

YBL/CS/2026-27/058

July 9, 2026

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 Sir/Madam,

Sub.: Intimation of Credit Rating assigned by S&P Global Ratings

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that International Credit Rating agency **S&P Global Ratings** has assigned a credit rating to YES BANK Limited (the "Bank") as detailed below. This represents the Bank's first rating coverage by **S&P Global Ratings**:

Instrument	Rating and Rating Action
Issuer Credit Rating	Long Term: S&P BB+ / Stable (Assigned) Short Term: S&P B (Assigned)

We request you to kindly take the same on your record. The press release issued by S&P Global on ratings is enclosed herewith.

The same is also being hosted on the Bank's website at www.yes.bank.in

Thanking you,

Yours faithfully,

For **YES BANK LIMITED**

Sanjay Abhyankar
Company Secretary

Research Update:

Yes Bank Ltd. Assigned 'BB+/B' Ratings; Outlook Stable

July 9, 2026

Overview

- Yes Bank Ltd. will benefit from extraordinary support from the Sumitomo Mitsui Banking Corp. (SMBC) group, given our belief it is a moderately strategically important affiliate of SMBC.
- The bank's affiliation with SMBC from 2025 can accelerate improvements in its small market share, low profitability, and higher-than-average funding costs.
- We also expect internal capital generation and capital raising to support loan growth over the next two years.
- We assigned our 'BB+' long-term and 'B' short-term-issuer credit ratings to Yes Bank.
- The stable outlook on the long-term rating reflects our view that SMBC will provide ongoing and extraordinary support as needed and Yes Bank will gradually improve profitability, asset quality, and funding while maintaining sufficient capitalization.

Primary Contact

Shinoy Varghese
Singapore
65-6597-6247
shinoy.varghese1
@spglobal.com

Secondary Contact

Deepali V Seth Chhabria
Mumbai
912261373187
deepali.seth
@spglobal.com

Rating Action

On July 9, 2026, S&P Global Ratings assigned its 'BB+' long-term and 'B' short-term issuer credit ratings to Yes Bank. The outlook on the long-term rating is stable.

Rationale

Our ratings on Yes Bank reflect our expectation of extraordinary support from SMBC, if needed. The ratings get one notch of uplift for potential extraordinary support from SMBC. We believe SMBC will provide extraordinary support to Yes Bank if required in times of financial stress. This reflects our view that the bank is a moderately strategic affiliate of SMBC, given its operations in the Indian market, which is a high priority growth corridor for SMBC. We see SMBC's strategic influence on Yes Bank through its representation on the board. The bank will benefit from sharing global best practices in areas like risk, audit, IT, finance, and compliance functions, and strengthening its risk management culture. SMBC is the largest shareholder of the bank, after it acquired a 24.9% stake in 2025.

The starting point for our ratings on Yes Bank is the 'bbb-' anchor we derive for any bank operating predominantly in India. Yes Bank's loan exposure is almost entirely in India. We assess the bank's stand-alone credit profile (SACP) at 'bb', one notch below the issuer credit rating. Yes Bank's adequate capitalization underpins its creditworthiness. We expect the bank to gradually improve its profitability, asset quality, and funding and gain market share over the next one to two years.

Yes Bank's business position reflects its modest market share and low profitability. Yes Bank will gradually expand its market share and narrow its profitability gap with industry peers. As of late 2025, the bank held a modest market share of approximately 1.2% in loans and 1.3% in deposits. While a recent recovery in net interest margins and lower credit costs improved its return on assets to 0.8% for fiscal 2026 (ended March 31, 2026), the return still lagged the industry average of 1.3%.

We expect Yes Bank's market position to benefit from its association with SMBC. The bank is poised to benefit from enhanced business opportunities through collaboration with SMBC's existing presence in India, including its branches and SMFG India Credit Co. Ltd. via client referrals and loan syndication.

Yes Bank's capitalization is likely to benefit from steady internal capital generation. We anticipate the bank's risk-adjusted capital (RAC) ratio will stabilize at 8.0%-8.5% through fiscal 2027-2028, compared with 9.0% in March 2026. This reflects our expectation that its loan growth will gain momentum over the next two fiscal years.

We project Yes Bank's profitability will moderately rise, with its return on assets likely to exceed 0.9% by fiscal 2028 from 0.8% in fiscal 2026. The bank's net interest margin should improve by approximately 30 basis points (bps) over the next two fiscal years, narrowing its gap with industry peers. Driving this expansion will be a declining proportion of lending related to India's rural infrastructure development fund and lower funding costs.

Funding costs will likely benefit from an improvement in Yes Bank's low-cost current account savings account (CASA) deposits. Additionally, the bank's partnership with SMBC could help the bank mobilize corporate relationship-based current accounts and access other funding sources such as external commercial borrowings and offshore bonds. Yes Bank's average cost of funding of 6.0% remains high among rated peers due to the bank's reliance on wholesale funding and premium pricing for certain retail deposits.

Portfolio granularity has improved, but unsecured retail slippage is elevated. High new nonperforming loan formation in Yes Bank's retail loan portfolio in the past two years reflects rapid growth in unsecured lending and a higher proportion of riskier loans without commensurate investments in collection infrastructure. Additionally, higher funding costs than peers have lowered the bank's proportion of high-quality mortgage loans. However, recent slippages have improved on corrective actions such as enhanced collection and recovery mechanisms, tighter underwriting, and customer sourcing discipline.

We expect Yes Bank's credit growth to be 14%-15% in fiscal 2027-2028, up from 11% in fiscal 2026. The bank's asset quality may come under pressure over the next two years amid macroeconomic volatility. As loan growth picks up, the bank's ability to preserve underwriting standards and limit incremental slippage will remain key.

We expect Yes Bank's credit cost to remain below the average for the industry, supported by recoveries from legacy security receipts. Yes Bank has fully provided for these, with an outstanding balance of Indian rupee 34.7 billion. Credit costs could rise to approximately 50 bps in fiscal 2027 and 70 bps of customer loans in fiscal 2028. The uptick in fiscal 2028 reflects an

Yes Bank Ltd. Assigned 'BB+/B' Ratings; Outlook Stable

increase in steady-state credit costs under the Reserve Bank of India's expected credit loss framework and tapering recoveries from security receipts.

Yes Bank has rebalanced its loan portfolio toward retail and small and midsize enterprise segments from a historically corporate-heavy loan book. This aligns with some rated peers. As of end-March 2026, retail loans accounted for about 46% of the bank's total advances while the commercial segment (SME business) accounted for 26% and corporate and institutional banking made up 28%.

Yes Bank's underwriting standards are improving, in our view. Better risk management and resolution of stressed legacy assets have led to a steady recovery in asset quality. The bank's ratio of reported gross nonperforming loans to customer loans was at 1.3% as of end-March 2026, down from 1.6% a year earlier. As loan growth accelerates, the bank's ability to preserve underwriting standards and limit an incremental rise in nonperforming loans will be key.

Retail deposits have increased, but wholesale funding remains higher than that of peers. The bank continues to build a more granular deposit base. Its loan-to-deposit ratio improved to about 85% as of end-March 2026, broadly comparable to the industry average. Retail and branch-led deposits constituted nearly 60% of total deposits. Additionally, the bank's CASA ratio further improved to 35% from 34% a year earlier, although this level still lagged that of some rated private sector peers.

Meanwhile, Yes Bank's share of wholesale funding remains higher than that of several peers, despite an improvement to about 17% of the total funding base as of end-March 2026 from above 20% as of end-March 2025. Yes Bank has high depositor concentration, with its top 20 depositors accounting for about 11.3% of total deposits as of March 2025. This compared with 4%-7% for some rated peers.

We also applied a one-notch positive comparable rating adjustment to reflect the ongoing positive transition at Yes Bank. We expect Yes Bank to gain market share, further strengthen underwriting standards, and optimize funding capabilities. We believe the bank can further accelerate in these areas due to its association with SMBC. Over time, the comparable rating adjustment will likely transition to an improvement in other stand-alone factors.

Outlook

The stable rating outlook reflects our view that Yes Bank will benefit from ongoing and timely extraordinary support from SMBC, given its status of moderate strategic importance. We expect the bank to gradually improve its profitability, asset quality, and funding and gain market share over the next one to two years. We also expect its capitalization to decline amid higher loan growth but to remain adequate for the rating.

Downside scenario

We could lower our ratings on Yes Bank if:

- Its rapid growth and unseasoned loan book significantly weaken its asset quality below the industry average, as indicated by a rise in credit costs and its nonperforming loan ratio; or
- In an unlikely scenario, the bank's strategic importance to SMBC weakens.

Upside scenario

Yes Bank Ltd. Assigned 'BB+/B' Ratings; Outlook Stable

We could upgrade Yes Bank if the bank's strategic importance to SMBC further strengthens, for instance as represented by a step increase in SMBC's stake in the bank or increasing reputational linkage through brand and name sharing.

Rating Component Scores

Rating Component Scores

Issuer Credit Rating	BB+/Stable/B
SACP	bb
Anchor	bbb-
Business position	Moderate (-1)
Capital and earnings	Adequate (0)
Risk position	Moderate (-1)
Funding and liquidity	Moderate and Adequate (-1)
Comparable ratings analysis	1
Support	1
ALAC support	0
GRE support	0
Group support	1
Sovereign support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), May 5, 2026
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Credit Conditions Brief: Strait Of Hormuz Reopening Framework Is An Important, If Fragile, First Step To Normalization](#), June 15, 2026
- [Will India's Latest Reform Push Make Public Sector Banks More Efficient?](#), Feb. 3, 2026
- [Indian Banks On Firmer Footing For ECL Transition](#), Oct. 13, 2025

Ratings List

Ratings List

New Rating

Yes Bank Ltd.

Issuer Credit Rating

BB+/Stable/B

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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