointed date of the scheme which would constitute an event of default as per CARE's definition of default as a result, the ratings of the AT I Bonds of YBL have also been downgraded to 'CARE D (Single D)'.

Further, considering the restrictions put on the bank during the moratorium may impact the bank's ability to service its liabilities on due dates.

The ratings have been put on 'Credit Watch with Developing Implications' and CARE would continue to monitor the progress on the reconstruction scheme and would periodically review the ratings and take appropriate action.

Earlier, CARE Ratings had downgraded the ratings of various debt instruments of YBL in February, 2020 in view of the continued delay in raising core capital and the ratings were placed on 'Credit Watch with Negative Implications' on account of continued uncertainty on the quantum and timeline of raising equity capital.

The bank has received non-binding expression of interest (EOI) from several investors including J. C. Flowers & Co. LLC, Tilden Park Capital Management LP, OHA (UK) LLP (part of Oak Hill Advisors) and Silver Point Capital and is working with its financial advisors to complete the capital raise. Further, the bank has delayed the publishing of the financial results for the quarter / nine months ended December 31, 2019 which is beyond the 45 day period from the end of the relevant quarter as stipulated under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as the bank's management is engaged in the capital raising and would publish the results on or before March 14, 2020.

Rating Sensitivities

Positive Factors

- Improvement in the financial risk profile of the bank based on the progress on the proposed scheme of restructuring

Negative Factors

- Inability to service the rated bonds in a timely manner

Analytical approach: Standalone

Liquidity Profile: Poor

Post the moratorium put on the bank by RBI, the liquidity position of the bank is severely constrained.

Applicable Criteria

[Criteria on assigning 'outlook' and 'Credit Watch' to Credit Ratings](#)

[CARE Policy on Default Recognition](#)

[CARE's Rating Methodology for Banks](#)

[Financial ratios - Financial Sector](#)

Background of Yes Bank Limited

Yes Bank Ltd. (YBL) is a new generation private sector bank incorporated in November 2003 by Mr. Rana Kapoor and late Mr. Ashok Kapur. Mr. Ranveet Gill was appointed as the MD & CEO of YBL with effect from March 01, 2019. The number of branches and ATM (including Bunch Note Acceptors) stood at 1,120 (FY18: 1,100) and 1,456 (FY18: 1,724) respectively as on March 31, 2019.

Brief Financials

Particulars	(Rs. crore)		
	FY17 (A)	FY18 (A)	FY19 (A)
Total income	20,581	25,491	34,215
PAT	3,330	4,225	1,720
Total Assets*	2,14,457	3,11,574	3,78,293
Gross NPA (%)	1.52	1.28	3.22
ROTA (%)	1.76	1.61	0.50

A: Audited *Adjusted for Deferred Tax Assets and Intangible Assets

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure I- Instrument Details

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Infrastructure Bonds	INE528G08279	24-Feb-15	8.85%	24-Feb-25	1,000	CARE B*
Infrastructure Bonds	INE528G08295	05-Aug-15	8.95%	05-Aug-25	315	CARE B*
Infrastructure Bonds	INE528G08345	30-Sep-16	8.00%	30-Sep-26	2,135	CARE B*
Infrastructure Bonds	INE528G08360	29-Dec-16	7.62%	29-Dec-23	330	CARE B*
Infrastructure Bonds (Proposed)	-	-	-	-	1,220	CARE B*
Lower Tier II Bonds	INE528G08170	30-Sep-10	9.30%	30-Apr-20	306.4	CARE B*
Lower Tier II Bonds	INE528G08196	25-Jul-11	10.30%	25-Jul-21	321.5	CARE B*
Lower Tier II Bonds	INE528G08204	28-Oct-11	10.20%	28-Oct-21	243	CARE B*
Lower Tier II Bonds	INE528G08212	28-Mar-12	9.90%	28-Mar-22	300	CARE B*
Lower Tier II Bonds	INE528G08220	23-Aug-12	10.00%	23-Aug-22	300	CARE B*
Lower Tier II Bonds	INE528G08238	10-Sep-12	10.00%	10-Sep-22	300	CARE B*
Lower Tier II Bonds	INE528G09129	16-Oct-12	10.00%	16-Oct-22	200	CARE B*
Lower Tier II Bonds	INE528G08246	31-Oct-12	9.90%	31-Oct-22	259.7	CARE B*
Tier II Bonds	INE528G08287	29-Jun-15	9.15%	30-Jun-25	554.2	CARE C*
Tier II Bonds	INE528G08303	31-Dec-15	8.90%	31-Dec-25	1500	CARE C*
Tier II Bonds	INE528G08311	15-Jan-16	9.00%	15-Jan-26	800	CARE C*
Tier II Bonds	INE528G08329	20-Jan-16	9.05%	20-Jan-26	500	CARE C*
Tier II Bonds	INE528G08337	31-Mar-16	9.00%	31-Mar-26	545	CARE C*
Tier II Bonds	INE528G08410	14-Sep-18	9.12%	15-Sep-28	3042	CARE C*
Tier II Bonds (Proposed)	-	-	-	-	1,958.8	CARE C*
Additional Tier I Bonds	INE528G08352	23-Dec-16	9.50%	NA	3,000	CARE D
Additional Tier I Bonds (Proposed)	-	-	-	-	600	CARE D
Upper Tier II Bonds	INE528G08162	08-Sep-10	9.50%	08-Sep-25	200	CARE C*
Upper Tier II Bonds	INE528G09103	29-Jun-12	10.25%	29-Jun-27	60	CARE C*

Upper Tier II Bonds	INE528G09111	28-Sep-12	10.15%	28-Sep-27	200	CARE C *
Upper Tier II Bonds	INE528G08253	10-Nov-12	10.25%	10-Nov-27	275	CARE C *
Upper Tier II Bonds	INE528G09137	27-Dec-12	10.05%	27-Dec-27	169.1	CARE C *
Perpetual Bonds (Basel II)	INE528G09061	05-Mar-10	10.25%	NA	82	CARE D

*(Credit Watch with Developing Implications)

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Bonds-Lower Tier II (Redeemed)	LT	-	-	-	-	1) CARE AA+; Stable (28-Sep-17) 2) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
2.	Bonds-Upper Tier II (Redeemed)	LT	-	-	-	-	1) CARE AA+; Stable (28-Sep-17) 2) CARE AA+; Stable (11-Jul-17)	1) CARE AA; Stable (19-Dec-16) 2) CARE AA (21-Oct-16)
3.	Bonds-Lower Tier II (Redeemed)	LT	-	-	-	-	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
4.	Bonds-Lower Tier II	LT	-	Withdrawn	1) CARE A- (Credit Watch with Negative Implications) (30-Dec-19) 2) CARE A; Negative (30-Nov-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1) CARE AA+; Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
5.	Bonds-Perpetual Bonds	LT	82.00	CARE D	1) CARE BBB+ (Credit Watch with Negative Implications) (30-Dec-19) 2) CARE A-; Negative (30-Dec-19) 3) CARE A	1) CARE AA; credit watch with developing implications (28-Nov-18) CARE AA+; (Credit Watch	1) CARE AA; Stable (11-Jul-17)	1) CARE AA; Stable (19-Dec-16) 2) CARE AA (21-Oct-16)

					(Credit Watch with developing Implications) (13-Nov-19) 4) CARE A+; Negative (27-Jul-19) 5) CARE A+; Negative (09-May-19)	with developing implications) (28-Sep-18) 3)CARE AA+; Stable (05-Jul-18)		
6.	Bonds-Perpetual Bonds	LT	-		1)Withdrawn (09-May-19)	1)CARE AA; credit watch with developing implications (28-Nov-18) CARE AA+; (Credit Watch with developing implications) (28-Sep-18) 3)CARE AA+; Stable (05-Jul-18)	1)CARE AA; Stable (11-Jul-17)	1)CARE AA; Stable (19-Dec-16) 2)CARE AA (21-Oct-16)
7.	Bonds-Upper Tier II	LT	200.00	CARE C (Credit Watch with Developing Implications)	1) CARE BBB+ (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A-; Negative (30-Dec-19) 3) CARE A (Credit Watch with developing Implications) (13-Nov-19) 4) CARE A+; Negative (27-Jul-19) 5) CARE A+; Negative (09-May-19)	1) CARE AA; credit watch with developing implications (28-Nov-18) CARE AA+; (Credit Watch with developing implications) (28-Sep-18) 3)CARE AA+; Stable (05-Jul-18)	1)CARE AA; Stable (11-Jul-17))	1)CARE AA; Stable (19-Dec-16) 2)CARE AA (21-Oct-16)
8.	Bonds-Upper Tier II	LT	-			1) Withdrawn CARE AA+; (Credit Watch with developing implications) (28-Sep-18) 2)CARE AA+; Stable (05-Jul-18)	1)CARE AA; Stable (11-Jul-17)	1)CARE AA; Stable (19-Dec-16) 2)CARE AA (21-Oct-16)
9.	Bonds-Lower Tier II	LT	306.40	CARE B (Credit Watch	1) CARE A-; (Credit Watch	1)CARE AA+; Under credit	1)CARE AA+; Stable	1)CARE AA+; Stable

				with Developing Implications)	with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	(11-Jul-17)	(19-Dec-16) 2) CARE AA+ (21-Oct-16)
10.	Bonds-Upper Tier II (Redeemed)	LT	-	-	-	-	1) CARE AA; Stable (11-Jul-17)	1) CARE AA; Stable (19-Dec-16) 2) CARE AA (21-Oct-16)
11.	Bonds-Lower Tier II	LT	564.50	CARE B (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1) CARE AA+; Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
12.	Bonds-Lower Tier II	LT	300.00	CARE B (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative	1) CARE AA+; Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)

					(27-Jul-19) 5) CARE AA-; Negative (09-May-19)			
13.	Bonds-Perpetual Bonds (Redeemed)	LT	-				1)CARE AA; Stable (11-Jul-17)	1)CARE AA; Stable (19-Dec-16) 2)CARE AA (21-Oct-16)
14.	Debt-Perpetual Debt (Redeemed)	LT	-				1)CARE AA; Stable (11-Jul-17)	1)CARE AA; Stable (19-Dec-16) 2)CARE AA (21-Oct-16)
15.	Bonds-Upper Tier II	LT	60.00	CARE C (Credit Watch with Developing Implications)	1) CARE BBB+ (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A-; Negative (30-Dec-19) 3) CARE A (Credit Watch with developing Implications) (13-Nov-19) 4) CARE A+; Negative (27-Jul-19) 5) CARE A+; Negative (09-May-19)	1) CARE AA; credit watch with developing implications (28-Nov-18) CARE AA+; (Credit Watch with developing implications) (28-Sep-18) 3)CARE AA+; Stable (05-Jul-18)	1)CARE AA; Stable (11-Jul-17)	1)CARE AA; Stable (19-Dec-16) 2)CARE AA (21-Oct-16)
16.	Bonds-Lower Tier II	LT	300.00	CARE B (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2)CARE A; Negative (30-Dec-19) 3)CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1)CARE AA+; Under credit watch with developing implications (28-Nov-18) 2)CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3)CARE AAA;	1)CARE AA+; Stable (11-Jul-17)	1)CARE AA+; Stable (19-Dec-16) 2)CARE AA+ (21-Oct-16)
17.	Bonds-Lower Tier II	LT	300.00	CARE B (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications)	1)CARE AA+; Under credit watch with developing	1)CARE AA+; Stable (11-Jul-17))	1)CARE AA+; Stable (19-Dec-16) 2)CARE AA+

					(24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA;		(21-Oct-16)
18.	Bonds-Upper Tier II	LT	150.00	CARE C (Credit Watch with Developing Implications)	1) CARE BBB+ (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A-; Negative (30-Dec-19) 3) CARE A (Credit Watch with developing Implications) (13-Nov-19) 4) CARE A+; Negative (27-Jul-19) 5) CARE A+; Negative (09-May-19)	1) CARE AA; credit watch with developing implications (28-Nov-18) CARE AA+; (Credit Watch with developing implications) (28-Sep-18) 3) CARE AA+; Stable (05-Jul-18)	1) CARE AA; Stable (11-Jul-17)	1) CARE AA; Stable (19-Dec-16) 2) CARE AA (21-Oct-16)
19.	Bonds-Lower Tier II	LT	9.70	CARE B (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1) CARE AA+; Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
20.	Bonds-Upper Tier II	LT	50.00	CARE C (Credit Watch with Developing	1) CARE BBB+ (Credit Watch with Negative	1) CARE AA; credit watch with	1) CARE AA; Stable (11-Jul-17)	1) CARE AA; Stable (19-Dec-16)

				Implications)	Implications) (24-Feb-20) 2) CARE A-; Negative (30-Dec-19) 3) CARE A (Credit Watch with developing Implications) (13-Nov-19) 4) CARE A+; Negative (27-Jul-19) 5) CARE A+; Negative (09-May-19)	developing implications (28-Nov-18) CARE AA+; (Credit Watch with developing implications) (28-Sep-18) 3)CARE AA+; Stable (05-Jul-18)		2)CARE AA (21-Oct-16)
21.	Bonds-Lower Tier II	LT	450.00	CARE B (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2)CARE A; Negative (30-Dec-19) 3)CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1)CARE AA+; Under credit watch with developing implications (28-Nov-18) 2)CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3)CARE AAA; Stable (05-Jul-18)	1)CARE AA+; Stable (11-Jul-17)	1)CARE AA+; Stable (19-Dec-16) 2)CARE AA+ (21-Oct-16)
22.	Bonds-Upper Tier II	LT	444.10	CARE C (Credit Watch with Developing Implications)	1) CARE BBB+ (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A-; Negative (30-Dec-19) 3) CARE A (Credit Watch with developing Implications) (13-Nov-19) 4) CARE A+; Negative (27-Jul-19) 5) CARE A+; Negative (09-May-19)	1) CARE AA; credit watch with developing implications (28-Nov-18) CARE AA+; (Credit Watch with developing implications) (28-Sep-18) 3)CARE AA+; Stable (05-Jul-18)	1)CARE AA; Stable (11-Jul-17)	1)CARE AA; Stable (19-Dec-16) 2)CARE AA (21-Oct-16)
23.	Bonds-Infrastructure Bonds	LT	1000.00	CARE B (Credit Watch	1) CARE A- (Credit Watch	1)CARE AA+; Under credit	1)CARE AA+; Stable	1)CARE AA+; Stable

				with Developing Implications)	with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	(11-Jul-17)	(19-Dec-16) 2) CARE AA+ (21-Oct-16)
24.	Bonds-Infrastructure Bonds	LT	1000.00	CARE B (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1) CARE AA+; Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
25.	Bonds-Tier II Bonds	LT	1200.00	CARE C (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1) CARE AA+; Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
26.	Bonds-Infrastructure	LT	500.00	CARE B	1) CARE A-	1) CARE AA+;	1) CARE AA+;	1) CARE AA+;

	Bonds			(Credit Watch with Developing Implications)	(Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	Stable (11-Jul-17)	Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
27.	Bonds-Tier II Bonds	LT	500.00	CARE C (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1) CARE AA+; Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
28.	Bonds-Tier II Bonds	LT	500.00	CARE C (Credit Watch with Developing Implications)	1) CARE A-; (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1) CARE AA+; Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)

29.	Bonds-Tier II Bonds	LT	600.00	CARE C (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1) CARE AA+; Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
30.	Bonds-Tier II Bonds	LT	100.00	CARE C (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1) CARE AA+; Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
31.	Bonds-Tier II Bonds	LT	1000.00	CARE C (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative	1) CARE AA+; Under credit watch with developing implications (28-Nov-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)

					(09-May-19)			
32.	Bonds-Tier II Bonds	LT	1000.00	CARE C (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1) CARE AA+; Under credit watch with developing implications (28-Sep-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16) 3) CARE AA+ (12-Apr-16)
33.	Bonds-Infrastructure Bonds	LT	2500.00	CARE B (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE A; Negative (30-Dec-19) 3) CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1) CARE AA+; Under credit watch with developing implications (28-Sep-18) 2) CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3) CARE AAA; Stable (05-Jul-18)	1) CARE AA+; Stable (11-Jul-17)	1) CARE AA+; Stable (19-Dec-16) 2) CARE AA+ (21-Oct-16)
34.	Bonds-Tier I Bonds	LT	500.00	CARE D	1) CARE BBB- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE BBB+ (Credit Watch with developing Implications) (13-Nov-19) 3) CARE A-; Negative (Jul-27-19) 4) CARE A; Negative (09-May-19)	1) CARE AA; credit watch with developing implications (28-Nov-18) 2) CARE AA+; (Credit Watch with developing implications) (28-Sep-18) 3) CARE AA+; Stable (05-Jul-18)	1) CARE AA; Stable (11-Jul-17)	1) CARE AA; Stable (19-Dec-16)
35.	Bonds-Tier I Bonds	LT	1600.00	CARE D	1) CARE BBB-	1) CARE AA;	1) CARE AA;	1) CARE AA;

					(Credit Watch with Negative Implications) (24-Feb-20) 2) CARE BBB; Negative (30-Dec-19) 3) CARE BBB+ (Credit Watch with developing Implications) (13-Nov-19) 4) CARE A-; Negative (27-Jul-19) 5) CARE A; Negative (09-May-19)	credit watch with developing implications (28-Nov-18) 2)CARE AA+; (Credit Watch with developing implications) (28-Sep-18) 3)CARE AA+; Stable (05-Jul-18)	Stable (11-Jul-17)	Stable (19-Dec-16)
36.	Bonds-Tier I Bonds	LT	1500.00	CARE D	1) CARE BBB- (Credit Watch with Negative Implications) (24-Feb-20) 2) CARE BBB; Negative (30-Dec-19) 3) CARE BBB+ (Credit Watch with developing Implications) (13-Nov-19) 4) CARE A-; Negative (27-Jul-19) 5) CARE A; Negative (09-May-19)	1) CARE AA; credit watch with developing implications (28-Nov-18) 2)CARE AA+; (Credit Watch with developing implications) (28-Sep-18) 3)CARE AA+; Stable (05-Jul-18)	1)CARE AA; Stable (11-Jul-17)	1)CARE AA; Stable (22-Dec-16)
37.	Bonds-Tier II Bonds	LT	4000.00	CARE C (Credit Watch with Developing Implications)	1) CARE A- (Credit Watch with Negative Implications) (24-Feb-20) 2)CARE A; Negative (30-Dec-19) 3)CARE A+ (Credit Watch with developing Implications) (30-Nov-19) 4) CARE AA-; Negative (27-Jul-19) 5) CARE AA-; Negative (09-May-19)	1)CARE AA+; Under credit watch with developing implications (28-Nov-18) 2)CARE AAA; (Under Credit Watch with developing implications) (28-Sep-18) 3)CARE AAA; Stable (05-Jul-18)		

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

India Ratings Downgrades Yes Bank to 'IND BB-'; Maintains RWN

06

MAR 2020

By Jindal Haria

India Ratings and Research (Ind-Ra) has downgraded Yes Bank Ltd's Long-Term Issuer Rating to 'IND BB-' from 'IND A-' while maintaining the Rating Watch Negative (RWN). The instrument-wise rating actions are given below:

Instrument Type*	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Rating Watch	Rating Action
Basel III Tier 2 bonds	-	-	-	INR110	IND B+/RWN	Downgraded; maintained on RWN
Additional Basel III Tier 1 (AT1) bonds	-	-	-	INR111	IND C	Downgraded
Infrastructure bonds	-	-	-	INR35.8	IND BB-/RWN	Downgraded; maintained on RWN

*Details in annexure

KEY RATING DRIVERS

The rating action is based on the gazetted notification issued by the finance ministry (banking division) on 5 March 2020 where, through an order of moratorium, it has stayed the commencement or continuance of all actions and proceedings against Yes Bank till 3 April 2020. The bank cannot make a payment of above INR50,000 to any of its depositors till the duration of moratorium, with some exceptions. The agency also takes cognizance of the Reserve Bank of India (RBI) circular, dated 5 March 2020, titled 'Yes Bank Ltd. Placed under Moratorium' where it refers to the aforementioned orders and also mentions that a scheme could be drawn up before the end of moratorium for the bank's reconstruction or amalgamation with the approval of central government. The RBI has appointed Mr. Prashant Kumar, ex-DMD and CFO of State Bank of India (IND AAA/Stable) as the administrator for Yes Bank after the super-session of its board of directors.

The agency also refers to the draft reconstruction scheme for Yes Bank issued by the RBI today. The scheme incorporates State Bank of India's plan to infuse substantial equity into Yes Bank to hold up to 49% shares in the latter. In addition, the plan, while suggesting for a full write-down /conversion of AT1 investments / bonds, also proposes that all other liabilities including deposits would be honoured. The Finance Minister today mentioned publicly that the depositor interest would be protected and the depositors would not be taking haircuts.

For rating AT1 instruments, the agency considers the discretionary component, coupon omission risk, and write-down/conversion risk as the key parameters. The agency has recognised the unique going-concern loss absorption features of these bonds and differentiated them from the bank's senior debt (by four notches in this case). In Ind-Ra's opinion, the possibility of exploring principal write-down in AT1 instruments in the bank's resolution remains high. However, the coupon deferral as well as principal write-down is part of the terms and conditions of Basel III standard term sheets; coupon deferral is at the discretion of the issuer, while the discretion applies to AT1 principal write-down / conversion under certain conditions.

While Basel III Tier 2 instruments are senior to Basel III AT1 instruments, there is a possibility, however remote, that loss absorption may be explored if the point of non-viability is invoked. As per Ind-Ra's criteria 'Rating Bank Subordinated and Hybrid Securities', the ratings of Tier 2 instruments are notched down by at least one notch from the Long-Term Issuer Rating if the latter is in the 'IND BBB' category or lower.

Liquidity Indicator – Poor: The liquidity indicator for the bank is stretched on account of the above restrictions. Ind-Ra is also attempting to understand the quantum and the outcomes of covenant breaches that could have occurred on the bank's foreign borrowings.

RATING SENSITIVITIES

The resolution plan that is being readied for the bank and the ability of the bank to maintain reasonable liability profile to continue its business could lead to the resolution of the RWN.

COMPANY PROFILE

Yes Bank is a private bank headquartered in Mumbai. It was incorporated in 2004 and has grown to become a full service commercial bank. The bank reached an asset size of INR3,465.8 billion at end-September 2019, with a net profit of INR17.2 billion in FY19. At FYE19, the bank had network of more than 1,100 branches and more than 1,700 ATMs (including bunch note acceptors) spread across the country. The bank is now placed under the moratorium by the finance ministry and RBI.

FINANCIAL SUMMARY

Particulars	FY19	FY18
Total assets (INR billion)	3,808.26	3,124.46
Total equity (INR billion)	269.04	257.58
Net income (INR billion)	17.20	42.25
Return on assets (%)	0.5	1.6
CET1 (%)	8.4	9.7
Capital adequacy ratio (%)	16.5	18.4
Source: Yes Bank		

RATING HISTORY

Instrument Type	Current Rating/Rating Watch			Historical Rating/Rating Watch/Outlook					
	Rating Type	Rated Limits (billion)	Rating	12 February 2020	28 January 2020	31 August 2019	8 May 2019	2 November 2018	19 February 2018
Issuer rating	Long-term/Short-term	-	IND BB-/RWN	IND A-/RWN	IND A/RWN	IND A+/Negative/IND A1+	IND AA-/Negative/IND A1+	IND AA+/Negative/IND A1+	IND AA+/Stable/IND A1+
Basel III Tier 2 Bonds	Long-term	INR110	IND B+/RWN	IND A-/RWN	IND A/RWN	IND A+/Negative	IND AA-/Negative	IND AA+/Negative	IND AA+/Stable
Additional Tier-1 Basel III Bonds	Long-term	INR111	IND C	IND BBB-/RWN	IND BBB+/RWN	IND A-/Negative	IND A+/Negative	IND AA/Negative	IND AA/Stable
Infrastructure bonds	Long-term	INR35.8	IND BB-/RWN	IND A-/RWN	IND A/RWN	IND A+/Negative	IND AA-/Negative	IND AA+/Negative	IND AA+/Stable

ANNEXURE

Issue name/Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Rating Watch
Additional Tier-1 Basel III bonds	INE528G08394	18 October 2017	9.0	Perpetual	INR54.15	IND C
Additional Tier-1 Basel III bonds	INE528G08352	23 December 2016	9.5	Perpetual	INR30	IND C
Total utilised					INR84.15	
Total unutilised					INR26.85	
Infrastructure bonds	INE528G08360	29 December 2016	7.62	29 December 2023	INR3.3	IND BB-/RWN
Total utilised					INR3.3	
Total unutilised					INR32.5	
Basel III Tier 2 Bonds	INE528G08378	29 September 2017	7.8	29 September 2027	INR25	IND B+/RWN
Basel III Tier 2 Bonds	INE528G08386	3 October 2017	7.8	1 October 2027	INR15	IND B+/RWN
Basel III Tier 2 Bonds	INE528G08402	22 February 2018	8.73	22 February 2028	INR30	IND B+/RWN
Basel III Tier 2 Bonds	INE528G08410	14 September 2018	9.12	15 September 2028	INR30.42	IND B+/RWN
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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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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Applicable Criteria

[Financial Institutions Rating Criteria](#)

[Rating Bank Subordinated and Hybrid Securities](#)

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Rating Action: Moody's downgrades Yes Bank's ratings; ratings remain under review

06 Mar 2020

Singapore, March 06, 2020 -- Moody's Investors Service has today downgraded Yes Bank Limited's (Yes Bank) long-term foreign currency issuer rating to Caa3 from B2. The ratings remain under review, with the direction uncertain.

Moody's has also downgraded the bank's long-term foreign and local currency bank deposit ratings to Caa1 from B2, and its foreign currency senior unsecured MTN program rating to (P)Caa3 from (P)B2. The ratings remain under review, with the direction uncertain.

In addition, Moody's has downgraded the bank's long-term domestic and foreign currency Counterparty Risk Rating (CRR) and long-term Counterparty Risk Assessment (CR Assessment) to Caa1 from B1 and Caa1(cr) from B1(cr) respectively. The ratings remain under review, with the direction uncertain.

At the same time, Moody's has downgraded Yes Bank's Baseline Credit Assessment (BCA) and adjusted BCA to ca from caa2.

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 downgrade of Yes Bank's issuer and senior unsecured MTN program ratings to Caa3 from B2 and (P)Caa3 from (P)B2 respectively is a result of an event of default triggered by the Reserve Bank of India's (RBI) 30-day moratorium, which prevents Yes Bank from making a full and timely payment to its senior creditors.

Despite the event of default, the Caa3 rating takes into account Moody's expectation that although recovery rates for the banks' senior creditors may be high given the close involvement of the Indian authorities and stated intention to resolve the bank quickly, the ultimate timing and form of eventual resolution remains uncertain. Actions by the authorities to date have not reduced the probability of default as evidenced by the moratorium announcement, and highlights the continued uncertainty around private sector bank resolutions in India and the recovery prospects for senior creditors.

The downgrade of the bank's long term deposit rating to Caa1 from B2 also reflects the RBI moratorium, which constitutes an event of default. Nevertheless, Moody's expects there is a higher probability of low loss rate for depositors and as a result Moody's has differentiated the bank deposit ratings from the issuer rating, which applies to non-deposit senior creditors. The assurance made by the RBI to protect depositors' interests provides greater certainty that the risk of losses to depositors is lower.

Yes Bank's long-term ratings remain under review with the direction uncertain, reflecting Moody's expectation of a potential for different outcomes. A prompt resolution of Yes Bank, that minimizes losses to depositors and creditors could result in a stabilization or upgrade of the bank's ratings. But, a protracted resolution that extends the moratorium could result in lower recovery rates for the bank's creditors and could lead to a further downgrade of the bank's ratings.

That said, Yes Bank can continue to discharge its liabilities arising from repurchase transactions (repo). However, the RBI moratorium prevents the bank from making fully and timely payment of some of its other operational liabilities, such as uncollateralized derivatives obligations. As a result, Moody's has downgraded the bank's CRR and CR Assessment to Caa1 from B1 and Caa1(cr) from B1(cr) respectively.

The RBI action also confirms Moody's view that the bank's standalone viability, in the absence of extraordinary support from Indian authorities, is in question. This has led to the downgrade of the bank's BCA to ca from caa2. Nevertheless, Moody's expects high recovery prospects for the principal and interest on the bank's deposits, as indicated by the final rating on those instruments.

WHAT COULD CHANGE THE RATING UP

Moody's could upgrade the ratings or change the outlook to stable if Indian authorities conclude a material capital raise, reconstruct the bank's assets and liabilities, or amalgamate the bank with another stronger bank, such that any action taken reduces the risks of losses to senior creditors and depositors.

WHAT COULD CHANGE THE RATING DOWN

Moody's could further downgrade the bank's ratings if Indian authorities are unable to resolve the bank within the planned moratorium period or if the moratorium is extended, such that it further impairs the bank's ability to make timely payments to depositors and senior creditors. Any risk of a likelihood of burden-sharing by Yes Bank's senior creditors in the bank's resolution will lead to a downgrade of the bank's senior debt 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 INR3.5 trillion (\$49.1 billion) at 30 September 2019.

List of affected ratings

Yes Bank Limited

- Long-term foreign currency issuer rating downgraded to Caa3 from B2, on Review Direction Uncertain, Outlook is ratings under review
- Long-term foreign and local currency deposit ratings downgraded to Caa1 from B2, on Review Direction Uncertain, Outlook is ratings under review
- Short-term foreign and local currency deposit ratings affirmed at NP
- Foreign currency senior unsecured MTN program rating downgraded to (P)Caa3 from (P)B2, on Review Direction Uncertain
- Baseline Credit Assessment (BCA) and adjusted BCA downgraded to ca from caa2
- Long-term Counterparty Risk Assessment (CR Assessment) downgraded to Caa1(cr) from B1(cr), on Review Direction Uncertain
- Short-term CR Assessment affirmed at NP(cr)
- Long-term domestic and foreign currency counterparty risk rating (CRR) downgraded to Caa1 from B1, on Review Direction Uncertain
- Short-term domestic and foreign currency CRR affirmed at NP
- Outlook Action: Outlook is ratings under review

Yes Bank, IFSC Banking Unit Branch

- Foreign currency senior unsecured MTN program rating downgraded to (P)Caa3 from (P)B2, on Review Direction Uncertain
- Foreign currency senior unsecured debt rating downgraded to Caa3 from B2, on Review Direction Uncertain, Outlook is ratings under review
- Long-term CR Assessment downgraded to Caa1(cr) from B1(cr), on Review Direction Uncertain
- Short-term CR Assessment affirmed at NP(cr)
- Long-term domestic and foreign currency CRR downgraded to Caa1 from B1, on Review Direction Uncertain
- Short-term domestic and foreign currency CRR affirmed at NP
- Outlook Action: Outlook is ratings under review

REGULATORY DISCLOSURES

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 ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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Yes Bank Limited

Brickwork Ratings downgrades Yes Bank’s various debt instruments to ‘BWR D’

Particulars:

Instruments	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (December, 2019)	Present
Hybrid Tier I Bonds (Basel II)	90 (raised ₹ 82 Cr)	90 (raised ₹ 82 Cr)	Long Term	BWR A- (Negative)	BWR D Downgrade
Upper Tier II Bonds (Basel II)	450 (raised ₹ 440 Cr)	450 (raised ₹ 440 Cr)	Long Term	BWR A- (Negative)	BWR D Downgrade
Innovative Perpetual Debt Instrument (Basel II)	230 (raised ₹ 225 Cr)	230 (raised ₹ 225 Cr)	Long Term	BWR A- (Negative)	BWR D Downgrade
Lower Tier II Bonds (Basel II)	260	260	Long Term	BWR A (Negative)	BWR D Downgrade
Lower Tier II Bonds (Basel II)	300	300	Long Term	BWR A (Negative)	Withdrawn on due redemption
Total	1330	1330	Rupees One Thousand Three Hundred Thirty Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** ISIN wise details is provided in Annexure-I&II

RATING ACTION / OUTLOOK

Brickwork Ratings downgrades ratings of various bond issues of Yes Bank Limited (Yes Bank) to ‘BWR D’, as tabulated above. Brickwork Ratings (BWR) has factored in the recent developments in the Bank, the steps taken by Reserve Bank of India (RBI) and the information and clarification provided by the bank’s management.

RBI and Government of India, on March 05, 2020 has imposed moratorium on Yes Bank under section 45 of the Banking Regulation Act, 1949. This has led to various restrictions on the bank that includes, limitations on withdrawals by depositors, payments by the bank including that to bondholders, loan disbursements and disposal of assets and liabilities. Further, on March 06, 2020, RBI placed in public domain a draft scheme of reconstruction scheme for Yes Bank, which stipulates that the instruments qualifying as Additional Tier I (AT1) capital under Basel III framework shall stand written down permanently, in full.

BWR has downgraded bank's Basel II Hybrid Tier I bonds amounting to Rs.82 Cr to '**BWR D**' as it has failed to service the coupon of the instrument due on March 05, 2020 as it awaits RBI's approval to make the said payment.

The Upper Tier II bonds and Innovative Perpetual Debt Instruments (IPDI) under Basel II have also been downgraded to '**BWR D**'. There is a high probability that it may not service the coupon obligations on these instruments as regulations necessitate the bank to take RBI permission to service the coupon. Since the bank is incurring losses and RBI may not give the requisite permission. 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 regulatory norms on capitalisation and profitability. As per the regulatory norms, for hybrid debt capital instruments, approval from the RBI is required for debt servicing (including principal repayments) 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 Basel II Tier I bonds, is non-cumulative, while that on Upper Tier II bond is cumulative, if not paid. The bank had incurred a net loss of Rs.485 Cr for H1FY20 and could continue to incur losses in the near term as it would be required to provide for impairment in its loan book.

The Lower Tier II bonds under Basel II of Rs.260 Cr of the bank which is rated by BWR and is due for redemption on 30-April-2020, is highly susceptible to risk of default given the constrained liquidity situation of the bank and hence have been downgraded to '**BWR D**'.

BWR also withdraws rating of Basel II Lower Tier II bonds of Rs.300 Cr, as it was redeemed on its due date of 22-Jan-2020. The Debenture trustee has confirmed the same

LIQUIDITY INDICATORS: WEAK

The Bank's liquidity coverage ratio (LCR) as of 30-Sep-2019 was 113%. However, post that the bank has not published its position as of 31-Dec-2019. In view of the moratorium imposed, the liquidity of the Bank remains to be a concern and hence classified as Weak.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The Lower tier II bonds under Basel II could be serviced through the profits generated from the current year or from the accumulated reserves and surplus. However, in case of Upper Tier II bonds and Hybrid Tier I bonds under Basel II, the bank has to take RBI permission to service the coupon if it has incurred losses and may not be liable to pay coupon in case it does meet the minimum regulatory CAR requirement of 9%. The coupon if missed on Basel II Tier I bonds, is non-cumulative, while that on Upper Tier II bond is cumulative, if not paid.

BANK'S PROFILE

Yes Bank, founded in 2004 and headquartered at Mumbai is a new age private sector bank in India, with presence covering 53 Metros, 29 states and 7 Union Territories. The Bank with 1120 branches, 1456 ATMs across the nation has an employee headcount of 21,136 as of 31-Mar-2019.

KEY FINANCIAL INDICATORS BWR in its [rationale dated 23-Dec-2019](#) has published the bank results available upto 30-Sep-2019. No further update on financials is available

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY -NIL

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

S No	Instrument	Current Rating			Rating History					
		Type	Amount (₹ Crs)	Rating	24 Dec 2019	05 Aug 2019	09 May 2019	05 Oct 2018	27 Aug 2018	02 Aug 2017
1	Innovative Perpetual Debt Instrument	Long term	230 (raised ₹ 225 Cr)	BWR D Downgraded	BWR A- (Negative) Downgrade	BWR A+ (Negative) Downgrade	BWR AA- (Negative) Downgrade	BWR AA+ (Credit Watch with Developing Implications)	BWR AA+ (Stable) Reaffirmed	BWR AA+ (Stable) Reaffirmed
2	Upper Tier II	Long Term	450 (raised ₹ 440 Cr)	BWR D Downgraded	BWR A- (Negative) Downgrade	BWR A+ (BWR A Plus) (Outlook: Negative) Downgrade	BWR AA- (Negative) Downgrade	BWR AA+ (Credit Watch with Developing Implications)	BWR AA+ (Stable) Reaffirmed	BWR AA+ (Stable) Reaffirmed
3	Hybrid Tier I	Long Term	90 (raised ₹ 82 Cr)	BWR D Downgraded	BWR A- (Negative) Downgrade	BWR A+ (Negative) Downgrade	BWR AA- (Negative) Downgrade	BWR AA+ (Credit Watch with Developing Implications)	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed

4	Lower Tier II	Long Term	300	Withdrawn	BWR A (Negative) Downgrade	BWR AA- (Negative) Downgrade	BWR AA (Negative) Downgrade	BWR AA+ (Credit Watch with Developing Implications)	BWR AA+ (Stable) Reaffirmed	BWR AA+ (Stable) Reaffirmed
5	Lower Tier II	Long Term	260	BWR D Downgraded	BWR A (Negative) Downgrade	BWR AA- (Negative) Downgrade	BWR AA (Negative) Downgrade	BWR AA+ (Credit Watch with Developing Implications)	BWR AA+ (Stable) Reaffirmed	BWR AA+ (Stable) Reaffirmed
Total			1330	INR One Thousand Three Hundred Thirty Crores Only						

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Bank & Financial Institutions](#)
- [Basel III Compliant Instruments](#)

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**YES BANK LIMITED
ANNEXURE I
INSTRUMENT DETAILS**

Instrument	Issue Date	Amount Rs. Crs.	Coupon Rate	Maturity Date	ISIN Particulars
Hybrid Tier I Bonds	05-Mar-2010	90	10.25%	Call option after 10 years	INE528G09061
Upper Tier II Bonds	14-Aug-2010	450	9.65%	14-Aug-2025	INE528G08154
Innovative Perpetual Debt Instrument	21-Aug-2010	230	9.90%	Perpetual	INE528G09079
Lower Tier II Bonds	30-Sep-2009	260	9.65%	30-Apr-2020	INE528G08139
Lower Tier II Bonds**	22-Jan-2010	300**	9.65%	22-Jan-2020	INE528G08147

Total Rupees One Thousand Three Hundred Thirty Crores Only

** The Lower Tier II Bonds of Rs.300 Cr has been redeemed in full on 22-Jan-2020

For print and digital media

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