YES BANK

May 15, 2018

BSE Limited
Corporate Relations Department
P.J. Towers, Dalal Street
Mumbai - 400 001.

Dear Sir/Madam,

SUB: Intimation under Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In accordance with the requirements of the aforesaid regulations, we hereby submit/confirm the information as required under Regulation 52 (4) and (5) of the captioned Regulations that:

- The Bank has utilized the funds for its regular business activities in accordance with the objects of the issue stated in the respective Information Memorandum(s) / Disclosure Document(s) and there are no material deviations.
- The Bank has complied with the relevant clauses of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- All the Bonds issued by the Bank are unsecured.
- Banks need not create Debenture Redemption Reserve as specified under section 71 (4) of the Companies Act, 2013 read with Rule 18 (7) (b) of the Companies (Share Capital and Debentures) Rules, 2014.
- YES Bank being a Banking Company, requirements of disclosure of asset cover, debt service coverage ratio and interest service coverage ratio is not applicable.
- The Bank has not issued any Preference Shares.
- The Bank had paid interest on all the bonds issued upto the last due date during the last quarter and there were no defaults in payment of interest. Details of the same are attached as *Annexure I.*
- The Bank has redeemed following Bonds during the Half year ended March 31, 2018 in FY 2017-18:

Date of Redemption	**Nature of the Issue**	**Amount Redeemed in Rs.**	**Purpose**
Nov. 08, 2017	Upper Tier II Bonds	10,00,00,000	Redemption on exercise of Call Option

- Debt equity ratio of the Bank for the year ended March 31, 2018 was 2.08
- Net worth of the Bank for the year ended March 31, 2018 was ₹ 24,843.55 crore
- Net profit after tax for the year ended March 31, 2018 was ₹ 4,224.56 crore

YES BANK Limited, YES BANK Tower, IFC 2, 23rd Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai 400 013, India
Tel: +91(22) 3366 9000 Fax: +91(22) 2421 4500
Regd. & Corporate Office: Nehru Centre, 9th Floor, Discovery of India, Dr. A.B. Road, Worli, Mumbai 400 018, India.
Tel: +91(22) 6669 9000 Fax: +91(22) 6669 9060
Website: www.yesbank.in Email: communications@yesbank.in CIN - L65190MH2003PLC143249

YES BANK

- Basic EPS was ₹ 18.43 and the diluted EPS was ₹ 18.06 for year ended March 31, 2018.
- Credit Ratings – ***Annexure II***

  ✓ '[ICRA] AA (hyb)(positive)' (ICRA Double A Hybrid with Positive Outlook) rating from ICRA to the Additional Tier – I Basel III Compliant Bond Issue of the Bank.

  ✓ '[ICRA] AA+ (hyb)(positive)' (ICRA Double A Plus Hybrid with Positive Outlook) rating from ICRA to the Basel III Compliant Tier II Bond Issue of the Bank

  ✓ '[ICRA] AA (positive)' (ICRA Double A with Positive Outlook) rating from ICRA to the Tier-I Perpetual Bond Issue of the Bank.

  ✓ '[ICRA] AA (positive)' (ICRA Double A with Positive Outlook) rating from ICRA to the Upper Tier II Bond Issue of the Bank.

  ✓ '[ICRA] AA+ (positive)' (ICRA Double A Plus with Positive Outlook) rating from ICRA to the Lower Tier-II Bond Issue of the Bank

  ✓ '[ICRA] AA+ (positive)' (ICRA Double A Plus with Positive Outlook) rating from ICRA to the Infrastructure Bond Programme

  ✓ 'CARE AA; Stable' (Double A; Outlook: Stable) rating from CARE to the Additional Tier – I Basel III Compliant Bond Issue of the Bank

  ✓ 'CARE AA+; Stable' (Double A Plus; Outlook: Stable) rating from CARE to the Basel III Compliant Tier II Bond Issue of the Bank

  ✓ 'CARE AA; Stable' (Double A; Outlook: Stable) rating from CARE to the Tier-I Perpetual Bond Issue of the Bank

  ✓ 'CARE AA; Stable' (Double A; Outlook: Stable) rating from CARE to the Upper Tier II Bond Issue of the Bank

  ✓ 'CARE AA+; Stable' (Double A Plus; Outlook: Stable) rating from CARE to the Lower Tier-II Bond Issue of the Bank

  ✓ 'CARE AA+; Stable' (Double A Plus; Outlook: Stable) rating from CARE to the Infrastructure Bond Programme

  ✓ 'IND AA; Stable' (Double A; Outlook: Stable) rating from India Ratings & Research Pvt. Ltd. to the Additional Tier – I Basel III Compliant Bond Issue of the Bank

  ✓ 'IND AA+; Stable' (Double A Plus: Outlook: Stable) rating from India Ratings & Research Pvt. Ltd. to the Basel III Compliant Tier II Bond Issue of the Bank

  ✓ 'IND AA+; Stable' (Double A Plus; Outlook: Stable) rating from India Ratings & Research Pvt. Ltd. to the Infrastructure Bond Programme

  ✓ BWR AA+; Stable (BWR Double A Plus; Outlook: Stable) rating from Brickwork to the Tier-I Perpetual Bond Issue of the Bank

  ✓ BWR AA+; Stable (BWR Double A Plus; Outlook: Stable) rating from Brickwork to the Upper Tier II Bond Issue of the Bank

- BWR AA+; Stable (BWR Double A Plus; Outlook: Stable) rating from Brickwork to the Lower Tier II Bond Issue of the Bank

- Certificate from Axis Trustee Services Limited on the above – ***Annexure III***
- Certificate from IDBI Trusteeship Services Limited on the above matter – ***Annexure IV.***

Kindly take the same on record

Thanking you,

Yours faithfully,

For **YES BANK LIMITED**

Authorised Signatory

Annexure I

Annexure 1

Next due dates for the payment of interest/principal - Axis Trustee

Issue	Allotment date	Maturity Date	Rate	Size in Crore	ISIN	Scrip Code (BSE)	Next Int payment date	Put/Call option date
Upper Tier II Bonds	Aug 14, 2010	Aug 14, 2025	9.65%	440.00	INE528G08154	972595	Aug 14, 2018	14-Aug-20
Tier I Perpetual Bond	Aug 21, 2010	N.A	9.90%	225.00	INE528G09079	972596	Aug 21, 2018	21-Aug-20
Upper Tier II Bonds	Sep 08, 2010	Sep 08, 2025	9.50%	200.00	INE528G08162	972597	Sep 10, 2018	08-Sep-20
Subordinated Lower Tier II Bonds	Sep 30, 2010	Apr 30, 2020	9.30%	306.40	INE528G08170	972598	Oct 01, 2018	NA
Lower Tier II Bonds	Jul 25, 2011	Jul 25, 2021	10.30%	321.50	INE528G08196	972664	Jul 25, 2018	NA
Lower Tier II Bonds	Oct 28, 2011	Oct 28, 2021	10.20%	243.00	INE528G08204	947612	Oct 29, 2018	NA
Lower Tier II Bonds	Mar 28, 2012	Mar 28, 2022	9.90%	300.00	INE528G08212	972728	Mar 28, 2019	NA
Upper Tier II bonds	Jun 29, 2012	Jun 29, 2027	10.25%	60.00	INE528G09103	972743	Jun 29, 2018	29-Jun-22
Lower Tier II Bonds	Aug 23, 2012	Aug 23, 2022	10.00%	300.00	INE528G08220	972752	Aug 23, 2018	NA
Lower Tier II Bonds	Sep 10, 2012	Sep 10, 2022	10.00%	300.00	INE528G08238	972754	Sep 10, 2018	NA
Upper Tier II bonds	Sep 28, 2012	Sep 28, 2027	10.15%	200.00	INE528G09111	972755	Sep 28, 2018	28-Sep-22
Lower Tier II Bonds	Oct 16, 2012	Oct 16, 2022	10.00%	200.00	INE528G09129	972762	Oct 16, 2018	NA
Lower Tier II Bonds	Oct 31, 2012	Oct 31, 2022	9.90%	259.70	INE528G08246	972776	Oct 31, 2018	NA
Upper Tier II bonds	Nov 10, 2012	Nov 10, 2027	10.25%	275.00	INE528G08253	972782	Nov 12, 2018	10-Nov-22
Upper Tier II bonds	Dec 27, 2012	Dec 27, 2027	10.05%	169.10	INE528G09137	972818	Dec 27, 2018	27-Dec-22
Additional Tier I Perpetual Bonds-BASEL III	Dec 31, 2013	N.A.	10.50%	280.00	INE528G08261	972864	Dec 31, 2018	31-Dec-23
Senior Long term Bonds	Feb 24, 2015	Feb 24, 2025	8.85%	1000.00	INE528G08279	951713	Feb 25, 2019	NA
Tier 2 Basel III Bonds	Jun 29, 2015	Jun 30, 2025	9.15%	554.20	INE528G08287	952296	Jun 29, 2018	NA
Long Term Bonds	Aug 05, 2015	Aug 05, 2025	8.95%	315.00	INE528G08295	952508	Aug 06, 2018	NA
Tier 2 Bonds	Dec 31, 2015	Dec 31, 2025	8.90%	1500.00	INE528G08303	953144	Dec 31, 2018	NA
Tier 2 Bonds	Jan 15, 2016	Jan 15, 2026	9.00%	800.00	INE528G08311	953220	Jan 15, 2019	NA
Tier 2 Bonds	Jan 20, 2016	Jan 20, 2026	9.05%	500.00	INE528G08329	953235	Jan 21, 2019	NA
Tier 2 Bonds	Mar 31, 2016	Mar 31, 2026	9.00%	545.00	INE528G08337	953688	Apr 02, 2019	NA
Long Term Bonds	Sep 30, 2016	Sep 30, 2026	8.00%	2135.00	INE528G08345	954975	Oct 01, 2018	NA
Additional Tier I Perpetual Bonds	Dec 23, 2016	NA	9.50%	3000.00	INE528G08352	955457	Dec 24, 2018	23/12/2021
Long Term Bonds (Green Bonds)	Dec 29, 2016	Dec 29, 2023	7.62%	330.00	INE528G08360	955478	Dec 31, 2018	NA
Tier 2 Bonds	Sep 29, 2017	Sep 29, 2027	7.80%	2500.00	INE528G08378	956948	Oct 01, 2018	NA
Tier 2 Bonds	Oct 03, 2017	Oct 01, 2027	7.80%	1500.00	INE528G08386	957039	Oct 03, 2018	NA
Additional Tier I Perpetual Bonds	Oct 18, 2017	N.A.	9.00%	5415.00	INE528G08394	957075	Oct 19, 2018	18/10/2022
Tier 2 Bonds	Feb 22, 2018	Feb 22, 2028	8.73%	3000.00	INE528G08402	957656	Feb 22, 2019	NA

YES BANK LTD. * MUMBAI *

Next due dates for the payment of interest/principal - IDBI Trustee

Issue	Allotment date	Maturity Date	Rate	Size in Crore	ISIN	Scrip Code (BSE)	Next Int payment date	Put/Call option date
Upper Tier II Bonds	15-Sep-08	15-Sep-23	11.75%	200	INE528G08121	946008	17-Sep-18	15-Sep-18
Tier I Perpetual Bond	21-Feb-09	N.A	10.25%	115	INE528G09046	972455	21-Feb-19	21-Feb-19
Tier I Perpetual Bond	09-Mar-09	N.A	10.25%	39	INE528G09053	972460	09-Mar-19	09-Mar-19
Subordinated Tier II Bonds	30-Sep-09	30-Apr-20	9.65%	260	INE528G08139	972495	01-Oct-18	NA
Subordinated Tier II Bonds	22-Jan-10	22-Jan-20	9.65%	300	INE528G08147	946554	22-Jan-19	NA
Tier I Perpetual Bond	05-Mar-10	N.A	10.25%	82	INE528G09061	972560	05-Mar-19	05-Mar-20

Note 1 : In accordance with the terms of issue and SEBI circular no. CIR/IMD/DF/18/2013 dated October 29, 2013, on account of holiday, Sunday, half yearly closing of accounts for banks, the interest is paid on subsequent working day

Note 2 : Due dates of interest from January 1, 2018 may be subject to change considering any intermittent holidays declared/ falling on the due date of interest

YES BANK LTD. MUMBAI

Annexure II

DECEMBER 22, 2016

CARE ASSIGNS 'CARE AA' TO ADDITIONAL TIER I BONDS (BASEL III) OF YES BANK LIMITED

Ratings

Instruments / Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Additional Tier I Bonds (Basel III)#	1,500	**CARE AA; Stable (Double A; Outlook: Stable)**	**Assigned**
Total	**1,500 (Rupees One thousand five hundred crore only)**		

Other Outstanding Ratings

Instruments / Facilities	Amount (Rs. crore)	Ratings
Additional Tier I Bonds (Basel III)#	2,100	**CARE AA; Stable (Double A; Outlook: Stable)**
Infrastructure Bonds – I	2,500.0	**CARE AA+; Stable (Double A Plus; Outlook: Stable)**
Infrastructure Bonds – II	2,500.0	**CARE AA+; Stable (Double A Plus; Outlook: Stable)**
Lower Tier II Bonds	3,534.9	**CARE AA+; Stable (Double A Plus; Outlook: Stable)**
Tier II Bonds (Basel III)	4,900.0	**CARE AA+; Stable (Double A Plus; Outlook: Stable)**
Upper Tier II Bonds@	2,402.6	**CARE AA; Stable (Double A; Outlook: Stable)**
Perpetual Bonds (Basel II)@	526.0	**CARE AA; Stable (Double A; Outlook: Stable)**

@CARE has rated the aforesaid Upper Tier II Bonds and the Perpetual Bonds after taking into consideration their increased sensitiveness 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 made

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

YES BANK LTD. MUMBAI

out of revenue reserves and/or credit balance in profit and loss account provided the bank meets the minimum regulatory requirements for Common Equity Tier I [CET I], Tier I and Total Capital Adequacy 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, 2019, and 6.125% on and after March 31, 2019, 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 somewhat sharper migration of the rating compared with other subordinated debt instruments.

Rating Rationale

The rating factors in comfortable capital adequacy, experienced senior management team, good profitability and comfortable asset quality. The ratings are, however, constrained due to high reliance on corporate deposits and low proportion of retail loan book. Asset quality, resource profile and increase in the retail asset book are the key rating sensitivities.

Background of Yes Bank Ltd. (YBL)

YBL is a new generation private sector bank incorporated in November 2003. The bank had a deposit growth of 23% and advances growth of 30% in FY16. The number of branches and ATM stood at 860 (FY15: 631) and 1,609 (FY15: 1,194) respectively as on March 31, 2016. The bank has one wholly owned subsidiary, Yes Securities (India) Ltd. which is engaged in stock broking services and distribution of financial products. Yes Bank has also received in principle approval from SEBI to set-up an Asset Management Company in July 2016. Due to the expansion in the branch network, the employee count increased from 10,810 as at March 31, 2015 to 15,000 at March 31, 2016. Mr. Ashok Chawla is the Non-Executive Chairperson (effective October 2016) and Mr. Rana Kapoor is the MD & CEO of YBL.

In FY16, bank's total income grew by 19% to Rs.16,246 crore while the net profit increased by 27% to Rs.2,539 crore. The Gross NPA ratio and Net NPA ratio stood at 0.76% and 0.29%, respectively as on March 31, 2016. As per Basel III, the bank reported a Capital Adequacy ratio of 16.50% (Tier I – 10.70%, CET1 – 10.30%) as on March 31, 2016. CASA deposit proportion improved to 28.1% as on March 31, 2016 as compared with 23.1% as on March 31, 2015.

In H1FY17, the bank's net profit was Rs.1,533 crore on total income of Rs.9,745 crore. Gross & Net NPA stood at 0.83% and 0.29% as on September 30, 2016. Total CAR as per Basel III stood at 14.10% with Tier I CAR at 9.20% (Common Equity Tier1 Ratio: 8.90%) at the end of September 2016.

YES BANK LTD. MUMBAI

Analyst Contact
Name: Mr. Vishal Sanghavi
Tel: 022-6754 3430
Email: vishal.sanghavi@careratings.com

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

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.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

YES BANK LTD. MUMBAI

CONTACT

Head Office Mumbai

Mr. Amod Khanorkar
Mobile: + 91 9819084000
E-mail: amod.khanorkar@careratings.com

Mr. Saikat Roy
Mobile: + 9198209 98779
E-mail: saikat.roy@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Deepak Prajapati
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-9099028864
Tel: +91-80-4115 0445, 4165 4529
E-mail: deepak.prajapati@careratings.com

CHANDIGARH
Mr. Sajan Goyal
SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Ramesh Bob
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 90520 00521
Tel: +91-40-4010 2030
E-mail: ramesh.bob@careratings.com

JAIPUR
Mr. Nikhil Soni
304, PashupatiAkshatHeights, Plot No. D-91,
Madho Singh Road, NearCollectorateCircle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213 / 14
E-mail: nikhil.soni@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr.Pratim Banerjee
9th Floor, Pride KumarSenate,
Plot No. 970, Bhamburda, SenapatiBapat Road,
ShivajiNagar, Pune - 411 015.
Cell: +91-98361 07331
Tel: +91-20- 4000 9000
E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691

IndiaRatings
& Research

Fitch Group

Yes Bank Limited
Mr. Rajat Monga
19th Floor, Yes Bank Tower, IFC 2,
Senapati Bapat Marg,
Lower Parel – West,
Mumbai – 400013

December 22, 2016

Kind Attention: Mr. Rajat Monga, Chief Financial Officer, Yes Bank Limited

Dear Sir,

Re: Ratings for Yes Bank Limited

India Ratings assigns Yes Bank's proposed INR15 billion of Basel-III Additional Tier-1 (AT1) bonds an 'IND AA' rating with a Stable Outlook. This takes the total quantum of Basel-III compliant ATI bonds rated by India Ratings to INR36bn.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

YES BANK LTD. MUMBAI

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating,

M

India Ratings & Research

Fitch Group

which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.
Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings' ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating to investors.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at +91 22 4000 1700.

Sincerely,
India Ratings

Sandeep Singh
Senior Director

Prakash Agarwal
Prakash Agarwal
Director

YES BANK LTD. MUMBAI

India Ratings & Research

Fitch Group

Yes Bank Limited
Mr. Rajat Monga
19th Floor, Yes Bank Tower, IFC 2,
Senapati Bapat Marg,
Lower Parel – West,
Mumbai – 400013

December 19, 2016

Kind Attention: Mr. Rajat Monga, Chief Financial Officer, Yes Bank Limited

Dear Sir,

Re: Ratings for Yes Bank Limited

India Ratings assigns Yes Bank Ltd a Long-Term Issuer Rating of 'IND AA+' with a Stable Outlook and Short-Term Issuer Rating of 'IND A1+'.

The agency has also assigns Yes Bank's proposed INR21 billion of Basel-III Additional Tier-1 (AT1) bonds an 'IND AA' rating with a Stable Outlook.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

YES BANK LTD * MUMBAI

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The

M

India Ratings & Research

Fitch Group

criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.
Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings' ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating to investors.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at +91 22 4000 1700.

Sincerely,
India Ratings

Sandeep Singh
Senior Director

Prakash Agarwal
Prakash Agarwal
Director

YES BANK LTD. MUMBAI

Login

IndiaRatings & Research
A Fitch Group Company

India Ratings Assigns Yes Bank 'IND AA+' and its INR21 billion AT1 Bonds 'IND AA'; Outlook Stable

19

DEC 2016

By Udit Kariwala

India Ratings and Research (Ind-Ra) has assigned Yes Bank Ltd a Long-Term Issuer Rating of 'IND AA+' with a Stable Outlook and Short-Term Issuer Rating of 'IND A1+'. The agency has also assigned Yes Bank's proposed INR21 billion of Basel-III Additional Tier-1 (AT1) bonds an 'IND AA' rating with a Stable Outlook.

The issuer ratings factor in the bank's demonstrated superior ability to manage its credit risk, high mix of better rated large borrowers, reasonably large and expanding franchise on both asset and liability sides, and strengthening of profitability buffers. The bank also generates a sizeable fee income, primarily from its corporate clients, which supports its profitability buffers. Yes Bank's proportion of bulk funding is higher than that of better rated peers though the bank's concentration on deposit side has shown an improving trend. However, the bank runs an asset-liability tenor gap on account of a lower share of the current account and saving account deposit ratio than larger peers.

Ind-Ra has notched down the rating for Yes Bank's AT1 bonds from its Long-Term Issuer Rating. For AT1 instruments, the agency considers 'discretionary component', 'coupon omission risk', and 'write-down/conversion risk' as the key parameters to arrive at the final rating. The agency recognises the unique going-concern loss absorption features that these bonds carry and differentiates them from the bank's senior debt (one notch in this case) factoring in a higher probability of an ultimate loss for investors in these bonds. Ind-Ra envisages coupon deferrals and principal write-down risk as a remote possibility in view of Yes Bank's financial strength, adequate revenue reserve buffers and its track record of consistent operating performance through cycles.

The Stable Outlook reflects Ind-Ra's expectation that any deterioration in Yes Bank's asset quality will be adequately absorbed by its operating profits without any impairment in its Tier 1 capitalisation (September 2016: Tier 1 ratio of 10.1%). The ratings also factor in the agency's expectation that the bank would maintain above average core capitalisation on an ongoing basis in line with its higher rated private sector peers.

YES BANK LTD. MUMBAI

KEY RATING DRIVERS

Consistent Performance through Cycles: Yes Bank's performance on various credit metrics has been consistent and largely stable even in the face of the current cyclical downturn. This becomes all the more important in view of portfolio, which is largely inclined towards corporate borrowers, reflecting strong credit risk management practices. The agency also derives comfort from the bank's significant proportion of large exposure to better rated borrowers. Incrementally, the bank's focus is to increase the granularity of its loan portfolio by venturing into the retail segment, eventually translating into higher yields. In Ind-Ra's view, growth in the retail asset segment would come at lower incremental retail margins than for its large peers', highlighting their pricing power. Nevertheless, expansion in the retail segment should result in an improvement in the overall margins for the bank.

Stable Asset Quality: Yes Bank reported delinquencies compare favourably with peers' (gross NPL September 2016: 0.83%; September 2015: 0.61%). This is in contrast to the banking system's gross NPL ratio, which surged to 7.6% as of March 2016, while the ratio of private sector banks on a blended basis was 2.7%. The bank's credit costs have been under control (FY16: 57bp, average FY13-FY16: 34bp). This, in the agency's view, is underpinned by the bank's lower concentration in stressed sectors, proactive intervention and higher agility in resolving contentious exposure, backed by its limited presence as a consortium lender. In Ind-Ra's view, the banking system borrowers in the mid-corporate segment could remain stressed, considering their high dependence on large corporates carrying stretched working capital cycles, stemming from building-up of non-productive assets. The mid-corporate segment (business banking) constituted 10.7% (at end-September 2016) of Yes Bank's total loan book, with a bulk of its NPLs emanating from this segment over the past couple of years. Nevertheless, the bank has been slowing down expansion of its business banking book. Further, the bank's reasonable pre-provision profitability provides a reasonable cushion to absorb spike in the credit costs under Ind-Ra's stress scenarios.

Moderate Funding Profile: Bulk deposits contributed around 43.5% of Yes Bank's total funding at end-September 2016, significantly higher than better rated private banks'. Although Yes Bank's retail deposit franchise is improving, the cost of acquiring granular savings deposits has been high on account of the higher interest offered by it on savings deposits than by larger peers. The effect of normalising its savings deposit interest rate (aligning it to larger peers) on its CASA deposits would be a key monitorable. Yes Bank's proportion of bulk deposits to total deposits has shown an improvement over the last couple of years, highlighting the bank's focus to reduce its liability concentration by increasing branch presence (September 2015: 700; September 2016: 950). Yes Bank's funding gap (cumulative one-year mismatch as a percentage of average assets) has shown improvement, but continues to be higher than a few large peers'.

RATING SENSITIVITIES

Positive: Increase in franchise scale, along with a considerable improvement in retail franchise with a more granular funding and asset mix, while building stronger capital and operating buffers could lead to a Positive Outlook.

Negative: Significantly higher-than-expected deterioration in the asset quality, weaker-than-expected capital buffers and impairment in the funding profile could lead to a Negative Outlook.

COMPANY PROFILE

Yes Bank is a new generation 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 INR1.87 trillion at end-September 2016, with 2QFY17 clocking a net profit of INR8.01 billion. At 2QFYE17, the bank had a network of 950 branches and 1,756 ATMs spread across the country.

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.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

DISCLAIMER

ALL CREDIT RATINGS ASSIGNED BY INDIA RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTPS://WWW.INDIARATINGS.CO.IN/RATING-DEFINITIONS. IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE WWW.INDIARATINGS.CO.IN. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. INDIA RATINGS' CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

Rating Outstanding

(As on 19/Dec/2016)

Long Term Issuer Rating	IND AA+ / Stable	
Short Term Issuer Rating	IND A1+	
Bond	IND AA / Stable	INR 21000 m

Applicable Criteria

Financial Institutions Rating Criteria
Rating FI Subsidiaries and Holding Companies

Analyst Names

YES BANK LTD. MUMBAI

Primary Analyst
Udit Kariwala

Analyst
Wockhardt Towers, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai :-400051
+91 22 40001753

Secondary Analyst

Abhishek Bhattacharya

Director and Co Head Financial Institutions

+91 22 40001786

Committee Chairperson

Prakash Agarwal

Director and Co-Head Financial Institutions

+91 22 40001753

Media Relation

Mihir Mukherjee

Manager Corporate Communications and Investor Relations

+91 22 40356121

YES BANK LTD. * MUMBAI *

IndiaRatings
& Research
A Fitch Group Company

India Ratings Assigns Yes Bank's Tier 2 Bonds 'IND AA+'; Outlook Stable

27

SEP 2017

By Udit Kariwala

India Ratings and Research (Ind-Ra) has rated Yes Bank Ltd's Basel III Tier 2 bonds as follows:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Proposed Basel III Tier 2 bonds	-	-	-	INR40	IND AA+/Stable	Assigned

The rating factors in the bank's ability to manage its credit risk, reasonably large and expanding franchise, sufficient levels of capitalisation post equity infusion and improved profitability buffers. The bank's robust fee income profile from the corporate segment helps it support its operating profitability. However, the rating also factors in Yes Bank's proportion of bulk funding being relatively high than that of better rated peers. Although the former's concentration on the deposits side has been improving, depositor concentration remains higher than its larger peers'. Additionally, the bank has an asset-liability tenor gap, on account of a lower though improving share of the current account and saving account deposit ratio than larger peers'.

The Stable Outlook reflects Ind-Ra's expectation that any deterioration in Yes Bank's asset quality would be adequately absorbed by its operating profits without any impairment in its Tier 1 capitalisation (June 2017: Tier 1 ratio: 13.8%). The agency also expects the bank to maintain above-average core capitalisation on an ongoing basis, in line with its higher rated private sector peers'.

KEY RATING DRIVERS

Strong Pre-provision Operating Profit: Yes Bank's pre-provision profitability has been consistently improving. The pre-provision operating profit/average assets ratio increased to 3.07% in FY17 from 2.85% in FY16 (FY15: 2.65%). Ind-Ra expects the bank to maintain the ratio at the FY17 level in the medium term. Incrementally, the bank's focus is to increase the granularity of its loan portfolio by venturing into the retail segment, eventually translating into higher yields. In Ind-Ra's view, growth in the retail asset segment would come at lower incremental retail margins than for its large peers', highlighting their pricing power. Nevertheless, the expansion in the retail segment should result in an improvement in its overall margins.

Asset Quality Maintained: Yes Bank's reported gross NPLs improved to 0.97% in 1QFY18 from 1.52% in 4QFY17, primarily on account of a recovery of close to INR5.5 billion because of the resolution of one of the large corporate accounts. The bank's credit costs have been under control (FY17: 58bp, average FY13-FY17: 39bp). This is underpinned by the bank's lower concentration in stressed sectors, proactive intervention and higher agility in resolving contentious exposure, backed by its limited presence as a consortium lender, compared to peers'. In Ind-Ra's view, the banking system's mid-corporate segment borrowers could remain stressed, considering their high dependence on large corporates carrying stretched working capital cycles. This is stemming from building-up of non-productive assets, resulting in slippages in this segment.

Ind-Ra expects the bank's credit cost to remain in the range of 75bp-80bp in FY18, factoring in the limited impact of the accelerated provisioning (at least 50% on identifies accounts by FYE18) on the accounts identified under the Insolvency and Bankruptcy Code for reference to the National Company Law Tribunal. Furthermore, the bank's reasonable pre-provision profitability provides a cushion to absorb spike in the credit costs under Ind-Ra's stress scenarios.

Moderate Funding Profile: Bulk deposits contributed around 38.2% to Yes Bank's total funding at end-June 2017, significantly higher than better rated private banks'. Although Yes Bank's retail deposit franchise is improving, the cost of acquiring granular savings deposits has been high on account of the higher interest offered by it on savings deposits than by larger peers. The effect of normalising its savings deposit interest rate (aligning it to larger peers) on its current account and saving account deposits would be a key monitorable. Yes Bank's proportion of bulk deposits to total deposits has shown an improvement over the last couple of years, highlighting the bank's focus to reduce its liability concentration by increasing branch presence (June 2018: 1,020; June 2017: 900). Yes Bank's funding gap (cumulative one-year mismatch as a percentage of average assets) has shown improvement, but continues to be higher than a few large peers'.

RATING SENSITIVITIES

Positive: An increase in 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 Outlook.

Negative: Significantly higher-than-expected deterioration in the asset quality, weaker-than-expected capital buffers and impairment in the funding profile could lead to a Negative Outlook.

COMPANY PROFILE

Yes Bank is a new generation 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 INR2.22 trillion at end-June 2017, with 1QFY18 clocking a net profit of INR9.6 billion. At 1QFYE18, the bank had 1,796 ATMs spread across the country.

FINANCIAL SUMMARY

Particular	FY17	FY16
Total assets (INR million)	2,150,599	1,652,634
Total equity (INR million)	220,541	137,866
Net income (INR million)	33,301	25,394
Return on assets (%)	1.8	1.7
CET1 (%)	11.4	10.3
Capital adequacy ratio (%)	17.0	16.5
Source: Company, Ind-Ra		

RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook
	Rating Type	Rated Limits (billion)	Rating	27 December 2016
Issuer ratings	Long-term/Short-term	-	IND AA+/Stable/IND A1+	IND AA+/Stable/IND A1+
Basel III Tier 2 Bonds	Long-term	INR40	IND AA+/Stable	-
Additional Tier 1 Basel III Bonds*	Long-term	INR36	IND AA/Stable	IND AA/Stable
Infrastructure bonds*	Long-term	INR3.3	IND AA+/Stable	IND AA+/Stable

*Details in annexure

ANNEXURE

Issue name/ Type	ISIN no.	Date of Issuance	Coupon rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook
Additional Tier 1 Basel III Bonds	INE528G08352	23 December 2016	9.50	Perpetual	INR36	IND AA/Stable
Infrastructure bonds	INE528G08360	29 December 2016	7.62	29 December 2023	INR3.3	IND AA+/Stable

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.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

ABOUT INDIA RATINGS AND RESEARCH

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies, structured finance and project finance companies.

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

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

DISCLAIMER

ALL CREDIT RATINGS ASSIGNED BY INDIA RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTPS://WWW.INDIARATINGS.CO.IN/RATING-DEFINITIONS. IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE WWW.INDIARATINGS.CO.IN. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. INDIA RATINGS' CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

Applicable Criteria

Financial Institutions Rating Criteria
Rating FI Subsidiaries and Holding Companies

Analyst Names

Primary Analyst
Udit Kariwala

Senior Analyst
Wockhardt Towers, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai :-400051
+91 22 40001749

Secondary Analyst
Chetan Dhawan

Analyst
+91 22 40001763

Committee Chairperson
Prakash Agarwal

YES BANK LTD. MUMBAI

Director and Co-Head Financial Institutions
+91 22 40001753

Media Relation
Mihir Mukherjee

Manager Corporate Communications and Investor Relations
+91 22 40356121

YES BANK LTD * MUMBAI *

India Ratings & Research

Fitch Group

Yes Bank Limited
Mr. Rajat Monga
19th Floor, Yes Bank Tower, IFC 2,
Senapati Bapat Marg,
Lower Parel – West,
Mumbai – 400013

September 27, 2017

Kind Attention: Mr. Rajat Monga, Chief Financial Officer, Yes Bank Limited

Dear Sir,

Re: Ratings for Proposed Basel III Tier 2 Bond Issuance of Yes Bank Limited

India Ratings assigns Yes Bank's proposed INR40 billion of Basel III Tier 2 bonds an 'IND AA+' rating with a Stable Outlook.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the

website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.
Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings' ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating to investors.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at +91 22 4000 1700.

Sincerely,
India Ratings

Sandeep Singh
Senior Director

Prakash Agarwal
Director

YES BANK LTD.
MUMBAI

ICRA

March 27, 2017

Yes Bank Limited

Instrument**	Amount Rated (in Rs. crore)	Rating Action
Basel III Compliant Additional Tier I Bond programme	3,000.00	[ICRA]AA (hyb) (stable) assigned
Basel III Compliant Additional Tier I Bond programme	300.00*	Upgraded to [ICRA]AA (hyb) from [ICRA]A+ (hyb); outlook remains stable
Basel II compliant Lower Tier II Bond Programme	2,765.50	[ICRA]AA+ (stable) outstanding
Basel II Compliant Upper Tier II Bond Programme	1,936.70	[ICRA]AA (stable) outstanding
Basel II compliant Upper Tier I Bond Programme	461.00	[ICRA]AA (stable) outstanding
Infrastructure Bond Programme	5,000.00	[ICRA]AA+ (stable) outstanding
Basel III Compliant Tier II Bond Programme	4,900.00	[ICRA]AA+ (hyb) (stable) outstanding
Certificate of Deposit Programme	10,000.00	[ICRA]A1+ outstanding
Short Term Fixed Deposit Programme	NA	[ICRA]A1+ outstanding

**Amount outstanding – Rs. 280 crore*
***Instrument details are provided in Annexure-1*

Rating Action
ICRA has assigned the rating of [ICRA]AA (hyb) (pronounced ICRA double A hybrid) to the Rs. 3,000 crore Basel III Compliant Additional Tier I Bond (AT-I) programme of Yes Bank Limited (YBL). ICRA has also upgraded the rating of Rs. 300 crore Basel III Compliant AT-I Bond programme of the bank from [ICRA]A+ (hyb) (pronounced ICRA A plus hybrid) to [ICRA]AA (hyb). The outlook on the long term ratings is stable.

ICRA has the rating of [ICRA]AA+ (pronounced ICRA double A plus) outstanding on Rs. 2,765.50 crore Lower Tier II Bonds and Rs. 5,000 crore Infrastructure Bond programme of YBL. ICRA also has the rating of [ICRA]AA outstanding on the Rs. 1936.70 crore Upper Tier II Bonds and Rs 461 crore of Innovative Perpetual Tier I Debt Instruments of the bank, the rating of [ICRA] AA+ (hyb) (pronounced as ICRA double A plus hybrid) outstanding on Rs. 4,900 crore Basel III Compliant Tier II Bond programme and the rating of [ICRA]A1+ outstanding on the Rs. 10,000 crore Certificates of Deposit programme and Short Term Fixed Deposit Programmes of the bank. The outlook on the long term ratings is stable.

The rating for the Basel III compliant AT-I bonds is one notch lower than the Basel III complaint Tier II bonds of the bank as these instruments have the following loss absorption features that make them riskier.

- Bank has full discretion at all times to cancel distribution/payments and cancellation of discretionary payments shall not be an event of default.
- The minimum capital conservation ratio applicable to the banks may restrict the bank from servicing these Tier AT-I in case the Common Equity Tier-I falls below limit as prescribed by Reserve Bank of India (RBI).

YES BANK LTD. * MUMBAI

ICRA

These AT-I bonds are expected to absorb losses through Write-Down Mechanism at the Objective Pre-Specified Trigger Point fixed at Bank's Common Equity Tier-I ratio as prescribed by RBI, 5.5%[1] till March 2019 and thereafter 6.125% of Total Risk Weighted Assets (RWA) of the Bank or when the "Point of Non Viability" (PONV) trigger is breached in the RBI's opinion.

The letters "hyb" in parenthesis suffixed to a Basel III instruments 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 levels of rating transition and loss-severity vis-à-vis conventional debt instruments.

Rationale

The rating upgrade for the Rs. 300 crore AT-I Bonds issued by the bank on December 31, 2013 factors in the change in terms for servicing the coupon on these rated bonds as per the revised RBI guidelines[2] as well as the performance of the bank. Consequently, upon such amendments, the coupon serviceability of the bank on these bonds has increased given the sizeable increase (~47%) in distributable reserves[3] as per the February 2017 guidelines vis a vis as estimated based on September 2014 guidelines. As on December 31, 2016, the distributable reserves in relation to risk weighted assets also stands increased to ~7.4% as per revised guidelines as against ~5.0% as per earlier guidelines of September 2014.

The rating continues to factor in YBL's continued robust operating performance, its demonstrated ability to maintain comfortable asset quality through cycles, its high levels of fee income, steadily improving CASA base with increasing granularity in deposits and comfortable capitalisation. The bank's credit strengths are partially offset by its relatively high – albeit steadily declining – share of corporate deposits funding. Maintaining asset quality and successful scale up of the retail banking operations are the key rating sensitivities.

Credit Strengths

- Well diversified revenue profile supported by strong fee income helps the bank maintain consistent profitability
- Strong asset quality with diversified exposure to different sectors. The bank has been able to control its slippages despite the overall industry facing large slippages. However, ability to maintain asset quality would remain a key rating sensitivity.
- Comfortable Capitalization of the bank with CRAR[4] of 16.9% (Tier I: 12.2%) as on December 31, 2016; with strong internal accruals likely to continue, there is no imminent pressure on capital in the medium term
- Steady improvement in the liability franchise with increase in branch counts and retail thrust helping in improving the granularity of the deposit mix. CASA and granularity though continue to lag peer and higher rated banks

[1] 6.125% for the Rs 300 crore AT-I bond issued on December 31, 2013

[2] RBI had made amendment on September 1, 2014, whereby in a situation of the insufficient profits during the year for servicing the coupon on the AT-1 bonds, the coupon could be serviced through revenue reserves and/or credit balance in the profit and loss account. With the recent amendment on February 2, 2017, in a situation of the insufficient profits during the year for servicing the coupon on these bonds, the coupon can be serviced through profits of the previous years and reserves representing appropriation of net profits, including statutory reserves, but excluding reserves created through share premium, revaluation reserve, foreign currency translation reserve, investment reserve and amalgamation.

[3] As on December 31, 2016, including the profits for 9MFY2017

[4] Including profit for 9M FY2017 and excluding pro rated dividend

YES BANK LTD. MUMBAI

Credit Challenges

- High proportion of non-retail deposits; albeit declining steadily
- Ability to maintain asset quality across top corporate groups
- Ability to further improve the Asset Liability Profile of the bank despite reduction in reliance on bulk funding over the years

Description of key rating drivers highlighted above:

YBL reported a robust growth in advances of 30% during FY2016 to Rs. 98,210 crore as on March 31, 2016 and further by 26% (annualized) during 9M FY2017 to Rs. 117,087 crore as on December 31, 2016. The growth has largely been driven by corporate and institutional clients whose share in advances increased to 68.9% as on December 31, 2016 from 65.1% as on March 31, 2016. The bank's portfolio continues to be well diversified across sectors. The bank aims to grow its retail and SME assets going forward; however, given its relatively lower share of retails loans currently, the share of corporate portfolio is expected to remain high in the near to medium term.

Despite some deterioration during FY2016, the bank's asset quality remains comfortable. YBL's gross NPAs and net NPAs as on December 31, 2016 stood at 0.85% and 0.29% respectively as compared with 0.76% and 0.29% respectively as on March 31, 2016. Standard restructured assets continued to remain low at 0.42% of gross advances as on December 31, 2016. Provision coverage ratio of the bank has improved during 9M FY2017 to ~66% from ~62% as on March 31, 2016. Going forward, its ability to maintain asset quality would remain a key rating sensitivity.

The bank's CASA ratio improved from 28.1% as on March 31, 2016 to 33.3% as on December 31, 2016 largely driven by growth in its SA deposits. Its SA deposit ratio improved from 18.3% as on March 31, 2016 to 22.2% as on December 31, 2016. During Q3 FY2017, CASA ratio improved by ~300 basis points partly due to demonetisation exercise and partly due to bank on boarding new accounts by leveraging on its branch network and also by opening new branches. YBL was the first bank to raise saving account rates following their deregulation in October 2011 which, coupled with the continuous expansion in its branch network, enabled the bank to record a significant improvement in its CASA base. The granularity of the bank's deposit base has also improved with the share of non-retail term deposits reducing to 40.8% as on December 31, 2016 from 45.5% as on March 31, 2016.

The bank's overall capital adequacy under Basel III remained comfortable at 16.9%[4] (Tier I at 12.2%) as on December 31, 2016 as compared to 16.5% (Tier I at 10.7%) as on March 2016. Though, its core Tier I capital at 9.9% as on December 31, 2016 has marginally declined from 10.30% as on March 31, 2016 due to increase in advances, however bank intends to raise further capital by H1 FY2018 to support its capitalisation while achieving growth. Given the strong profitability and comfortable asset quality, ICRA expects bank will comfortably raise the required capital to maintain healthy buffers over the minimum regulatory level of 8.625% for CET 1 applicable beyond March 2019. With strong internal accruals and lower credit costs (than industry average), in ICRA's view, the bank's capitalisation position shall remain comfortable.

The Net Interest Income/Average total assets[5] (NII/ATA) in FY2016 improved to 3.03% as compared to 2.85% in FY2015. The non interest based income for the bank remains robust and accounts for almost a third of the operating income of the bank. Fee based income to average total assets5 of the bank stood at 1.62% in FY2016 as compared to 1.56% in FY2015. The bank has continuously expanded its network with the total number of branches reaching 964 as on December 31, 2016 from 750 as on December 31, 2015. The total number of ATMs and Bunch Note Acceptors (BNAs) as on December 31, 2016 were

---

[5] As per ICRA's calculations

1,757 as compared to 1,480 as on December 31, 2015. With the expansion in branch network, operation expenses have increased in FY2016 to 1.97% of average total assets as compared to 1.86% of average total assets in FY2015. The operating expenses for the bank are expected to remain at elevated levels with further increase in branch network. Credit costs[5] of the bank increased during FY2016 with increase in slippages during the year and were reported at 0.33% during FY2016 as compared to 0.11% during FY2015. However, they remain lower when compared to its peer private sector banks. The profitability for the bank has been improving, helped by better NIMs and non-interest based income, despite increase in operating expenses and higher credit costs when compared to previous years. The RoA has been consistently maintained at more than 1.5% over the past few years. The return on equity[5] for the bank, which moderated to ~17% in FY2015 post equity infusion in June 2014, improved to ~18% during FY2016. During 9M FY2017, with stable NIMs (3.16%), robust non-interest income and comfortable expenses, profitability of the bank remained stable with RoA at 1.79% and RoE[5] at ~20%. Going forward, the ability of the bank to maintain its profitability indicators with growth in loan book will remain a key rating monitorable.

Analytical approach:
To arrive at the ratings ICRA has taken into account the standalone financials of the bank along with the key operational and business developments in the recent past.

Links to applicable Criteria:
Rating Methodology for Banks
ICRA Rating Methodology for Basel III Compliant Non-Equity Capital Instruments

Company Profile
YBL is a new private sector bank set up in 2004. YBL reported Net Profit of Rs. 2,539 crore on a total income of Rs. 16,246 crore during FY2016 as compared to a net profit of Rs. 2,005 crore on a total income of Rs. 13,618 crore during FY2015. The total assets of the Bank stood at Rs. 165,263 crore as on March 31, 2016 as compared to Rs. 136,170 crore as on March 31, 2015.

Recent Results
During 9M FY2017, the bank reported a net profit of Rs. 2,416 crore on a total income of Rs. 14,975 crore. The reported Gross NPA % and Net NPA % stood at 0.85% and 0.29% as on December 31, 2016. The regulatory Capital Adequacy Ratio (Basel III) of the Bank stood at 16.9% (Tier I: 12.2%) as on December 31, 2016.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

ICRA

Rating History for last three years:

Table: Rating History

Sr. No.	Name of Instrument	Current Rating			Chronology of Rating History for the past 3 years		
		Type	Rated amount (Rs. crore)	March 2017	FY2017	FY2016	FY2015
1	Basel III Compliant Additional Tier I Bond Programme	Long Term	3,000.00	[ICRA]AA (hyb) (stable)	-	-	-
2	Basel III Compliant Additional Tier I Bond Programme	Long Term	300.00	[ICRA]AA (hyb) (stable)	[ICRA]A+ (hyb) (stable)	[ICRA]A+ (hyb) (stable)	[ICRA]A+ (hyb) (stable)
3	Lower Tier II Bond Programme	Long Term	2,765.50	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)
4	Upper Tier II Bond Programme	Long Term	1,936.70	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)
5	Hybrid Tier I Bond Programme	Long Term	461.00	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)
6	Infrastructure Bond Programme	Long Term	5,000.00	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)
7	Basel III Compliant Tier II Bond Programme	Long Term	4,900.00	[ICRA]AA+ (hyb) (stable)	[ICRA]AA+ (hyb) (stable)	[ICRA]AA+ (hyb) (stable)	-
8	Certificate of Deposit Programme	Short Term	10,000.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
9	Short Term Fixed Deposit Programme	Short Term	NA	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Complexity level of the rated instrument:

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

YES BANK LTD. MUMBAI

ICRA

Annexure-1
Details of Instrument

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Current Rating and Outlook
Basel II compliant Lower Tier II Bond Programme[6]	29-Sep-07	10.00%	29-Apr-17	10	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	30-Nov-07	10.15%	30-May-17	7	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	12-Dec-07	10.15%	12-Jun-17	1	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	7-Feb-08	10.00%	7-May-17	37	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	22-Jan-10	9.65%	22-Jan-20	300	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	30-Sep-10	9.30%	30-Apr-20	306	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	25-Jul-11	10.30%	25-Jul-21	322	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	28-Oct-11	10.20%	28-Oct-21	243	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	28-Mar-12	9.90%	28-Mar-22	300	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	23-Aug-12	10.00%	23-Aug-22	300	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	10-Sep-12	10.00%	10-Sep-22	300	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	16-Oct-12	10.00%	16-Oct-22	200	[ICRA]AA+ (stable)
Basel II compliant Lower Tier II Bond Programme	31-Oct-12	9.90%	31-Oct-22	260	[ICRA]AA+ (stable)
Basel II Compliant Upper Tier II Bond Programme[7]	31-Mar-07	10.40%	31-Mar-22	5	[ICRA]AA (stable)
Basel II Compliant Upper Tier II Bond Programme	20-Apr-07	10.40%	20-Apr-22	2	[ICRA]AA (stable)
Basel II Compliant Upper Tier II Bond Programme	29-Sep-07	10.70%	29-Apr-17	182	[ICRA]AA (stable)
Basel II Compliant Upper Tier II Bond Programme	8-Nov-07	10.70%	8-Nov-22	10	[ICRA]AA (stable)
Basel II Compliant Upper Tier II Bond Programme	15-Sep-08	11.75%	15-Sep-23	200	[ICRA]AA (stable)
Basel II Compliant Upper Tier II Bond Programme	14-Aug-10	9.65%	14-Aug-25	440	[ICRA]AA (stable)
Basel II Compliant Upper Tier II Bond Programme	8-Sep-10	9.50%	8-Sep-25	200	[ICRA]AA (stable)

[6]Amount outstanding – Rs. 2,585.50 crore
[7]Amount outstanding – Rs. 1,743.10 crore

YES BANK LTD. ★ MUMBAI ★

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Current Rating and Outlook
Basel II Compliant Upper Tier II Bond Programme	29-Jun-12	10.25%	29-Jun-27	60	[ICRA]AA (stable)
Basel II Compliant Upper Tier II Bond Programme	28-Sep-12	10.15%	28-Sep-27	200	[ICRA]AA (stable)
Basel II Compliant Upper Tier II Bond Programme	10-Nov-12	10.25%	10-Nov-27	275	[ICRA]AA (stable)
Basel II Compliant Upper Tier II Bond Programme	27-Dec-12	10.05%	27-Dec-27	169	[ICRA]AA (stable)
Basel II compliant Upper Tier I Bond Programme	21-Feb-09	10.25%	NA	115	[ICRA]AA (stable)
Basel II compliant Upper Tier I Bond Programme	9-Mar-09	10.25%	NA	39	[ICRA]AA (stable)
Basel II compliant Upper Tier I Bond Programme	5-Mar-10	10.25%	NA	82	[ICRA]AA (stable)
Basel II compliant Upper Tier I Bond Programme	21-Aug-10	9.90%	NA	225	[ICRA]AA (stable)
Infrastructure Bond Programme[8]	24-Feb-15	8.85%	24-Feb-25	1,000	[ICRA]AA+ (stable)
Infrastructure Bond Programme	5-Aug-15	8.95%	5-Aug-25	315	[ICRA]AA+ (stable)
Infrastructure Bond Programme	30-Sep-16	8.00%	30-Sep-26	2,135	[ICRA]AA+ (stable)
Infrastructure Bond Programme	29-Dec-16	7.62%	29-Dec-23	330	[ICRA]AA+ (stable)
Basel III Compliant Tier II Bond Programme[9]	29-Jun-15	9.15%	30-Jun-25	554	[ICRA]AA+ (hyb) (stable)
Basel III Compliant Tier II Bond Programme	31-Dec-15	8.90%	31-Dec-25	1,500	[ICRA]AA+ (hyb) (stable)
Basel III Compliant Tier II Bond Programme	15-Jan-16	9.00%	15-Jan-26	800	[ICRA]AA+ (hyb) (stable)
Basel III Compliant Tier II Bond Programme	20-Jan-16	9.05%	20-Jan-26	500	[ICRA]AA+ (hyb) (stable)
Basel III Compliant Tier II Bond Programme	31-Mar-16	9.00%	31-Mar-26	545	[ICRA]AA+ (hyb) (stable)
Basel III Compliant Additional Tier I Bond programme	31-Dec-13	10.50%	NA	280	[ICRA]AA (hyb) (stable)
Basel III Compliant Additional Tier I Bond programme	23-Dec-16	9.50%	NA	3,000	[ICRA]AA (hyb) (stable)
Certificate of Deposit Programme	-	-	-	10,000.00	[ICRA]A1+
Short Term Fixed Deposit Programme	-	-	-	NA	[ICRA]A1+

8 Amount outstanding – Rs. 3,780 crore; yet to be placed – Rs. 1,220 crore
9 Amount outstanding – Rs. 3,899 crore; yet to be placed – Rs. 1,001 crore

ICRA

Name and Contact Details of the Rating Analysts:

Mr. Karthik Srinivasan
(Tel. No. +91 22 6114 3444)
karthiks@icraindia.com

Mr. Anil Gupta
(Tel. No. +91 124 4545 314)
anilg@icraindia.com

Mr. Kushal Modi
(Tel No. +91 22 6114 3428)
kushal.modi@icraindia.com

Name and Contact Details of Relationship Contacts:
Mr. L. Shivakumar
(Tel. No. +91 22 6114 3406)
shivakumar@icraindia.com

About ICRA Limited:
ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.
Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.
For more information, visit **www.icra.in**

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

ICRA

Registered Office
ICRA Limited
1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office
Mr. Vivek Mathur
Mobile: **+91 9871221122**
Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai
Mr. L. Shivakumar
Mobile: **+91 9821086490**
Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata
Mr. Jayanta Roy
Mobile: **+91 9903394664**
Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai
Mr. Jayanta Chatterjee
Mobile: **+91 9845022459**
Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore
Mr. Jayanta Chatterjee
Mobile: **+91 9845022459**
Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004,10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad
Mr. L. Shivakumar
Mobile: **+91 9821086490**
Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-79-25569231

Pune
Mr. L. Shivakumar
Mobile: **+91 9821086490**
Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar,Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad
Mr. Jayanta Chatterjee
Mobile: **+91 9845022459**
Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500

YES BANK LTD. MUMBAI

ICRA

CONFIDENTIAL

ICRA Limited

Ref: 2017-18/MUMR/0893
September 27, 2017

Mr. Rajat Monga
Group President – Financial Markets
Yes Bank Limited
Nehru Centre, 9th Floor
Discovery of India, Dr. A.B. Road, Worli
Mumbai 400 018

Dear Sir,

Re: ICRA Credit Rating for the Rs. 4,900 crore BASEL III Tier II Bond Programme of Yes Bank Limited (Amount outstanding – Rs. 3,899 crore; Amount yet to be placed – Rs. 1,001 crore)

Please refer to your request dated September 27, 2017 for revalidating the rating letter issued for the captioned programme.

We confirm that the [ICRA]AA+ hyb (pronounced as ICRA double A plus hybrid) rating with positive outlook assigned to your captioned programme and last communicated to you vide our letter dated August 07, 2017 stands. 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 levels of rating transition and loss-severity vis-à-vis conventional debt instruments. The rated Tier-II bonds are expected to absorb losses once "Point of Non Viability" (PONV) trigger is invoked. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Within this category, rating modifiers {"+" (plus)/ "-" (minus)} can be used with the rating symbols to signify the comparative standing within the category.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same vide our letter Ref: 2017-18/MUM/0609 dated August 07, 2017.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,

For ICRA Limited

ANJAN DEB GHOSH
Executive Vice President
aghosh@icraindia.com

KARTHIK SRINIVASAN
Senior Vice President
karthiks@icraindia.com

YES BANK LTD. MUMBAI

ICRA

CONFIDENTIAL

ICRA Limited

Ref: 2017-18/MUM/0872
September 27, 2017

Mr. Rajat Monga
Group President – Financial Markets
Yes Bank Limited
Nehru Centre, 9th Floor
Discovery of India, Dr. A.B. Road, Worli
Mumbai 400 018

Dear Sir,

Re: ICRA Credit Rating for the Rs. 3,000 crore BASEL III Tier II Bond Programme of Yes Bank Limited

Please refer to the Rating Agreement dated September 26, 2017 for carrying out the rating of the aforesaid Bond Programme. The Rating Committee of ICRA, after due consideration, has assigned a **[ICRA]AA+ (hyb)** (pronounced as ICRA double A plus hybrid) rating to the captioned Bond Programme. 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 levels of rating transition and loss-severity vis-à-vis conventional debt instruments. The rated Tier-II bonds are expected to absorb losses once "Point of Non Viability" (PONV) trigger is invoked. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The Outlook on the rating is Positive.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as **[ICRA]AA+ (hyb) (positive).** We would request if you can sign the acknowledgement and send it to us latest by October 01, 2017 as acceptance on the assigned rating. In case you do not communicate your acceptance/non acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on ***'Monitoring and Review of Ratings by Credit Rating Agencies(CRAs)'*** issued by the Securities and Exchange Board of India. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly *'No Default Statement (NDS)'* (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

YES BANK LTD. MUMBAI

..2/

ICRA

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification. We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,
For ICRA Limited

ANJAN DEB GHOSH
Executive Vice President
aghosh@icraindia.com

KARTHIK SRINIVASAN
Senior Vice President
karthiks@icraindia.com

YES BANK LTD. MUMBAI

ICRA

Acknowledgement

(To be signed and returned to ICRA Limited)

I, <*Name of the person*>, <*Designation*> on behalf of the <*Company/ Client name*> hereby accept and acknowledge the above assigned credit rating.

***For** <Company/ Client Name>*

____

Name:

Date:

Note: *Please return a copy of the above communication along with the acknowledgement to ICRA Limited at <address> or <email>*

YES BANK LTD.
MUMBAI

ICRA

'No Default Statement on the Company Letter Head'

To
<CRA Name and Address>

Dear Sir/ Madam,

1. We hereby Confirm that as on date there are no Over dues or default on our debt obligations
2. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of our debt obligations.
3. We also confirm that there has not been any instance of devolvement of Letter of Credit in the month ended <Month and Year name>.
4. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of debt obligations guaranteed by us.
5. We also confirm that there has been no overdraw of the drawing power sanctioned by the bank for a period of more than 30 consecutive days in case of bank facilities which do not have scheduled maturity/repayment dates.
6. Details of delay/ default/ rescheduling of interest or principal as on date/ in the month ended<Month and Year name> , in any of the above case (if any):

Name of the Instrument	ISIN	Amount to be paid	Due Date of Payment	Actual Date of Payment	Remarks

Thanking You,

Yours faithfully,

<Authorized Signatory of Issuer>

YES BANK LTD. * MUMBAI *

Yes Bank Limited

September 27, 2017

ICRA assigns a rating of [ICRA]AA+ (hyb) (positive) to the Basel III Tier II Bond programme of Yes Bank Limited

Summary of rated instruments

Rating action

Instrument*	Rated Amount (Rs. crore)	Rating Action
Basel III Compliant Tier II Bond Programme	3,000.00	[ICRA]AA+ (hyb) with Positive outlook; Assigned
Basel III Compliant Tier II Bond Programme	4,900.00	[ICRA]AA+ (hyb) with Positive outlook; Outstanding
Basel II Compliant Lower Tier II Bond Programme	2,530.6	[ICRA]AA+ with Positive outlook; Outstanding
Basel II Compliant Upper Tier II Bond Programme	1,736.1	[ICRA]AA with Positive outlook; Outstanding
Basel II Compliant Upper Tier I Bond Programme	461.00	[ICRA]AA with Positive outlook; Outstanding
Infrastructure Bond Programme	5,000.00	[ICRA]AA+ with Positive outlook; Outstanding
Basel III Compliant Additional Tier I Bond Programme	3,300.00	[ICRA]AA (hyb) with Positive outlook; Outstanding
Certificate of Deposit Programme	10,000.00	[ICRA]A1+; Outstanding
Short Term Fixed Deposit Programme	NA	[ICRA]A1+; Outstanding

*Instrument details are provided in Annexure-1

ICRA has assigned the rating of [ICRA]AA+ (hyb) (pronounced as ICRA double A plus hybrid) to the Rs. 3,000 crore Basel III Compliant Tier II Bond programme of Yes Bank Limited (YBL). ICRA also has a rating of [ICRA]AA+ (pronounced ICRA double A plus) outstanding on the Rs. 2,530.6 crore Basel II Compliant Lower Tier II Bonds and the Rs. 5,000 crore Infrastructure Bonds and the rating of [ICRA]AA (pronounced ICRA double A) outstanding on the Rs. 1,736.1 crore Basel II Compliant Upper Tier II Bonds and Rs. 461 crore Basel II Complaint Innovative Perpetual Tier I Debt Instruments of the bank. In addition, ICRA also has the rating of [ICRA]AA+ (hyb) (pronounced as ICRA double A plus hybrid) outstanding on the Rs. 4,900 crore Basel III Compliant Tier II Bonds, the rating of [ICRA]AA (hyb) (pronounced as ICRA double A hybrid) outstanding on the Rs. 3,300 crore Basel III Compliant Additional Tier I (AT-I) Bonds and the rating of [ICRA]A1+ outstanding on the Rs. 10,000 crore Certificates of Deposits and the Short Term Fixed Deposits of the bank. The outlook on the long term ratings is Positive.

YES BANK LTD. * MUMBAI *

The rating for the Basel III Compliant AT-I Bonds is one notch lower than the rating for the Basel III Compliant Tier II Bonds of the bank as these instruments have the following loss absorption features that make them riskier.

- Coupon payments are non-cumulative and discretionary and the bank has the full discretion at all times to cancel coupon payments. Cancellation of discretionary payments shall not be an event of default.
- Coupon can be paid out of current year profits. However, if current year profit is not sufficient, or, if the payment of coupon is likely to result in a loss, the coupon payment can be done through reserves and surpluses created through appropriation of profits (including statutory reserves). However, the coupon payment is subject to the bank meeting the minimum regulatory requirements for CET I, Tier I and total capital ratios (including capital conservation buffer, CCB) at all times as prescribed by the Reserve Bank of India (RBI) under Basel III regulations.

These AT-I bonds are expected to absorb losses through a write-down mechanism at the objective pre-specified trigger point fixed at the bank's Common Equity Tier-I (CET-1) ratio as prescribed by the RBI, 5.5%[1] till March 2019 and thereafter 6.125% of the total risk weighted assets (RWA) of the bank or when the point of non-viability trigger is breached in the RBI's opinion.

The letters "hyb" in parenthesis suffixed to Basel III instruments 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 levels of rating transition and loss-severity vis-à-vis conventional debt instruments.

Rationale

The rating factors in the improvement in the bank's liability profile supported by a decline in deposit concentration and an increase in the CASA base; a reduction in the bank's concentration of exposures; and its comfortable capitalisation levels supported by internal accruals and a demonstrated ability to raise capital at regular intervals. The ratings also factors in YBL's continued robust operating performance, its demonstrated ability to maintain comfortable asset quality through cycles and its high levels of fee income.

The bank's credit strengths are partially offset by its relatively high – albeit steadily declining – share of corporate deposits funding, relatively high exposure to corporate sector and relatively high capital consumption rate on account of robust growth though demonstrated ability to raise capital at regular intervals alleviates this concern to some extent. Going ahead, the bank's ability to maintain its asset quality, diversification of advances across retail and corporate, successful scale up of retail banking operations, reducing the concentration risk in the loan book and lower reliance on bulk funding are the key rating sensitivities.

Key rating drivers

Credit strengths

- **Robust loan book growth with a reduction in concentration of exposures** – YBL reported a robust growth in advances of 35% during FY2017 to Rs. 132,263 crore as on March 31, 2017 and a 32% YoY growth during Q1FY2018 to Rs. 139,972 crore as on June 30, 2017. YBL's loan book remains dominated by corporate advances with corporate banking forming 68.1% of total advances as on June 30, 2017 vis-a-vis 67.5% as on June 30, 2016. However, the bank has steadily reduced concentration

[1] 6.125% for the Rs 300 crore AT-I bond issued on December 31, 2013

YES BANK LTD. * MUMBAI *

of its book with the top 20 exposures forming 12.6% of its total exposure as on March 31, 2017 vis-a-vis 16.1% as on March 31, 2014. Within the corporate segment, the bank's portfolio continues to be well diversified across sectors. Also, YBL has been focusing on expanding its retail operations which will further improve the granularity of its exposures.

- **Increased granularity of deposits following a steady improvement in CASA and retail deposits** – The bank's Current account and savings account deposits (CASA) ratio improved from 28.1% as on March 31, 2016 to 36.3% as on March 31, 2017 and 36.8% as on June 30, 2017 driven by growth in both CA and SA deposits. The growth in CASA was largely due to the bank's branch expansion and leveraging of its existing branch network and partly due to demonetisation. The bank has been increasing its branch network at a rapid pace and opened 140 branches in FY2017. YBL was the first bank to raise saving account rates following their deregulation in October 2011 which, coupled with the continuous expansion in its branch network, enabled the bank to record a significant improvement in its CASA base in the past five years. However, the CASA base still remains lower as compared to its higher rated peers. The granularity of the bank's deposit base has also improved with the share of non-retail term deposits reducing to 38.2% as on June 30, 2017 from 45.5% as on March 31, 2016. However, the share of non-retail deposits remains higher as compared to its higher rated peers.
- **Comfortable capitalisation levels supported by healthy internal accruals and regular capital raising** - YBL's capitalisation levels remain comfortable supported by healthy internal accruals and capital raising at regular intervals. During March 2017, the bank raised capital of Rs. 4,907 crore. The bank's overall capital adequacy under Basel III remained comfortable at 17.6% (CET 1 of 11.9% and Tier 1 of 13.8%) as on June 30, 2017 as compared with 16.5% (Tier I at 10.7%) as on March 31, 2016. The bank also raised AT-1 bonds of Rs. 3,000 crore during FY2017. ICRA draws comfort from the bank's demonstrated track record of mobilising equity capital at regular intervals to support business volumes and also maintain adequate cushion over the minimum regulatory capitalisation levels.
- **Continued robust operating performance and stable profitability indicators** – YBL's operating performance has been robust over the years. During FY2017, its net interest margin[2] (NIM; computed as % of average total assets) improved to 3.1% from 3.0% in FY2016. The bank's non-interest based income remains robust, accounting for almost a third of its operating income. The bank's fee based income as a percentage of average total assets (ATA)[2] increased to 1.70% in FY2017 from 1.62% in FY2016. With the expansion in the bank's branch network, its operating expenses increased during FY2017 to 2.16% of ATA from 1.97% of ATA in FY2016. ICRA expects YBL's operating expenses to remain elevated with further expansion of the branch network. The bank's credit costs[2] remained stable during FY2017 despite a deterioration in asset quality during the year with the slippage of a lumpy account; YBL reported credit costs at 0.42% of ATA during FY2017 as compared with 0.36% of ATA during FY2016. However, the costs remain lower than its peer private sector banks. The bank's profitability has been improving, helped by stable NIMs, higher non-interest based income and stable credit costs, despite an increase in operating expenses. The return on average assets (RoA)[2] has been consistently maintained at more than 1.5% over the past few years. The return on equity (RoE)[2] however moderated to 18.6% in FY2017 following the equity infusion in March 31, 2017 from 19.9% during FY2016. During Q1FY2018, with stable NIMs, robust non-interest income, comfortable expenses and improved asset quality indicators, YBL's profitability improved with RoA at 1.8% and RoE at 19.3%.
- **Comfortable asset quality indicators** – During FY2017, the asset quality indicators deteriorated mainly on account of the slippage of a lumpy account in Q4FY2017. YBL's gross and net NPAs stood at 1.52% and 0.81% respectively as on March 31, 2017 as compared to 0.76% and 0.29% as on March 31, 2016. The bank reported a divergence of Rs. 4,177 crore in the gross NPA amount (~4.2% of gross advances) as on March 31, 2016 from the RBI assessed amount. However, the bank's financials as on March 31, 2017 factor in full impact of divergence. There was a lumpy account

---

[2] As per ICRA's calculations

YES BANK LTD. MUMBAI

which was classified as NPA in Q4 FY2017 and with sizable recovery in this account during Q1 FY2018, Gross and Net NPA improved during the quarter to 0.97% and 0.39% respectively. The bank's standard restructured assets remained low at 0.24% of gross advances as on June 30, 2017. Also, the bank's exposure to accounts under 5/25 refinancing scheme, strategic debt restructuring (SDR) scheme and scheme for sustainable structuring of stressed assets remains very low. YBL's provision coverage ratio (including technical write-offs) remains stable at ~60% as on June 30, 2017 as compared with ~47% as on March 31, 2017 and ~62% as on March 31, 2016 (higher than the industry average of ~58% for private sector banks). ICRA takes note of the gross and net NPA of the bank being comfortable as compared to its other private sector peers. The bank's solvency profile remains comfortable with net NPAs/net worth of 2.4% as on June 30, 2017. Going forward, the bank's ability to maintain its asset quality given the higher exposure to corporate sector wherein the asset quality is under stress in the past 2-3 years will remain a key rating sensitivity.

Credit weaknesses

- **Relatively high – albeit steadily declining – share of corporate deposits funding** – Despite an improvement in the granularity of its deposit profile, YBL's share of non-retail deposits remains high when compared with higher rated peer banks. Going forward, the bank's ability to further improve its funding profile with a continued reduction in reliance on non-retail deposits will be a key rating sensitivity.
- **High exposure to corporate sector:** Yes Bank's exposure to corporate sector remains high with it being 68.1% as on June 30, 2017 (67.7% as on March 31, 2017 and 67.5% as on June 30, 2016) as compared to banking sector average exposure of ~40%. During the last 2-3 years, the asset quality in the corporate sector has been under stress and going ahead, the ability of the bank to maintain its asset quality will remain a key rating sensitivity.
- **Capital consumption remains high** – While the bank's current capitalisation remains comfortable with CET-1 of 11.9%, Tier 1 of 13.8% and CRAR of 17.6% as on June 30, 2017, its capital consumption remains high with growth in capital requirement being higher than the internal accruals. Hence, the bank will need to raise capital at regular intervals (before March 2019 as per ICRA assessment). However, the bank's demonstrated ability to raise equity at frequent intervals provides comfort.

ICRA has assigned a one notch lower rating on the Basel III Compliant Tier I bonds, than the rating on the Basel III Compliant Tier II instruments given the distinguishing features of the Tier I bonds. ICRA estimates that YBL's distributable reserves[3] that can be used for servicing the coupon in a situation of inadequate profits or a loss during the year, stands at 6.9%**Error! Bookmark not defined.** of risk weighted assets as on June 30, 2017 (6.3% as on March 31, 2017).

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:
ICRA Rating Methodology for Banks
ICRA Rating Methodology for Basel III Compliant Non-Equity Capital Instruments

[3]Calculated as per the amendment in Basel III capital regulations for AT I bonds by the RBI, vide its circular dated February 2, 2017. As per the amended definition, "distributable reserves" include all reserves created through appropriation from profit and loss account.

About the bank:

YBL is a new private sector bank set up in 2004. Over the years, the bank's strong business growth, healthy net interest margins, stable profitability, healthy capitalisation have made it one of the top five private sector banks in India. As on June 30, 2017, the bank had a network of 1,020 branches and 1,796 ATMs. It also has a branch in the Gift City. YBL reported net profit of Rs. 3,330 crore on a total income of Rs. 20,581 crore during FY2017 as compared with a net profit of Rs. 2,539 crore on a total income of Rs. 16,246 crore during FY2016. The bank's total assets stood at Rs. 215,060 crore as on March 31, 2017 as compared with Rs. 165,263 crore as on March 31, 2016. During Q1 FY2018, the bank reported a net profit of Rs. 966 crore on a total income of Rs. 5,786 crore. The bank reported gross and net NPAs of 0.97% and 0.39% as on June 30, 2017. The bank's regulatory capital adequacy ratio (Basel III) stood at 17.6% (CET 1 of 11.9% and Tier 1 of 13.8%) as on June 30, 2017.

Key Financial Indicators

	FY2016	FY2017	Q1FY2017	Q1FY2018
Net Interest Income	4,567	5,797	1,256	1,809
Profit before tax	3,766	5,044	1,100	1,418
Profit after tax	2,539	3,330	732	966
Net advances	98,210	132,263	105,942	139,972
Total assets	165,263	215,060	177,229	222,145
%CET 1	10.3%	11.4%	9.9%	11.9%
%Tier 1	10.7%	13.3%	10.3%	13.8%
% CRAR	16.5%	17.0%	15.5%	17.6%
% Net Interest Income/ Average total assets	3.0%	3.1%	3.0%	3.2%
%Net Profit / Average total assets	1.7%	1.8%	1.7%	1.8%
%Return on Net Worth	19.9%	18.6%	20.3%	19.3%
% Gross NPAs	0.76%	1.52%	0.79%	0.97%
% Net NPAs	0.29%	0.81%	0.29%	0.39%
% Provision coverage incl technical write offs	62.00%	46.90%	64.20%	60.00%
% Net NPA/ Net worth	2.06%	4.86%	2.08%	2.44%

Note: CET 1 – Common equity tier 1; CRAR – Capital adequacy ratio; Amounts in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

YES BANK LTD. MUMBAI

Rating history for last three years:

Table:

Sr. No.	Instrument	Current Rating (FY2018)			Chronology of Rating History for the past 3 years					
		Type	Rated amount (Rs. crore)	September 2017	FY2018	FY2017		FY2016		FY2015
					August 2017	March 2017	October 2016	March 2016	January 2016	
1	Basel III Compliant Tier II Bond Programme	Long Term	3,000.00	[ICRA]AA+ (hyb) (positive)	-	-	-	-	-	-
2	Lower Tier II Bond Programme	Long Term	2,530.60	[ICRA]AA+ (positive)	[ICRA]AA+ (positive)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)
3	Upper Tier II Bond Programme	Long Term	1,736.10	[ICRA]AA (positive)	[ICRA]AA (positive)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)
4	Hybrid Tier I Bond Programme	Long Term	461.00	[ICRA]AA (positive)	[ICRA]AA (positive)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)
5	Infrastructure Bond Programme	Long Term	5,000.00	[ICRA]AA+ (positive)	[ICRA]AA+ (positive)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)
6	Basel III Compliant Tier II Bond Programme	Long Term	4,900.00	[ICRA]AA+ (hyb) (positive)	[ICRA]AA+ (hyb) (positive)	[ICRA]AA+ (hyb) (stable)	[ICRA]AA+ (hyb) (stable)	[ICRA]AA+ (hyb) (stable)	[ICRA]AA+ (hyb) (stable)	-
7	Basel III Compliant Additional Tier I Bond Programme	Long Term	3,300.00	[ICRA]AA (hyb) (positive)	[ICRA]AA (hyb) (positive)	[ICRA]AA (hyb) (stable)	[ICRA]A+ (hyb) (stable)	[ICRA]A+ (hyb) (stable)	[ICRA]A+ (hyb) (stable)	[ICRA]A+ (hyb) (stable)
8	Certificate of Deposit Programme	Short Term	10,000.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
9	Short Term Fixed Deposit Programme	Short Term	NA	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

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

YES BANK LTD. * MUMBAI *

Annexure-1

Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE528G08196	Lower Tier II Bonds (Basel II)	25-Jul-11	10.30%	25-Jul-21	322	[ICRA]AA+(positive)
INE528G08204	Lower Tier II Bonds (Basel II)	28-Oct-11	10.20%	28-Oct-21	243	[ICRA]AA+(positive)
INE528G08212	Lower Tier II Bonds (Basel II)	28-Mar-12	9.90%	28-Mar-22	300	[ICRA]AA+(positive)
INE528G08220	Lower Tier II Bonds (Basel II)	23-Aug-12	10	23-Aug-22	300	[ICRA]AA+(positive)
INE528G08238	Lower Tier II Bonds (Basel II)	10-Sep-12	10	10-Sep-22	300	[ICRA]AA+(positive)
INE528G09129	Lower Tier II Bonds (Basel II)	16-Oct-12	10	16-Oct-22	200	[ICRA]AA+(positive)
INE528G08246	Lower Tier II Bonds (Basel II)	31-Oct-12	9.90%	31-Oct-22	260	[ICRA]AA+(positive)
INE528G08170	Lower Tier II Bonds (Basel II)	30-Sep-10	9.30%	30-Apr-20	306	[ICRA]AA+(positive)
INE528G08147	Lower Tier II Bonds (Basel II)	22-Jan-10	9.65%	22-Jan-20	300	[ICRA]AA+(positive)
INE528G08071	Upper Tier II Bonds (Basel II)	29-Sep-07	10.70%	29-Sep-22	182	[ICRA]AA(positive)
INE528G08089	Upper Tier II Bonds (Basel II)	08-Nov-07	10.70%	08-Nov-22	10	[ICRA]AA(positive)
INE528G08121	Upper Tier II Bonds (Basel II)	15-Sep-08	11.75%	15-Sep-23	200	[ICRA]AA(positive)
INE528G08154	Upper Tier II Bonds (Basel II)	14-Aug-10	9.65%	14-Aug-25	440	[ICRA]AA(positive)
INE528G08162	Upper Tier II Bonds (Basel II)	08-Sep-10	9.50%	08-Sep-25	200	[ICRA]AA(positive)
INE528G09103	Upper Tier II Bonds (Basel II)	29-Jun-12	10.25	29-Jun-27	60	[ICRA]AA(positive)
INE528G09111	Upper Tier II Bonds (Basel II)	28-Sep-12	10.15	28-Sep-27	200	[ICRA]AA(positive)
INE528G08253	Upper Tier II Bonds (Basel II)	10-Nov-12	10.25%	10-Nov-27	275	[ICRA]AA(positive)
INE528G09137	Upper Tier II Bonds (Basel II)	27-Dec-12	10.05	27-Dec-27	169	[ICRA]AA(positive)
INE528G09046	Tier I Perpetual Bond (Basel II)	21-Feb-09	10.25%	N.A	115	[ICRA]AA(positive)
INE528G09053	Tier I Perpetual Bond (Basel II)	09-Mar-09	10.25%	N.A	39	[ICRA]AA(positive)
INE528G09061	Tier I Perpetual Bond (Basel II)	05-Mar-10	10.25%	N.A	82	[ICRA]AA(positive)

YES BANK LTD. MUMBAI

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE528G09079	Tier I Perpetual Bond (Basel II)	21-Aug-10	9.90%	N.A	225	[ICRA]AA(positive)
INE528G08279	Infrastructure Bonds[4]	24-Feb-15	8.85%	24-Feb-25	1,000	[ICRA]AA+(positive)
INE528G08295	Infrastructure Bonds	05-Aug-15	8.95%	05-Aug-25	315	[ICRA]AA+(positive)
INE528G08345	Infrastructure Bonds	30-Sep-16	8.00%	30-Sep-26	2,135	[ICRA]AA+(positive)
INE528G08360	Infrastructure Bonds	29-Dec-16	7.62%	29-Dec-23	330	[ICRA]AA+(positive)
INE528G08287	Basel III compliant Tier 2 Bonds[5]	29-Jun-15	9.15%	30-Jun-25	554	[ICRA]AA+ (hyb) (positive)
INE528G08303	Basel III compliant Tier 2 Bonds	31-Dec-15	8.90%	31-Dec-25	1,500	[ICRA]AA+ (hyb) (positive)
INE528G08311	Basel III compliant Tier 2 Bonds	15-Jan-16	9.00%	15-Jan-26	800	[ICRA]AA+ (hyb) (positive)
INE528G08329	Basel III compliant Tier 2 Bonds	20-Jan-16	9.05%	20-Jan-26	500	[ICRA]AA+ (hyb) (positive)
INE528G08337	Basel III compliant Tier 2 Bonds	31-Mar-16	9.00%	31-Mar-26	545	[ICRA]AA+ (hyb) (positive)
INE528G08261	Additional Tier I Perpetual Bonds-BASEL III[6]	31-Dec-13	10.5	N.A.	280	[ICRA]AA (hyb) (positive)
INE528G08352	Additional Tier I Perpetual Bonds-BASEL III	23-Dec-16	9.50%	N.A.	3,000	[ICRA]AA (hyb) (positive)
-	Certificate of Deposit Programme	-	-	-	10,000	[ICRA]A1+
-	Short Term Fixed Deposit Programme	-	-	-	NA	[ICRA]A1+

Source: Yes Bank Limited

YES BANK LTD. MUMBAI

[4] Amount outstanding –Rs. 3,780 crore; yet to be placed –Rs. 1,220 crore
[5] Amount outstanding –Rs. 3,899 crore; yet to be placed –Rs. 4,001 crore
[6] Amount outstanding –Rs. 3,280 crore; yet to be placed –Rs. 20 crore

Contact Details

Analyst Contacts

Karthik Srinivasan
+91 22 61143 444
karthiks@icraindia.com

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

Neha Parikh
+91 22 6114 3426
neha.parikh@icraindia.com

Kushal Modi
+91 22 6114 3428
kushal.modi@icraindia.com

Relationship Contact

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

About ICRA Limited:

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

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

For more information, visit **www.icra.in**

ICRA

ICRA Limited

CORPORATE OFFICE
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300; Fax: +91 124 4050424
Email: info@icraindia.com, Website: www.icra.in

REGISTERED OFFICE
1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50; Fax: +91 11 23357014

Branches: **Mumbai**: Tel.: + (91 22) 24331046/53/62/74/86/87, Fax: + (91 22) 2433 1390 **Chennai**: Tel + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294, Fax + (91 44) 2434 3663 **Kolkata**: Tel + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008, Fax + (91 33) 2287 0728 **Bangalore**: Tel + (91 80) 2559 7401/4049 Fax + (91 80) 559 4065 **Ahmedabad**: Tel + (91 79) 2658 4924/5049/2008, Fax + (91 79) 2658 4924 **Hyderabad**: Tel +(91 40) 2373 5061/7251, Fax + (91 40) 2373 5152 **Pune**: Tel + (91 20) 2552 0194/95/96, Fax + (91 20) 553 9231

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

ICRA

ICRA Limited

CONFIDENTIAL

Ref: 2017-18/MUM/1766
February 16, 2018

Mr. Vivek Bansal
Senior President and Chief Financial Controller
Yes Bank Limited
Nehru Centre, 9th Floor
Discovery of India, Dr. A.B. Road, Worli
Mumbai 400 018

Dear Sir,

Re: ICRA Credit Rating for the Rs. 3,000 crore BASEL III Tier II Bond Programme of Yes Bank Limited

Please refer to the Rating Agreement dated **February 13, 2018** for carrying out the rating of the aforesaid Bond Programme. The Rating Committee of ICRA, after due consideration, has assigned a **[ICRA]AA+ (hyb)** (pronounced as ICRA double A plus hybrid) rating to the captioned Bond Programme. 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 levels of rating transition and loss-severity vis-à-vis conventional debt instruments. The rated Tier-II bonds are expected to absorb losses once "Point of Non Viability" (PONV) trigger is invoked. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The Outlook on the rating is **Positive**.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as **[ICRA]AA+ (hyb) (positive)**. We would request if you can sign the acknowledgement and send it to us latest by **February 23, 2018** as acceptance on the assigned rating. In case you do not communicate your acceptance/non acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on ***'Monitoring and Review of Ratings by Credit Rating Agencies(CRAs)'*** issued by the Securities and Exchange Board of India. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly *'No Default Statement (NDS)'* (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

YES BANK LTD. MUMBAI

..2/

3rd Floor, Electric Mansion, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.
Tel. : + 91 22 6169 3300 / 301
Fax : + 91 22 2433 1390
CIN : L74999DL1991PLC042749
Website : www.icra.in
email : mumbai@icraindia.com
Registered Office : 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi - 110 001, Tel.: +(91-11) 23357940-50 Fax : + (91-11) 23357014

RATING • RESEARCH • INFORMATION

ICRA

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification. We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,
For ICRA Limited

ANJAN DEB GHOSH
Executive Vice President
aghosh@icraindia.com

SUBRATA RAY
Senior Group Vice President
subrata@icraindia.com

YES BANK LTD. * MUMBAI *

ICRA

Acknowledgement

(To be signed and returned to ICRA Limited)

I, <*Name of the person*>, <*Designation*> on behalf of the <*Company/ Client name*> hereby accept and acknowledge the above assigned credit rating.

***For** <Company/ Client Name>*

____

Name:

Date:

***Note**: Please return a copy of the above communication along with the acknowledgement to ICRA Limited at <address> or <email>*

YES BANK LTD. MUMBAI

ICRA

Encl:

'No Default Statement on the Company Letter Head'

To
<CRA Name and Address>

Dear Sir/ Madam,

1. We hereby Confirm that as on date there are no Over dues or default on our debt obligations
2. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of our debt obligations.
3. We also confirm that there has not been any instance of devolvement of Letter of Credit in the month ended <Month and Year name>.
4. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of debt obligations guaranteed by us.
5. We also confirm that there has been no overdraw of the drawing power sanctioned by the bank for a period of more than 30 consecutive days in case of bank facilities which do not have scheduled maturity/repayment dates.
6. Details of delay/ default/ rescheduling of interest or principal as on date/ in the month ended<Month and Year name> , in any of the above case (if any):

Name of the Instrument	ISIN	Amount to be paid	Due Date of Payment	Actual Date of Payment	Remarks

Thanking You,

Yours faithfully,

<Authorized Signatory of Issuer>

YES BANK LTD. MUMBAI

Yes Bank Limited

February 19, 2018

Yes Bank Limited: [ICRA]AA+(hyb) with positive outlook assigned

Summary of rated instruments

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Basel III Compliant Tier II Bond Programme	-	3,000.00	[ICRA]AA+ (hyb) with Positive outlook; Assigned
Basel III Compliant Tier II Bond Programme	7,900.00	7,900.00	[ICRA]AA+ (hyb) with Positive outlook; Outstanding
Basel II Compliant Lower Tier II Bond Programme	2,530.60	2,530.60	[ICRA]AA+ with Positive outlook; Outstanding
Basel II Compliant Upper Tier II Bond Programme	1,544.10	1,544.10	[ICRA]AA with Positive outlook; Outstanding
Basel II Compliant Tier I Bond Programme	461.00	461.00	[ICRA]AA with Positive outlook; Outstanding
Infrastructure Bond Programme	7,030.00	7,030.00	[ICRA]AA+ with Positive outlook; Outstanding
Basel III Compliant Additional Tier I Bond Programme	10,800.00	10,800.00	[ICRA]AA (hyb) with Positive outlook; Outstanding
Certificate of Deposit Programme	10,000.00	10,000.00	[ICRA]A1+; Outstanding
Short Term Fixed Deposit Programme	NA	NA	[ICRA]A1+; Outstanding
Total	40,265.70	43,265.70	

Rating action

ICRA has assigned the rating of [ICRA]AA+(hyb) (pronounced ICRA double A plus hybrid) to the Rs. 3,000 crore Basel III Compliant Tier II Bond programme of Yes Bank Limited (YBL). ICRA also has a rating of [ICRA]AA+ (pronounced ICRA double A plus) outstanding on the Rs. 2,530.60 crore Basel II Compliant Lower Tier II Bonds and the Rs. 7,030 crore Infrastructure Bonds and the rating of [ICRA]AA (pronounced ICRA double A) outstanding on the Rs. 1,544.10 crore Basel II Compliant Upper Tier II Bonds and Rs. 461 crore Basel II Complaint Innovative Perpetual Tier I Debt Instruments of the bank. In addition, ICRA also has the rating of [ICRA]AA+ (hyb) (pronounced as ICRA double A plus hybrid) outstanding on the Rs. 7,900 crore Basel III Compliant Tier II Bonds, the rating of [ICRA]AA (hyb) (pronounced as ICRA double A hybrid) outstanding on the Rs. 10,800 crore Basel III Compliant Additional Tier I Bonds and the rating of [ICRA]A1+ outstanding on the Rs. 10,000 crore Certificates of Deposits and the Short Term Fixed Deposits of the bank. The outlook on the long term ratings is Positive.

The rating for the Basel III Compliant AT-I Bonds is one notch lower than the rating for the Basel III Compliant Tier II Bonds of the bank as these instruments have the following loss absorption features that make them riskier.

- Coupon payments are non-cumulative and discretionary and the bank has the full discretion at all times to cancel coupon payments. Cancellation of discretionary payments shall not be an event of default.
- Coupon can be paid out of current year profits. However, if current year profit is not sufficient, or, if the payment of coupon is likely to result in a loss, the coupon payment can be done through reserves and surpluses created through appropriation of profits (including statutory reserves). However, the coupon payment is subject to the bank meeting

YES BANK LTD. MUMBAI

the minimum regulatory requirements for CET I, Tier I and total capital ratios (including capital conservation buffer, CCB) at all times as prescribed by the Reserve Bank of India (RBI) under Basel III regulations.

These AT-I bonds are expected to absorb losses through a write-down mechanism at the objective pre-specified trigger point fixed at the bank's Common Equity Tier-I (CET-1) ratio as prescribed by the RBI, 5.5%[1] till March 2019 and thereafter 6.125% of the total risk weighted assets (RWA) of the bank or when the point of non-viability 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 levels of rating transition and loss severity vis-à-vis conventional debt instruments.

Rationale

The rating factors in the improvement in the bank's liability profile supported by a decline in deposit concentration and an increase in the CASA base; a reduction in the bank's concentration of exposures; and its comfortable capitalisation levels supported by internal accruals and a demonstrated ability to raise capital at regular intervals. The ratings also factors in YBL's continued robust operating performance, its demonstrated ability to maintain comfortable asset quality through cycles and its high levels of fee income.

The bank's credit strengths are partially offset by its relatively high – albeit steadily declining – share of corporate deposits funding, relatively high exposure to corporate sector and relatively high capital consumption rate on account of robust growth though demonstrated ability to raise capital at regular intervals alleviates this concern to some extent. Going ahead, the bank's ability to maintain its asset quality, diversification of advances across retail and corporate, successful scale up of retail banking operations, reducing the concentration risk in the loan book and lower reliance on bulk funding are the key rating sensitivities.

Outlook: Positive

The positive outlook takes into account the the improvement in the bank's liability profile, a reduction in the bank's concentration of exposures and demonstrated ability to raise capital at regular intervals. The rating may be upgraded if the bank maintains/improves its asset quality while diversifying its asset and liability profile leading to improved granularity. Conversely, a weaker performance on above parameters will be a credit negative.

Key rating drivers

Credit strengths

Robust loan book growth with a reduction in concentration of exposures – YBL reported a robust growth in advances of 35% during FY2017 to Rs. 132,263 crore as on March 31, 2017 and a 46% YoY growth during Q3FY2018 to Rs. 171,515 crore as on December 31, 2017. YBL's loan book remains dominated by corporate advances with corporate banking forming 67.7% of total advances as on December 31, 2017 vis-a-vis 68.9% as on December 31, 2016. However, the bank has steadily reduced concentration of its book with the top 20 exposures forming 12.6% of its total exposure as on March 31, 2017 vis-a-vis 16.1% as on March 31, 2014. Within the corporate segment, the bank's portfolio continues to

[1] 6.125% for the additional tier 1 bonds issued on December 31, 2013

YES BANK LTD. MUMBAI

be well diversified across sectors. Also, YBL has been focusing on expanding its retail operations which will further improve the granularity of its exposures.

Increased granularity of deposits following a steady improvement in CASA and retail deposits – The bank's Current account and savings account deposits (CASA) ratio improved from 28.1% as on March 31, 2016 to 36.3% as on March 31, 2017 and 38.0% as on December 31, 2017 driven by growth in both CA and SA deposits. The growth in CASA was largely due to the bank's branch expansion and leveraging of its existing branch network and partly due to demonetisation. The bank has been increasing its branch network at a rapid pace and opened 140 branches in FY2017. YBL was the first bank to raise saving account rates following their deregulation in October 2011 which, coupled with the continuous expansion in its branch network, enabled the bank to record a significant improvement in its CASA base in the past five years. However, the CASA base still remains lower as compared to its higher rated peers. The granularity of the bank's deposit base has also improved with the share of non-retail term deposits reducing to 39.1% as on December 31, 2017 from 45.5% as on March 31, 2016. However, the share of non-retail deposits remains higher as compared to its higher rated peers.

Comfortable capitalisation levels supported by healthy internal accruals and regular capital raising - YBL's capitalisation levels remain comfortable supported by healthy internal accruals and capital raising at regular intervals. During March 2017, the bank raised capital of Rs. 4,907 crore. The bank's overall capital adequacy under Basel III remained comfortable at 19.5% (CET 1 of 10.7% and Tier 1 of 14.7%) as on December 31, 2017 as compared with 16.5% (Tier I at 10.7%) as on March 31, 2016. The bank also raised significant AT-1 bonds of Rs. 3,000 crore during FY2017 and Rs. 5,415 crore during October 2017 and Basel III compliant Tier II bonds of Rs. 4,000 crore during September and October 2017 which helped in boosting the capitalisation ratios. ICRA draws comfort from the bank's demonstrated track record of mobilising equity capital at regular intervals to support business volumes and also maintain adequate cushion over the minimum regulatory capitalisation levels.

Continued robust operating performance and stable profitability indicators – YBL's operating performance has been robust over the years. During FY2017, its net interest margin[2] (NIM; computed as % of average total assets) remained stable at 3.0%. The bank's non-interest based income remains robust, accounting for almost a third of its operating income. The bank's fee based income as a percentage of average total assets (ATA)[2] increased to 1.70% in FY2017 from 1.62% in FY2016. With the expansion in the bank's branch network, its operating expenses increased during FY2017 to 2.16% of ATA from 1.97% of ATA in FY2016. ICRA expects YBL's operating expenses to remain elevated with further expansion of the branch network. The bank's credit costs[2] remained stable during FY2017 despite a deterioration in asset quality during the year with the slippage of a lumpy account; YBL reported credit costs at 0.42% of ATA during FY2017 as compared with 0.36% of ATA during FY2016. However, the costs remain lower than its peer private sector banks. The bank's profitability has been improving, helped by stable NIMs, higher non-interest based income and stable credit costs, despite an increase in operating expenses. The return on average assets (RoA)[2] has been consistently maintained at more than 1.5% over the past few years. The return on equity (RoE)[2] however moderated to 18.6% in FY2017 following the equity infusion in March 31, 2017 from 19.9% during FY2016. During 9MFY2018, with stable NIMs, robust non-interest income and comfortable expenses, YBL's profitability remained stable with RoA at 1.7% and RoE at 17.4%.

Comfortable asset quality indicators – During Q2FY2018, there were slippages to be factored based on RBI Risk Based Supervision Exercise and consequently, the gross and net NPA's increased to 1.82% and 1.04% respectively as on September 30, 2017 (0.97% and 0.39% respectively as on June 30, 2017). Yes Bank reported a divergence of Rs. 6,355 crore in the gross NPA amount (~4.5% of gross advances) as on March 31, 2017 from the RBI assessed amount. However, the bank's financials as on September 30, 2017 factor in full impact of divergence. Of the total amount reported as divergence, only 19% actually slipped into NPAs whereas the balance was either repaid (27%) or was reported standard

[2] As per ICRA's calculations

YES BANK LTD. MUMBAI

(47%) due to satisfactory performance of account or was sold to ARC (7%). Asset quality of Yes Bank improved during Q3FY2018 with gross and net NPAs being reported at 1.72% and 0.93% respectively as on December 31, 2017 due to limited slippages and sale of one account to ARCs. The bank's standard restructured assets remained low at 0.05% of gross advances as on December 31, 2017. Also, the bank's exposure to accounts under 5/25 refinancing scheme, strategic debt restructuring (SDR) scheme and scheme for sustainable structuring of stressed assets remains very low. The bank has exposure of Rs. 1,342.4 crore to 9 accounts in the NCLT list. Of this, Rs. 75 crore is reported as standard in banks books and the balance is classified as NPA. The bank carries provision of 51% on aggregate funded exposure of List 1 and 43% on aggregate funded exposure of the subsequent list. YBL's provision coverage ratio (including technical write-offs) stood at 46.4% as on December 31, 2017. Going forward, the bank's ability to maintain its asset quality given the relatively higher exposure to corporate sector wherein the asset quality is under stress in the past 2-3 years will remain a key rating sensitivity.

Credit challenges

Relatively high – albeit steadily declining – share of corporate deposits funding – Despite an improvement in the granularity of its deposit profile, YBL's share of non-retail deposits remains high when compared with higher rated peer banks. Going forward, the bank's ability to further improve its funding profile with a continued reduction in reliance on non-retail deposits will be a key rating sensitivity.

High exposure to corporate sector: Yes Bank's exposure to corporate sector remains high with it being 67.7% as on December 31, 2017 (67.7% as on March 31, 2017 and 68.9% as on December 31, 2016) as compared to banking sector average exposure of ~40%. During the last 2-3 years, the asset quality in the corporate sector has been under stress and going ahead, the ability of the bank to maintain its asset quality will remain a key rating sensitivity.

Capital consumption remains high – While the bank's current capitalisation remains comfortable with CET-1 of 10.7%, Tier 1 of 14.7% and CRAR of 19.5% as on December 31, 2017, its capital consumption remains high with growth in capital requirement being higher than the internal accruals. Hence, the bank will need to raise equity capital at regular intervals (before March 2019 as per ICRA assessment). However, the bank's demonstrated ability to raise equity at frequent intervals provides comfort. Further, capital requirements are likely to be significantly lower in relation to its market capitalisation.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

ICRA Rating Methodology for Banks

ICRA Rating Methodology for Basel III Compliant Non-Equity Capital Instruments

About the company:

YBL is a new private sector bank set up in 2004. Over the years, the bank's strong business growth, healthy net interest margins, stable profitability, healthy capitalisation have made it one of the top five private sector banks in India. As on December 31, 2017, the bank had a network of 1,050 branches and 1,724 ATMs (including BNAs). It also has a branch in the Gift City. YBL reported net profit of Rs. 3,330 crore on a total income of Rs. 20,581 crore during FY2017 as compared with a net profit of Rs. 2,539 crore on a total income of Rs. 16,246 crore during FY2016. The bank's total assets stood at Rs. 215,060 crore as on March 31, 2017 as compared with Rs. 165,263 crore as on March 31, 2016. During 9M FY2018, the bank reported a net profit of Rs. 3,045 crore on a total income of Rs. 18,327 crore. The bank's regulatory capital adequacy ratio (Basel III) stood at 19.5% (CET 1 of 10.7% and Tier 1 of 14.7%) as on December 31, 2017.

YES BANK LTD. MUMBAI

Key financial indicators (audited)

	FY2016	FY2017	9MFY2017	9MFY2018
Net interest income	4,567	5,797	4,158	5,583
Profit before tax	3,766	5,044	3,663	4,459
Profit after tax	2,539	3,330	2,416	3,045
Net advances	98,210	132,263	117,087	171,515
Total assets	165,263	215,060	194,828	265,432
% CET	10.3%	11.4%	9.9%	10.7%
% Tier 1	10.7%	13.3%	12.2%	14.7%
% CRAR	16.5%	17.0%	16.9%	19.5%
% Net interest margin / Average total assets	3.0%	3.0%	3.1%	3.1%
% Net profit / Average total assets	1.7%	1.8%	1.8%	1.7%
% Return on net worth	19.9%	18.6%	21.5%	17.4%
% Gross NPAs	0.76%	1.52%	0.85%	1.72%
% Net NPAs	0.29%	0.81%	0.29%	0.93%
% Provision coverage incl. technical write offs	62.0%	46.9%	66.0%	46.4%
% Net NPA/ Net worth	2.06%	4.86%	2.11%	6.50%

Amount is 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

YES BANK LTD. MUMBAI

Rating history for last three years:

Sr. No	Name of Instrument	Current Rating (FY2018)				Chronology of Rating History for the past 3 years							
						FY2018		FY2017		FY2016		FY2015
		Type	Rated amount (Rs. crore)	Amount Outstanding (Rs. Crore)	February 2018	November 2017	October 2017	March 2017	October 2016	March 2016	January 2016	
1	Basel III Compliant Tier II Bond Programme	Long Term	3,000.00	$	[ICRA]AA+(hyb) (positive)	-	-	-	-	-	-	-
2	Lower Tier II Bond Programme	Long Term	2,530.60	2,530.60	[ICRA]AA+ (positive)	[ICRA]AA+ (positive)	[ICRA]AA+ (positive)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)
3	Upper Tier II Bond Programme	Long Term	1,544.10	1,544.10	[ICRA]AA (positive)	[ICRA]AA (positive)	[ICRA]AA (positive)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)
4	Hybrid Tier I Bond Programme	Long Term	461.00	461.00	[ICRA]AA (positive)	[ICRA]AA (positive)	[ICRA]AA (positive)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)	[ICRA]AA (stable)
5	Infrastructure Bond Programme	Long Term	7,030.00	3,780.00^	[ICRA]AA+ (positive)	[ICRA]AA+ (positive)	[ICRA]AA+ (positive)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)	[ICRA]AA+ (stable)
6	Basel III Compliant Tier II Bond Programme	Long Term	7,900.00	7,899.00^	[ICRA]AA+ (hyb) (positive)	[ICRA]AA+ (hyb) (positive)	[ICRA]AA+ (hyb) (positive)	[ICRA]AA+ (hyb) (stable)	[ICRA]AA+ (hyb) (stable)	[ICRA]AA+ (hyb) (stable)	[ICRA]AA+ (hyb) (stable)	-
7	Basel III Compliant Additional Tier I Bond Programme	Long Term	10,800.00	8,695.00^	[ICRA]AA (hyb) (positive)	[ICRA]AA (hyb) (positive)	[ICRA]AA (hyb) (positive)	[ICRA]AA (hyb) (stable)	[ICRA]A+ (hyb) (stable)	[ICRA]A+ (hyb) (stable)	[ICRA]A+ (hyb) (stable)	[ICRA]A+ (hyb) (stable)
8	Certificate of Deposit Programme	Short Term	10,000.00	NA	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
9	Short Term Fixed Deposit Programme	Short Term	NA	NA	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

$Yet to be placed

^ Balance amount yet to be placed

YES BANK LTD. * MUMBAI *

ICRA

Complexity level of the rated instrument:

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

YES BANK LTD. * MUMBAI *

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE528G08196	Lower Tier II Bonds (Basel II)	25-Jul-11	10.30%	25-Jul-21	322	[ICRA]AA+(positive)
INE528G08204	Lower Tier II Bonds (Basel II)	28-Oct-11	10.20%	28-Oct-21	243	[ICRA]AA+(positive)
INE528G08212	Lower Tier II Bonds (Basel II)	28-Mar-12	9.90%	28-Mar-22	300	[ICRA]AA+(positive)
INE528G08220	Lower Tier II Bonds (Basel II)	23-Aug-12	10	23-Aug-22	300	[ICRA]AA+(positive)
INE528G08238	Lower Tier II Bonds (Basel II)	10-Sep-12	10	10-Sep-22	300	[ICRA]AA+(positive)
INE528G09129	Lower Tier II Bonds (Basel II)	16-Oct-12	10	16-Oct-22	200	[ICRA]AA+(positive)
INE528G08246	Lower Tier II Bonds (Basel II)	31-Oct-12	9.90%	31-Oct-22	260	[ICRA]AA+(positive)
INE528G08170	Lower Tier II Bonds (Basel II)	30-Sep-10	9.30%	30-Apr-20	306	[ICRA]AA+(positive)
INE528G08147	Lower Tier II Bonds (Basel II)	22-Jan-10	9.65%	22-Jan-20	300	[ICRA]AA+(positive)
INE528G08121	Upper Tier II Bonds (Basel II)	15-Sep-08	11.75%	15-Sep-23	200	[ICRA]AA(positive)
INE528G08154	Upper Tier II Bonds (Basel II)	14-Aug-10	9.65%	14-Aug-25	440	[ICRA]AA(positive)
INE528G08162	Upper Tier II Bonds (Basel II)	08-Sep-10	9.50%	08-Sep-25	200	[ICRA]AA(positive)
INE528G09103	Upper Tier II Bonds (Basel II)	29-Jun-12	10.25	29-Jun-27	60	[ICRA]AA(positive)
INE528G09111	Upper Tier II Bonds (Basel II)	28-Sep-12	10.15	28-Sep-27	200	[ICRA]AA(positive)
INE528G08253	Upper Tier II Bonds (Basel II)	10-Nov-12	10.25%	10-Nov-27	275	[ICRA]AA(positive)
INE528G09137	Upper Tier II Bonds (Basel II)	27-Dec-12	10.05	27-Dec-27	169	[ICRA]AA(positive)
INE528G09046	Tier I Perpetual Bond (Basel II)	21-Feb-09	10.25%	N.A	115	[ICRA]AA(positive)
INE528G09053	Tier I Perpetual Bond (Basel II)	09-Mar-09	10.25%	N.A	39	[ICRA]AA(positive)
INE528G09061	Tier I Perpetual Bond (Basel II)	05-Mar-10	10.25%	N.A	82	[ICRA]AA(positive)
INE528G09079	Tier I Perpetual Bond (Basel II)	21-Aug-10	9.90%	N.A	225	[ICRA]AA(positive)
INE528G08279	Infrastructure Bonds	24-Feb-15	8.85%	24-Feb-25	1,000	[ICRA]AA+(positive)
INE528G08295	Infrastructure Bonds	05-Aug-15	8.95%	05-Aug-25	315	[ICRA]AA+(positive)
INE528G08345	Infrastructure Bonds	30-Sep-16	8.00%	30-Sep-26	2,135	[ICRA]AA+(positive)
INE528G08360	Infrastructure Bonds	29-Dec-16	7.62%	29-Dec-23	330	[ICRA]AA+(positive)
INE528G08287	Basel III compliant Tier 2 Bonds	29-Jun-15	9.15%	30-Jun-25	554	[ICRA]AA+ (hyb) (positive)
INE528G08303	Basel III compliant	31-Dec-15	8.90%	31-Dec-25	1,500	[ICRA]AA+ (hyb)

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
	Tier 2 Bonds					(positive)
INE528G08311	Basel III compliant Tier 2 Bonds	15-Jan-16	9.00%	15-Jan-26	800	[ICRA]AA+ (hyb) (positive)
INE528G08329	Basel III compliant Tier 2 Bonds	20-Jan-16	9.05%	20-Jan-26	500	[ICRA]AA+ (hyb) (positive)
INE528G08337	Basel III compliant Tier 2 Bonds	31-Mar-16	9.00%	31-Mar-26	545	[ICRA]AA+ (hyb) (positive)
INE528G08378	Basel III compliant Tier 2 Bonds	29-Sep-17	7.80%	29-Sep-27	2,500	[ICRA]AA+ (hyb) (positive)
INE528G08386	Basel III compliant Tier 2 Bonds	03-Oct-17	7.80%	01-Oct-27	1,500	[ICRA]AA+ (hyb) (positive)
INE528G08261	Additional Tier I Perpetual Bonds-BASEL III	31-Dec-13	10.5	N.A.	280	[ICRA]AA (hyb) (positive)
INE528G08352	Additional Tier I Perpetual Bonds-BASEL III	23-Dec-16	9.50%	N.A.	3,000	[ICRA]AA (hyb) (positive)
INE528G08394	Additional Tier I Perpetual Bonds-BASEL III	18-Oct-17	9.00%	N.A.	5,415	[ICRA]AA (hyb) (positive)
-	Certificate of Deposit Programme	-	-	-	10,000	[ICRA]A1+
-	Short Term Fixed Deposit Programme	-	-	-	NA	[ICRA]A1+

Source:YBL

YES BANK LTD. MUMBAI

ANALYST CONTACTS

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

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

Neha Parikh
+91 22 6114 3426
neha.parikh@icraindia.com

RELATIONSHIP CONTACT

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

MEDIA AND PUBLIC RELATIONS CONTACT

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

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

About ICRA Limited:

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

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

For more information, visit www.icra.in

ICRA

ICRA Limited

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

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

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore + (91 80) 2559 7401/4049
Ahmedabad+ (91 79) 2658 4924/5049/2008
Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 2552 0194/95/96

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents

Brickwork Ratings
for Informed Investment Decisions

Rating Rationale

Brickwork Ratings reaffirms "BWR AA+" Rating with Stable Outlook for Yes Bank Limited's Upper Tier II Bonds, Lower Tier II Bonds, Hybrid Tier I Bonds and IPDI issue

On a review, Brickwork Ratings has reaffirmed the **Rating**[1] of BWR AA+ (Pronounced BWR Double A Plus) with a Stable outlook for the following instruments of Yes Bank Limited:

Instruments	Amount (₹ Cr)	Amount raised (₹ Cr)	Issue Date	Maturity Date	Rating History	Rating
Innovative Perpetual Debt Instrument	230	225	21-Aug-2010	Perpetual	BWR AA+ (Stable) (Jun 2015)	**BWR AA+ (Stable) (Reaffirmed)**
Upper Tier II	450	440	14-Aug-2010	13-Aug-2025	BWR AA+ (Stable) (Jun 2015)	**BWR AA+ (Stable) (Reaffirmed)**
Hybrid Tier I	90	82	5-Mar-2010	Call option after 10 years	BWR AA+ (Stable) (Jun 2015)	**BWR AA+ (Stable) (Reaffirmed)**
Lower Tier II	300	300	22-Jan-2010	21-Jan-2020	BWR AA+ (Stable) (Jun 2015)	**BWR AA+ (Stable) (Reaffirmed)**
Lower Tier II	260	260	30-Sep-2009	29-Apr-2020	BWR AA+ (Stable) (Jun 2015)	**BWR AA+ (Stable) (Reaffirmed)**

Brickwork Ratings have relied on the Bank's audited results up to FY16, published results as of Q1FY17, publicly available information and other information/clarifications provided by the Bank.

The rating reaffirmation, inter alia, factors increasing business, strong capital adequacy level of the bank as well as its operational efficiency. The rating is constrained by low CASA deposits (although significantly improved from previous year), a high 45% share of corporate term deposits, marginal deterioration in the asset quality and prevailing macroeconomic situation in financial sector.

Background: Yes Bank is a new age private sector bank founded by Mr. Rana Kapoor. The Bank's distribution channel consists of 860 branches nationally, and ATM network at 1,480. The Bank has steadily built Corporate and Institutional Banking, Financial Markets, Trade & Transaction Banking, Retail and Wealth Management business lines across the country, and offers a range of products and services to corporate and retail customers.

[1] *Please refer to www.brickworkratings.com for definition of the Ratings*

Business Profile:
The Bank's total business during FY16 stood at ₹ 209,929 Cr as against ₹ 166,276 Cr during FY15, registering an increase of 25.91%. Deposits have crossed ₹ One Lac crore mark and grown to ₹ 111,719 Cr in FY16 from ₹ 91,176 Cr during FY15 registering a growth of 22.53% and advances have grown to ₹ 98,210 Cr in FY16 from ₹ 75,550 Cr during FY15 a growth of 29.99%. CASA ratio improved to 28.06% as of March 31, 2016 from 23.1% as of March 31, 2015.

The Bank's Advances from the Corporate sector continues to be high at 65.1% in FY16 as against 64.7% in FY15. The Bank is - focusing on increasing its Retail portfolio. The Retail Banking comprising of micro & small enterprises has increased from 10.6% in Q1FY16 to 13.0%in Q4FY16 and the consumer banking increased from 7.3% in Q1FY16 to 10.8% in Q4FY16. The Business Banking portfolio catering to medium sector, however has reduced from 14.1% in Q1FY16 to 11.1% in Q4FY16

Capital Adequacy:
As on March 31, 2016, the Bank has reported a capital adequacy ratio of 16.5% (15.6% in March 2015). The Bank raised B-III-T-2 bonds of ₹ 1,500 Cr in Q3FY16 and ₹ 1,850 Cr in Q4FY16 aggregating to ₹ 3,900 Cr of Basel III compliant Tier II bonds raised during FY16. Accordingly, as of March 31, 2016 the Tier II stood at 5.8% (4.1% in March 2015) while the Tier I capital adequacy ratio stood at 10.7% (11.5% in March 2015).

Asset Quality:
The Bank's Gross NPA ratio has increased from 0.41% in FY15 to 0.76% in FY16. The Net NPA ratio has increased from 0.12% in FY15 to 0.29% in FY16. However, the Bank's gross and net NPAs ratios are lower than the peers. The standard restructured advances have increased marginally from 0.51% in FY15 to 0.53% in FY16.

The Gross NPAs have increased from ₹ 313 Cr in FY15 to ₹ 749 Cr in FY16, while the Net NPA increased from ₹ 88 Cr in FY15 to ₹ 285 Cr in FY16. The standard restructured advances stood at ₹ 524 Cr in FY16 as against ₹ 382 Cr in FY15. The stressed asset portfolio (i.e. Gross NPA + standard restructured advances) has increased from 0.96% in FY15 to 1.29% in FY 16. The sector contributing majorly to the stressed assets portfolio is roads. The Bank's Provision Coverage ratio is lower at 62% in FY16 against 72% in FY15.

The Asset Quality across the Banking sector has been a concern and especially to the public sector banks as of FY16. Given the conditions, Yes bank's asset quality which has seen a marginal deterioration is better than it peers- amongst the Private Sector Banks.

Earnings Profile:
With a growth in its deposits and advances YoY, Yes Bank has improved its operating and net profits by 32.37% and 26.63% respectively on YoY as of March 31, 2016. The Operating profit improved to ₹ 4,302 Cr (₹ 3,250 Cr in FY15) and net profit improved to ₹ 2,539 Cr (₹ 2,005 Cr in FY15).

The Bank's Net Interest Income and the Non Interest Income have increased by 30.97% and 32.55% respectively on YoY as of March 31, 2016. During FY16, the Net Interest Income stood at ₹ 4,567 Cr (₹ 3,488 Cr in FY15) and the Non Interest Income stood at ₹ 2,712 Cr (₹ 2,047 Cr in FY15). The net interest margin has improved from 3.20% in FY15 to 3.40% in FY16. The return on assets improved to 1.7% (1.6% for FY15), and return on equity stands at 19.9% (19.0% in FY15)

Q1FY17 Financials:
The Bank's total business till Q1FY17 stood at ₹ 228,523 Cr as against ₹ 174,982 Cr till Q1FY16, registering an increase of 30%. Deposits have moved closer to the ₹ 1.25 Lac crore mark while advances have crossed the ₹ 1 Lac Cr. mark. CASA ratio has improved on YOY basis from 23.36% as on June 30, 2015 to 29.60 % as on June 30, 2016, and marginally improved from 28.06% as on March 31, 2016. The Bank's Advances from the Corporate sector stood at 67.5% in Q1FY17, it was 68% in Q1FY16 and 65% in FY16. The Bank's Retail & Business Banking segment stood at 32.5% in Q1FY17, it was 32% in Q1FY16 and 34.9% in FY16.

The net interest income stood at ₹ 1,316 Cr for Q1FY17, it was ₹ 1,060 Cr for Q1FY16 and ₹4,567 Cr for the year FY16. The non interest income stood at ₹ 901 Cr for Q1FY17, it was ₹ 545 Cr for Q1FY16 and ₹2,712 Cr for the year FY16. The net interest margins stood at 3.4% in Q1FY17, it was 3.3% in Q1FY16 and 3.4% in FY16. The Operating profit stood at ₹ 1,307 Cr for Q1FY17, it was ₹ 908 Cr for Q1FY16 and net profit stood at ₹ 732 Cr for Q1FY17, it was ₹ 551 Cr in Q1FY16.

The total CRAR as on June 30, 2016 stood at 15.50%, it was 15% as on June 30, 2015 and 16.5% as on March 31, 2016. The tier -1 capital as on June 30, 2016 stood at 10.30%, it was 10.90% as on June 30, 2015 and 10.70% as on March 31, 2016.

The Gross NPAs have increased from ₹ 749 Cr in FY16to ₹ 845 Cr in Q1FY17, while the Net NPA increased from ₹ 285 Cr in FY16 to ₹ 303 Cr in Q1FY17. The standard restructured advances stood at ₹ 523 Cr in Q1FY17 as against ₹ 524 Cr in FY16.

The Gross NPA stood at 0.79% for Q1FY17, it was 0.46% for Q1FY16 and 0.76% for FY16, and Net NPA stood at 0.29% for Q1FY17, it was 0.13% for Q1FY16 and 0.29% for FY16. The standard restructured advances stood at 0.49% for Q1FY17, it was 0.71% for Q1FY16 and 0.53% for FY16. During Q1FY17, the Bank had one instance of Standard asset Strategic Debt Restructuring resulting into an outstanding exposure for SDR at only 0.03% (₹ 34.3Cr) to Gross Advances as on June 30, 2016. The stressed asset portfolio (i.e. Gross NPA + standard restructured advances) has increased from 1.17% in Q1FY16 to 1.28% in Q1FY17; it was at 1.29% in FY16. The Provision Coverage Ratio reduced from 71% in Q1FY16 to 64.2% in Q1FY17, but improved from 62% in FY16.

YES BANK LTD. MUMBAI

KEY Parameters	2014	2015	2016	Q1FY16	Q1FY17
Total Deposits	74,192	91,176	111,719	95,316	122,581
Deposit Growth (in %)	*10.81%*	*22.89%*	*22.53%*		*28.60%*
Total Advances	55,633	75,550	98,210	79,666	105,942
Loans Growth	*18.37%*	*35.80%*	*29.99%*		*32.98%*
Total Business	129,825	166,726	209,929	174,982	228,523
Business Growth	*13.93%*	*28.42%*	*25.91%*		*30.60%*
CASA Ratio %	22.00%	23.10%	28.06%	23.36%	29.60%
Profitability Ratios (%)					
RoE	25.00%	19.00%	19.90%	18.40%	20.70%
RoA	1.60%	1.60%	1.70%	1.60%	1.70%
NIM	3.00%	3.20%	3.40%	3.30%	3.40%
Net Interest Income (NII)	2716	3488	4567	1060	1317
Non Interest Income	1722	2047	2712	545	901
Operating Profit	2688	3250	4302	908	1307
Prov.& Cont.excl.tax	362	339	536	98	207
PAT	1618	2005	2539	551	732
Cost to Income Ratio	39.40%	41.30%	40.90%	43.40%	41.10%
Asset Liability Profile (%)					
Loans/Deposit Ratio	74.99%	82.86%	87.91%	83.58%	86.43%
Gross NPAs to Advances	0.31%	0.41%	0.76%	0.46%	0.79%
Net NPAs to Advances	0.05%	0.12%	0.29%	0.13%	0.29%
Provision Coverage Ratio	85.10%	72.00%	62.00%	71.00%	64.20%
Restructured Portfolio as a % of Gross Advances	0.18%	0.51%	0.53%	0.71%	0.49%
Gross NPA% + Restructured (Stressed Advances)	0.49%	0.96%	1.29%	1.17%	1.28%
CRAR	14.40%	15.60%	16.50%	15.00%	15.50%
Tier 1	9.80%	11.50%	10.70%	10.90%	10.30%
CET –I	9.10%	11.00%	10.30%		9.90%
AT-I	0.70%	0.50%	0.40%		0.40%
Tier II	4.60%	4.10%	5.80%	4.10%	5.20%

**aforesaid as per BWR calculations [CRAR from FY14 onwards is as per Basel III, NP: Not provided]*

OTHER FEATURES

Yes Bank has received the Bank of the Year – India, from THE BANKER, LONDON -2015; Strongest Bank in India by Balance Sheet from THE ASIAN BANKER AWARDS, SINGAPORE – 2015.

It operationalized its first international Representative Office in Abu Dhabi in 2015.

It has also been the first Bank to begin operations at the International Financial Services Centre (IFSC) at GIFT City in Gujarat in October 2015.

The Bank raised ₹ 315 Crores through the issue of Green Infrastructure Bonds to International Finance Corporation (IFC), Washington, member of World Bank Group, on a private placement basis. This is the first investment by IFC in an Emerging Markets GREEN BOND issue in the World. The amount raised would finance Renewable Energy projects including solar, wind, biomass and small-hydro.

The Bank's YES Livelihood Enhancement Action Program (YES LEAP), provides comprehensive financial services (credit, saving and insurance) to Self-Help groups/ Joint Liability Groups through partner organizations acting as Business Correspondents. Through this program, the Bank has touched over 1.8 million households across 19 states and 260 districts.

The Bank in its Annual report ending March 31, 2016 states nil penalties in FY16, but has disclosed that during financial year ending March 31, 2015 RBI had imposed penalty of ₹ 1000 thousand for non-compliance with the RBI guidelines pertaining to discipline in current account opening and quarterly exchange of information amongst banks under Multiple / Consortium banking and ₹ 10 thousand on account of deficiencies in services in providing facility for adjudication and exchange of mutilated notes.

Rating Outlook:
The Bank is expected to sustain its growth momentum and ensure healthy earning assets with appropriate risk management practices, and technology driven Banking. Its ability to maintain good asset quality in the current difficult conditions in the Banking Industry, improve CASA ratio, maintain comfortable risk adjusted capital are the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	**Media Contact**
1-860-425-2742	media@brickworkratings.com

Annexure III

AXIS TRUSTEE

ATSL/CO/18-19/942
May 15, 2018

The Company Secretary
Yes Bank Limited
Yes Bank Tower - IFC 2,
17th Floor, Senapati Bapat Marg,
Elphinstone Road (W), Mumbai - 400 013

Kind Attn: Mr. Nilay Shah

Sub: Letter of Debenture Trustee pursuant to Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) 2015- for the half year ended 31st March, 2018

Dear Sir,

This has reference to the privately placed Non Convertible Debentures issued by **Yes Bank Limited** ("Company") and listed on the Stock Exchange (**"Listed Debt Securities"**).

Pursuant to Regulation 52(4) read with Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) 2015, the Company is required to submit its half yearly/annual financial results to the Stock Exchange, with a letter of the Debenture Trustee (Axis Trustee Services Limited) that the Debenture Trustee has noted the contents furnished by the Company as per Regulation 52(4).

In pursuance thereof we hereby confirm that we have received the said aforesaid information vide your letter dated May 15, 2018 (enclosed herewith) along with the relevant/ necessary supporting(s) and we have noted the contents in respect of the Listed Debt Securities issued by the Company.

Further please note that we have not independently verified the contents submitted vide your above letter and the aforesaid noting is subject to the following:

1. The Debenture Trustee is relying on the information/ status as submitted by the company for the purpose of submission to the Stock Exchange, without reconfirming;

2. Any commitment pertaining to the interest / principal payable on the future due dates are sole commitment on the company's part and Trustee is not liable in any manner if company fails to fulfill / does not fulfill its commitments.

Thanking You,
Yours Faithfully
For **Axis Trustee Services Limited**

Ankit Singhvi

Ankit Singhvi
HS **Assistant General Manager**

AXIS TRUSTEE SERVICES LTD. MUMBAI

YES BANK LTD. MUMBAI

Encl: As above

YES BANK

May 15, 2018

Axis Trustee Services Limited
Axis House, 2nd Floor,
Wadia International Centre
Pandurang Budhkar Marg,
Mumbai - 400 025.

Dear Sir/Madam,

Re: ***Intimation under Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.***

In accordance with the requirements of the captioned regulation, we hereby confirm/submit the following information/documents:

- Letters from Credit Rating Agency- *Annexure 1*
  - ✓ '[ICRA] AA (hyb)(positive)' (ICRA Double A Hybrid with Positive Outlook) rating from ICRA to the Additional Tier – I Basel III Compliant Bond Issue of the Bank.
  - ✓ '[ICRA] AA+ (hyb)(positive)' (ICRA Double A Plus Hybrid with Positive Outlook) rating from ICRA to the Basel III Compliant Tier II Bond Issue of the Bank
  - ✓ '[ICRA] AA (positive)' (ICRA Double A with Positive Outlook) rating from ICRA to the Tier-I Perpetual Bond Issue of the Bank.
  - ✓ '[ICRA] AA (positive)' (ICRA Double A with Positive Outlook) rating from ICRA to the Upper Tier II Bond Issue of the Bank.
  - ✓ '[ICRA] AA+ (positive)' (ICRA Double A Plus with Positive Outlook) rating from ICRA to the Lower Tier-II Bond Issue of the Bank
  - ✓ '[ICRA] AA+ (positive)' (ICRA Double A Plus with Positive Outlook) rating from ICRA to the Infrastructure Bond Programme
  - ✓ 'CARE AA; Stable' (Double A; Outlook: Stable) rating from CARE to the Additional Tier – I Basel III Compliant Bond Issue of the Bank
  - ✓ 'CARE AA+; Stable' (Double A Plus; Outlook: Stable) rating from CARE to the Basel III Compliant Tier II Bond Issue of the Bank
  - ✓ 'CARE AA; Stable' (Double A; Outlook: Stable) rating from CARE to the Tier-I Perpetual Bond Issue of the Bank
  - ✓ 'CARE AA; Stable' (Double A; Outlook: Stable) rating from CARE to the Upper Tier II Bond Issue of the Bank
  - ✓ 'CARE AA+; Stable' (Double A Plus; Outlook: Stable) rating from CARE to the Lower Tier-II Bond Issue of the Bank

YES BANK LTD. MUMBAI

YES BANK Limited, YES BANK Tower, IFC 2, 23rd Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai 400 013, India
Tel: +91(22) 3366 9000 Fax: +91(22) 2421 4500
Regd. & Corporate Office: Nehru Centre, 9th Floor, Discovery of India, Dr. A.B. Road, Worli, Mumbai 400 018, India.
Tel: +91(22) 6669 9000 Fax: +91(22) 6669 9060
Website: www.yesbank.in Email: communications@yesbank.in CIN - L65190MH2003PLC143249

- ✓ 'CARE AA+; Stable' (Double A Plus; Outlook: Stable) rating from CARE to the Infrastructure Bond Programme
- ✓ 'IND AA; Stable' (Double A; Outlook: Stable) rating from India Ratings & Research Pvt. Ltd. to the Additional Tier – I Basel III Compliant Bond Issue of the Bank
- ✓ 'IND AA+; Stable' (Double A Plus: Outlook: Stable) rating from India Ratings & Research Pvt. Ltd. to the Basel III Compliant Tier II Bond Issue of the Bank
- ✓ 'IND AA+; Stable' (Double A Plus; Outlook: Stable) rating from India Ratings & Research Pvt. Ltd. to the Infrastructure Bond Programme
- ✓ BWR AA+; Stable (BWR Double A Plus; Outlook: Stable) rating from Brickwork to the Tier-I Perpetual Bond Issue of the Bank
- ✓ BWR AA+; Stable (BWR Double A Plus; Outlook: Stable) rating from Brickwork to the Upper Tier II Bond Issue of the Bank
- ✓ BWR AA+; Stable (BWR Double A Plus; Outlook: Stable) rating from Brickwork to the Lower Tier II Bond Issue of the Bank

- There were no revision in ratings.
- Yes Bank, being a Banking Company, asset cover, interest service coverage ratio and debt service coverage ratio are not applicable.
- Debt equity ratio of the Bank as on March 31, 2018 was 2.08.
- The Bank had paid interest on all the bonds issued upto the last due date during the last quarter and there were no defaults in payment of interest or redemption or both in respect of non-convertible debt securities. Details of the same are attached as *Annexure 2*
- Copy of certificates submitted to Stock Exchanges under Regulation 57 (1) of the SEBI (LODR) Regulations, 2015 are attached as *Annexure 2*
- Next due dates for the payment of interest/principal along with interest is attached as *Annexure 3*
- The Bank has not issued any redeemable preference shares.
- Creation of Debenture Redemption Reserve as specified under section 71 (4) of the Companies Act, 2013 read with Rule 18 (7) (b) of the Companies (Share Capital and Debentures) Rules 2014 is not applicable to the Bank.
- Net worth of the Bank as at March 31, 2018 was ₹ *24,843.55 crore*
- Net profit after tax for the year ended March 31, 2018 was ₹ *4,224.56 crore*
- Basic EPS was Rs. 18.43 and the diluted EPS was Rs. 18.06 for year ended March 31, 2018.
- The Bank will submit the annual report as required under Regulation 56 to the Debenture Trustees shortly. Auditor's Certificate for Utilization of issue proceeds for FY 2017-18 will be provided separately.
- Bonds issued by the Bank are unsecured.
- The Bank has redeemed following Bonds during the Half year ended March 31, 2018 of FY 2017-18:

YES BANK LTD. MUMBAI

Date of Redemption	Nature of the Issue	Amount Redeemed in Rs.	Purpose
Nov. 08, 2017	Upper Tier II Bonds	10,00,00,000	Redemption on exercise of Call Option

- Copy of the Financial Results for the quarter and year ended March 31, 2018 as *Annexure 4*
- The Bank has issued non convertible debentures on February 22, 2018, the stock exchange intimation pertaining to the same is attached as *Annexure 5*
- Details of Debenture holders i.e. name, address, e-mail id and contact details along with their holdings as on March 31, 2018 as *Annexure 6*
- The debentures of the Bank are listed on the BSE Limited and the Listing Agreement entered into with stock exchanges is attached as *Annexure 7*

Kindly take the same on record.

Thanking you,

For YES BANK LIMITED

YES BANK LTD. MUMBAI

Authorised Signatory

Annexure IV

IDBI Trusteeship Services Ltd
CIN : U65991MH2001GOI131154

IDBI trustee

No.1519/ITSL/OPR/2018-19
May 15, 2018

To,
Yes Bank Limited,
Yes Bank Tower, IFC 2,
23rd Floor, Senapati Bapat Marg,
Elphinstone (w), Mumbai - 400013

Dear Sir,

Sub: Letter of Debenture Trustee pursuant to Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the half year ended March 31, 2018

This has reference to the privately placed Unsecured, Non-Convertible Debentures issued by **Yes Bank Limited ("Issuer")** wherein IDBI Trusteeship Services Limited is acting as the Debenture Trustee and listed on the National Stock Exchange of India Ltd. (NSE) and /or Bombay Stock Exchange (BSE) (**"Listed Debt Securities"**).

Pursuant to Regulation 52(4) read with Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) 2015, the Issuer is required to submit the documents required there along with its half yearly/annual financial results to the Stock Exchange, with a letter of the Debenture Trustee (IDBI Trusteeship Services Limited) that the Debenture Trustee has noted the contents furnished by the Issuer as per Regulation 52(4).

In pursuance thereof we hereby confirm that we have received the aforesaid information through your letter dated May 15, 2018 and we have noted the contents provided therein.

Thanking You,

Yours Faithfully
For **IDBI Trusteeship Services Limited**

Authorised Signatory

IDBI Trusteeship Services Ltd. ITSL

YES BANK LTD. MUMBAI