August 03, 2020

National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G Block
Bandra - Kurla Complex, Bandra (E)
Mumbai - 400 051
NSE Symbol: YESBANK

BSE Limited
Corporate Relations Department
P.J. Towers, Dalal Street
Mumbai – 400 001
BSE Scrip Code: 532648

Dear Sirs,

Subject: Press release on Credit Ratings by Moody’s Investor Service

Please find enclosed Press Release issued by Moody’s Investor Service titled “Moody's upgrades Yes Bank to B3 following equity capital raising; outlook stable”

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

Kindly take the above on record.

Thanking you,

For YES BANK Limited

Shivanand Shettigar
Group Company Secretary

Encl.: as above
Moody's Investors Service

Rating Action: Moody's upgrades Yes Bank to B3 following equity capital raising; outlook stable

03 Aug 2020

Singapore, August 03, 2020 -- Moody's Investors Service ("Moody's") has upgraded Yes Bank Limited's (Yes Bank) long-term foreign currency issuer rating to B3 from Caa1.

Moody's has also upgraded the bank's long-term foreign and local currency bank deposit ratings to B3 from Caa1, and its foreign currency senior unsecured MTN program rating to (P)B3 from (P)Caa1.

In addition, Moody's has upgraded the bank's long-term local and foreign currency Counterparty Risk Ratings (CRR) and long-term Counterparty Risk (CR) Assessment to B3 from Caa1 and B3(cr) from Caa1(cr) respectively.

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

The outlook on Yes Bank's ratings where applicable is changed to stable from positive.

For a detailed list of the affected ratings for both Yes Bank Limited and Yes Bank, IFSC Banking Unit Branch, please refer to the end of this press release.

RATINGS RATIONALE

IMPROVED SOLVENCY AS A RESULT OF A CAPITAL INCREASE DRIVING THE UPGRADE

Yes Bank's successful equity capital raise of INR150 billion (about $2 billion) has bolstered its solvency and is the main driver of the ratings upgrade.

The successful equity raising showcases Yes Bank's regained access to external market funds, which is a result of its improving financial strength and will support depositor confidence.

Given the improved solvency, Moody's has upgraded Yes Bank's BCA to caa2 from ca. The bank's B3 issuer rating is two notches above the bank's caa2 BCA, reflecting Moody's expectation of a high level of support from Government of India (Baa3 negative), in times of need.

Following the capital increase, the bank's Common Equity Tier 1 ratio will more than double to 13.4% from 6.6% based on the bank's capital position at the end of June 2020, bringing its capitalization largely in line with its private sector peers. The significantly improved solvency ratio strengthens the bank's resilience to potential asset quality risks resulting from the ongoing impact of the economic slowdown and coronavirus-related disruptions on India's economy.

Yes Bank's funding and liquidity have moderately improved in the second quarter of 2020, although they are still weaker than a year ago. Deposits, including current, savings and term deposits, increased 11% during March and June 2020, but remain 48% less than the same period last year. The deposit growth was largely driven by current account, corporate term deposits and certificate of deposits.

Despite the improvement in its deposits base, Moody's expects that it will be challenging for Yes Bank to restore its low-cost current and savings account (CASA) deposits to pre-March 2020 rescue levels. Even prior to its rescue, Yes Bank's low CASA ratio was a weakness relative to other rated Indian private sector banks.

In addition, the bank's liquidity coverage ratio (LCR) has trebled to 114% as of 30 June 2020 from 40% at 31 March 2020. The LCR improvement is partially driven by the liquidity support from the Reserve Bank of India (RBI).

However, Yes Bank continues to face the risk of a further deterioration in asset quality in light of the ongoing economic disruption caused by the coronavirus outbreak. About 40%-45% of the bank's loans were under a repayment moratorium as of mid-April 2020. Any further deterioration in asset quality will strain the bank's
already weak profitability.

Yes Bank reported a modest profit with return on assets of 0.1%, in the first quarter of financial year ending March 2021. Moody's expects the bank to remain profitable over the next 12-18 months, but it won't be enough to support a significant internal capital generation.

Moody's assumes a high level of government support for Yes Bank, resulting in a two-notch uplift. This is lower than the three notches of support Moody's previously incorporated in the bank's rating, but is still higher than the moderate support Moody's assumes for higher rated private sector Indian Banks.

Government support in the form of a recapitalization as orchestrated by the authorities in March 2020, under which a number of Indian public and private sector banks injected capital into Yes Bank following a moratorium imposed by the Reserve Bank of India (RBI), has enabled the bank to continue as a going concern.

Yes Bank continues to benefit from liquidity support of around INR250 billion from the RBI as of 28 July 2020. In March 2020, the bank had received a total of INR500 billion in liquidity support from the RBI.

Moody's expects that as the bank's operations normalize the extraordinary government support will reduce. As a result, Moody's expects to lower support assumption in Yes Bank's rating to moderate from high, as currently assumed, in line with the level assumed for Yes Bank's other Indian peers. A change in the support assumption to moderate may result in a one-notch uplift to the bank's ratings.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

WHAT COULD CHANGE THE RATING UP

Given the bank's improved solvency, Moody's notes that there is further upside potential to Yes Bank's BCA and ratings over the next 12-18 months. Nevertheless, similar to other banks that undergo a restructuring, Moody's expects that any improvement in BCA will be gradual depending on the bank's ability to restore its franchise strength, improve its funding and maintain its stable solvency.

WHAT COULD CHANGE THE RATING DOWN

Moody's could downgrade the bank's ratings and BCA if: (i) its capital deteriorates materially because of asset strain and/or (ii) the bank's funding and liquidity deteriorate and the bank continues to remain dependent on liquidity support from the regulator for a period beyond the next 12-18 months.


Yes Bank Limited is headquartered in Mumbai and reported total assets of INR2.6 trillion ($33.8 billion) at 30 June 2020.

LIST OF AFFECTED RATINGS:

Upgrades:

..Issuer: Yes Bank Limited

.... Adjusted Baseline Credit Assessment, upgraded to caa2 from ca

.... Baseline Credit Assessment, upgraded to caa2 from ca

.... Long-term Counterparty Risk Assessment, upgraded to B3(cr) from Caa1(cr)

.... Long-term Foreign currency and Local currency Counterparty Risk Ratings, upgraded to B3 from Caa1

.... Long-term Foreign currency Issuer Rating, upgraded to B3 from Caa1, outlook changed to stable from positive

.... Long-term Foreign currency Senior Unsecured Medium-Term Note Program, upgraded to (P)B3 from (P)Caa1

.... Long-term Foreign currency and Local currency Deposit Ratings, upgraded to B3 from Caa1, outlook
changed to stable from positive

Issuer: Yes Bank, IFSC Banking Unit Branch

... Long-term Counterparty Risk Assessment, Upgraded to B3(cr) from Caa1(cr)
... Long-term Foreign currency and Local currency Counterparty Risk Ratings, upgraded to B3 from Caa1
... Long-term Foreign currency Senior Unsecured Medium-Term Note Program, upgraded to (P)B3 from (P)Caa1
... Long-term Foreign currency Senior Unsecured Regular Bond/Debenture, upgraded to B3 from Caa1, outlook changed to stable from positive

Affirmations:

Issuer: Yes Bank Limited

... Short-term Counterparty Risk Assessment, Affirmed NP(cr)
... Short-term Foreign currency and Local currency Counterparty Risk Ratings, Affirmed NP
... Short-term Foreign currency and Local currency Deposit Ratings, Affirmed NP

Issuer: Yes Bank, IFSC Banking Unit Branch

... Short-term Counterparty Risk Assessment, Affirmed NP(cr)
... Short-term Foreign currency and Local currency Counterparty Risk Ratings, Affirmed NP

Outlook Actions:

Issuer: Yes Bank Limited

...Outlook, changed to stable from positive

Issuer: Yes Bank, IFSC Banking Unit Branch

...Outlook, changed to stable from positive

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.
The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1133569.

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the EU and is endorsed by Moody's Deutschland GmbH, An der Welle 5, Frankfurt am Main 60322, Germany, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that issued the credit rating is available on www.moodys.com.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Alka Anbarasu
VP - Senior Credit Officer
Financial Institutions Group
Moody's Investors Service Singapore Pte. Ltd.
50 Raffles Place #23-06
Singapore Land Tower
Singapore 48623
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Graeme Knowd
MD - Banking
Financial Institutions Group
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Releasing Office:
Moody's Investors Service Singapore Pte. Ltd.
50 Raffles Place #23-06
Singapore Land Tower
Singapore 48623
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

© 2020 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND/OR ITS CREDIT RATINGS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S
INVESTORS SERVICE DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE MOODY’S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY’S INVESTORS SERVICE CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS (“ASSESSMENTS”), AND OTHER OPINIONS INCLUDED IN MOODY’S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY’S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY’S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY’S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY’S PRIOR WRITTEN CONSENT.

MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY’S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY’S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY’S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY’S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY’S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY’S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY’S.

To the extent permitted by law, MOODY’S and its directors, officers, employees, agents, representatives,
licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from $1,000 to approximately $2,700,000. MCO and Moody's investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY’S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY250,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.