YBL/CS/2026-27/76

August 14, 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.: Update on India Ratings

In terms of Regulation 30 and Regulation 51(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to update that **India Ratings** has issued a ratings release and Instrument wise rating actions have been detailed below:

Instrument	Existing Rating & Outlook	Action
Infrastructure bonds	**IND AA-/ Stable**	**IND AA+/ Stable**
Basel III Tier 2 bonds	**IND AA-/ Stable**	**IND AA+/ Stable**

We request you to kindly take the same on your record. The press release 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 MADHAV ABHYANKAR
Digitally signed by SANJAY MADHAV ABHYANKAR
Date: 2026.08.14 18:19:23 +05'30'

Sanjay Abhyankar
Company Secretary

India Ratings Upgrades Yes Bank and Its Bonds to ‘IND AA+’/Stable

Aug 14, 2026 | Yes Bank Ltd | Private Sector Bank

India Ratings and Research (Ind-Ra) has upgraded Yes Bank Ltd’s (YBL) Issuer Rating and the rating on its bonds to ‘IND AA+’ from ‘IND AA-’ with a Stable Outlook as follows:

Details of Instruments

Instrument Description	Regulator of Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (INR million)	Rating Assigned along with Watch/Outlook	Rating Action
Issuer rating	#	-	-	-	-	IND AA+/Stable	Upgraded
Infrastructure bonds^	SEBI	-	-	-	32,500	IND AA+/Stable	Upgraded
Basel III tier 2 bonds*	Refer ISIN annexure	-	-	-	110,000	IND AA+/Stable	Upgraded

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

*Details in the annexure

^Unutilised

Analytical Approach

Ind-Ra continues to take a fully consolidated view of YBL and its majorly owned subsidiary, Yes Securities Limited, to arrive at the rating. The agency also factors into the rating YBL’s strengthened credit profile after a strategic investment by Sumitomo Mitsui Banking Corporation (SMBC) for a 24.9% stake in the bank at end-1QFY27. Ind-Ra views SMBC’s board representation and involvement across business and control functions as positive for YBL’s governance framework, risk management practices, and franchise development. Furthermore, SMBC’s pre-emptive rights to participate in capital issuances provide additional financial flexibility and support YBL’s long-term growth objectives.

Detailed Rationale of the Rating Action

The upgrade reflects YBL’s strengthened credit profile, supported by an improvement in profitability, asset quality, and franchise profile. The bank reported an RoA of 0.9% in 1QFY27, supported by improving NIMs, healthy non-interest income, lower credit costs, and recoveries from legacy stressed assets. The increasing contribution of granular retail and SME segments, along with sustained growth in granular deposits, has improved portfolio diversification and reduced concentration risks. Asset quality indicators have strengthened, with the GNPA ratio declining to 1.3% and the NNPA ratio to 0.2% at end-1QFY27. The upgrade also factors in the strategic investment by SMBC, whose involvement is likely to support YBL’s governance framework, risk management practices, and franchise development over the medium term.

The rating continues to be supported by YBL's adequate capitalisation, with a capital-to-risk weighted assets ratio (CRAR) of 15.1% and Tier 1 ratio of 14.0% at end-1QFY27. Internal accruals remain sufficient to support the bank's growth plans, while deferred tax assets (DTAs) of INR43.8 billion provide additional capital accretion potential over the medium term. However, the rating remains constrained by investments in low-yielding RIDF deposits, which continue to weigh on NIMs, although the stock has been reducing steadily and is likely to decline further over the medium term. Additionally, while the bank has made progress in building a granular retail franchise through growth in retail liabilities and retail disbursements, the benefits of these initiatives are yet to be fully reflected in on-book retail asset growth and earnings stability.

List of Key Rating Drivers

Strengths

- Potential strategic benefits from SMBC transaction
- Improving asset quality metrics amid benign credit environment
- Continued traction towards granular asset mix
- Continuous improvement in deposit profile amid competitive environment
- Adequate capitalisation

Weaknesses

- Modest profitability; likely to improve on decreasing share of low-yielding assets

Detailed Description of Key Rating Drivers

Potential Strategic Benefits from SMBC Transaction: SMBC acquired a 24.2% stake in YBL in September 2025, which it further increased to 24.9% by end-1QFY27. The transaction is likely to strengthen YBL's strategic positioning, governance framework, and business profile. It also provides a platform for deeper collaboration in corporate banking, transaction banking, treasury services, and cross-border banking solutions, particularly benefiting from Japan-India trade and investment flows. Furthermore, the strategic partnership could improve the bank's funding profile and enhance its competitive positioning over the medium term. The appointment of two SMBC nominee directors on YBL's board is likely to further strengthen governance and oversight. Ind-Ra expects SMBC to provide help in franchisee building and potential support during periods of stress, if required.

Improving Asset Quality Metrics amid Benign Credit Environment: YBL's asset quality has continued to improve, with the GNPA ratio declining to 1.3% and the NNPA ratio to 0.2% at end-1QFY27 (FY26: 1.3% and 0.2%; FY25: 1.6% and 0.3%, respectively), while the PCR improved to around 82% (82%; 80%), providing comfortable provisioning buffers. The improvement has been driven by moderation in incremental stress and continued strengthening of the underlying loan portfolio.

Early delinquency indicators also remain comfortable, with the combined SMA-1 and SMA-2 book at around 0.9% of advances. Furthermore, retail asset quality trends have improved, with retail slippages moderating from the elevated levels over the past few years, resulting in lower credit costs and reduced earnings volatility. Consequently, the bank has maintained low credit costs while strengthening provision coverage. Ind-Ra believes YBL's asset quality is likely to remain stable over the near term, supported by healthy provisioning buffers, contained delinquency indicators, and improving diversification in the portfolio, although the performance of its expanding retail portfolio is a key monitorable.

Continued Traction towards Granular Asset Mix: YBL continues to improve the granularity of its portfolio, especially retail advances. As such, the share of its retail advances in total advance declined to 44.6% at end-1QFY27 (FY26: 46.1%; FY25: 48.9%), mainly due to a moderation in retail loan growth to 6.9% yoy in 1QFY27 (FY26:4.7%; FY25:14.5%), led by the bank's calibrated growth strategy and the run-off of old retail assets. The bank has also adopted a more cautious underwriting approach in select retail segments, particularly unsecured products, to safeguard asset quality. Despite the moderation in on-book growth, retail disbursements increased 27.5% yoy in 1QFY27, indicating healthy underlying business traction. The bank aspires to maintain a retail-wholesale mix of around 50:50. Ind-Ra believes the increasing emphasis on granular retail assets is likely to strengthen portfolio diversification and provide greater resilience against cyclical stress, while supporting sustainable growth over the medium term.

Continuous Improvement in Deposit Profile amid a Competitive Environment: YBL's liability franchise has improved steadily over the past few years, as reflected in consistent deposit growth, stable CASA ratios, and an increasing share of granular retail deposits. The bank's deposit market share improved to 1.3% in FY26 (FY21: 1.1%), supported by healthy deposit accretion after its reconstruction. While the CASA ratio largely remained stable at around 32% in 1QFY27 (FY26: 35.1%; FY25: 34.0%), the composition of deposits improved, with the retail and branch-led deposits increasing to nearly 59% of total deposits. The improvement in franchise quality is also evident from the declining concentration among large depositors and the bank's ability to grow deposits without a commensurate expansion in its branch network.

The improvement in YBL's deposit profile has been driven by continuous customer acquisition, growth in transaction banking flows, strong digital payment capabilities, and greater emphasis on liability mobilisation across business verticals. In addition, the association with SMBC is likely to support the bank's liability franchise through deeper engagement with multinational and Japanese corporate clients, increased transaction banking opportunities, and the potential for higher operating account balances. Ind-Ra believes the strengthening of the granular deposit base should support YBL's funding stability, margin improvement, and sustainable balance sheet growth over the medium term.

Adequately Capitalisation: YBL's capitalisation appears adequate, with a CRAR of 15.1% and a Tier 1 ratio of 14.0% at end-1QFY27 (FY26: 15.3% and 13.8%; FY25: 15.6% and 13.5%, respectively). The capital position benefits from internal accruals. While the capital is adequate to support growth in FY27, YBL has board approval to raise up to INR75 billion equity, which it may utilise if growth visibility strengthens further. Its capitalisation is further supported by DTAs of INR43.8 billion at end-FY26, which could result in an estimated 119bp accretion to CET1 over time as they are utilised. In addition, SMBC has a pre-emptive right to participate in any capital raise to maintain its stake in YBL, providing an avenue for long-term capital support.

However, an adverse outcome of the Hon'ble Supreme Court's ruling on the AT1 bond matter could reduce the CET1 ratio by around 250bp, ceteris paribus, while the Tier 1 capital ratio would remain unchanged. Until the matter is resolved, Ind-Ra expects the bank to continue accreting capital through internal earnings and deploying it to support loan growth.

Modest Profitability; Likely to Improve on Decreasing Share of Low-yielding Assets: YBL's profitability has improved steadily over the past few years, supported by higher business volumes, lower credit costs, and reduced operating leverage. The bank reported an RoA of 0.9% in 1QFY27 (FY26: 0.8%; FY25: 0.6%; FY24: 0.3%), reflecting a gradual strengthening of its earnings profile. The credit costs (on average advances) were low at 0.6% at end-1QFY27 (FY26:0.4%; FY25 0.5%) supported by an improving asset quality and lower incremental stress formation.

Despite the improvement, YBL's profitability is constrained by modest margins. It reported an NIM of 2.7% in 1QFY27 (1QFY26: 2.5%), which lags similarly rated private-sector peers, largely due to the drag from low-yielding RIDF balances (1QFY27: around 5.9% of total assets). While the RIDF portfolio has declined and the bank expects a further reduction over the medium term, it continues to weigh on earnings. Its operating efficiency has also improved, with the cost-to-income ratio declining to around 62% in 1QFY27 (FY26: 67%; FY25: 71.3%), however it is still higher than that of peers largely due to YBL's subdued NIM. Ind-Ra expects YBL's profitability profile to improve gradually over the medium term, supported by a continued reduction in RIDF balances, growth in granular retail assets and liabilities, and operating leverage benefits from investments made over the past few years. However, its profitability is likely to remain below that of higher-rated private-sector peers unless there is a sustained improvement in margins and operating efficiency.

Liquidity

Adequate: The bank's short-term gap (excess of liability over assets in the short term) in the asset-liability maturity statement (ALM) in an up to one-year bucket was 4.3% in 1QFY27. However, the statutory liquidity ratio (SLR) holding above the regulatory requirement can be utilised to meet the shortfall in ALM. Moreover, YBL has access to liquidity support from the Reserve Bank of India under the liquidity adjustment facility, apart from the marginal standing facility in case of an urgent requirement. YBL's share of retail- and branch banking-led deposits was steady at 59% in 1QFY27 (FY26: 60%; FY25: 59%). This, along with the increase in the share of retail advances, led to a more favourable ALM. Its average quarterly liquidity coverage ratio for 1QFY27 was 138.2% vs the required 100%. Assuming a normal business scenario, Ind-Ra does not expect the bank to face challenges related to raising funds from the interbank market.

Rating Sensitivities

Positive: Continued growth in the franchise, reflected in consistent market-share gains across both assets and liabilities, increasing traction in retail products with adequate seasoning, a large and granular retail funding base comparable to that of higher-rated banks, sustained improvement in profitability while maintaining capital buffers materially above regulatory requirements, and stable through-the-cycle asset quality could collectively lead to a positive rating action.

Negative: Events that could, individually or collectively, lead to a negative rating action include:

- a weakening of the linkages with SMBC and a significant stake dilution by SMBC;
- a material reduction in the capital buffers, with the CET1 capital buffer below the floor of 12% on a sustained basis,
- a prolonged decline in profitability buffers,
- continued elevated slippages on a sustained basis, and
- any significant weakness in the bank's funding due to a decline in low-cost deposits or deterioration in its liquidity profile.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on YBL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

YBL is a full-service commercial bank headquartered in Mumbai, offering a comprehensive suite of banking and financial services to retail, micro, small and medium enterprise, corporate, wholesale, and rural customers across India. The bank operates through a nationwide network of 1,334 branches, 249 business correspondent banking outlets, and 1,364 ATMs, complemented by an international banking unit at GIFT City, Gujarat, and a representative office in Abu Dhabi. The bank serves 10 million+ customers.

Key Financial Indicators

Particulars (INR billion) – Consolidated	FY26	FY25
Total assets	4,702	4,241
Total equity	510.6	477.8
Net income	35.1	24.4
Return on assets (%)	0.8	0.5
CET-1 (%)	13.8	13.5
Source: Yes Bank, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (INR million)	Current Rating	19 August 2025	23 August 2024	24 August 2023
Infrastructure Bond	Long-term	32,500	IND AA+/Stable	IND AA-/Stable	IND A/Positive	IND A/Stable
Basel III tier 2 bonds	Long-term	110,000	IND AA+/Stable	IND AA-/Stable	IND A/Positive	IND A/Stable
Issuer rating	Long-term	-	IND AA+/Stable	IND AA-/Stable	IND A/Positive	IND A/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Basel III Tier 2 Bonds	Moderate
Infrastructure Bonds	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

Annexure

Issue name/Type	Regulator	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook
Basel III Tier 2 Bonds	SEBI	INE528G08378	29 September 2017	7.8	29 September 2027	INR25	IND AA+/Stable
Basel III Tier 2 Bonds	SEBI	INE528G08386	3 October 2017	7.8	1 October 2027	INR15	IND AA+/Stable
Basel III Tier 2 Bonds	SEBI	INE528G08402	22 February 2018	8.73	22 February 2028	INR30	IND AA+/Stable
Basel III Tier 2 Bonds	SEBI	INE528G08410	17 September 2018	9.12	15 September 2028	INR40	IND AA+/Stable
Total utilised						INR110	
Source: NSDL, YBL							

Contact

Primary Analyst
Ankit Jain
Associate Director
India Ratings and Research Pvt Ltd
Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East,Mumbai - 400051
+91 22 4035 6160
For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst
Vivek Singh
Analyst
+91 22 40001756

Media Relation
Ameya Bodkhe
Marketing Manager
+91 22 40356121

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Rating Bank Subordinated and Hybrid Securities

Rating FI Subsidiaries and Holding Companies

The Rating Process

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