

YBL/CS/2023-24/060

June 25, 2023

National Stock Exchange of India Limited

Exchange Plaza,
Plot no. C/1, G Block,
Bandra - Kurla Complex
Bandra (E), Mumbai - 400 051
Tel.: 2659 8235/36 8458

NSE Symbol: YESBANK

BSE Limited

Corporate Relations Department
P.J. Towers, Dalal Street
Mumbai - 400 001
Tel.: 2272 8013/15/58/8307

BSE Scrip Code: 532648

Dear Sir / Madam,

Sub.: Update on Moody's Investors Service

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to update on the ratings release issued by Moody's Investors Service, affirming the ratings assigned to the Bank's instruments with **Stable outlook** as detailed below:

Instrument	Current Rating	Action
Long-Term Foreign Currency Issuer Rating	Ba3	Re-affirmed
Long-term (Local and Foreign Currency) Deposit Rating	Ba3	Re-affirmed
Baseline Credit Assessment (BCA) and Adjusted BCA	b1	Re-affirmed
Senior Unsecured (Foreign Currency) Medium-Term Note Program	(P)Ba3	Re-affirmed

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.yesbank.in

Thanking you,

Yours faithfully,

For **YES BANK LIMITED**

Shivanand R. Shettigar

Company Secretary

Encl: As above



Rating Action: Moody's affirms Yes Bank's ratings; outlook stable

23 Jun 2023

Singapore, June 23, 2023 – Moody's Investors Service has affirmed Yes Bank Limited's Ba3 long-term (LT) foreign currency (FC) and local currency (LC) bank deposit ratings, its Ba3 LT FC issuer rating, its Ba3 LT FC and LC Counterparty Risk Ratings (CRR), its b1 Baseline Credit Assessment (BCA) and Adjusted BCA, the Not Prime (NP) short-term (ST) FC and LC bank deposit and CRR, as well as the (P)Ba3 senior unsecured medium-term note (MTN) program rating. Moody's also affirmed Yes Bank's Ba3(cr) and NP(cr) LT and ST Counterparty Risk Assessments (CRA), respectively.

At the same time, Moody's affirmed Yes Bank, IFSC Banking Unit Branch's Ba3 LT FC and LC CRR, its (P)Ba3 senior unsecured MTN program rating, as well as its NP ST FC and LC CRR. Moody's also affirmed the branch's Ba3(cr) and NP(cr) LT and ST CRA, respectively.

The outlook on the ratings, where applicable, remains stable.

RATINGS RATIONALE

The rating affirmation and stable outlook is driven by the improvement in India's Macro Profile to Moderate+ from Moderate, along with Moody's expectation that Yes Bank's financial performance will remain stable over the next 12–18 months.

The agency expects Yes Bank's asset quality to be stable as the bulk of its legacy problem assets have been resolved, while India's good economic momentum will support the performance of its newly originated loans. Its gross nonperforming loan (NPL) ratio declined to 2.2% at the end of March 2023 from 13.9% a year earlier, following its sale of nonperforming loans (NPL) to an asset reconstruction company (ARC) in 2022. Its loan loss coverage declined to 62% at the end of March 2023 from 71% a year earlier following the NPL sale, but Moody's expects it will recover as the bank rebuilds its loan loss reserves.

Yes Bank's capital improved post a capital raise from private investors in 2022, with its Common Equity Tier 1 (CET1) ratio rising to 13.3% at the end of March 2023 from 11.6% a year earlier. The private investors have also subscribed to equity share warrants, which will likely convert in 2024. Based on the bank's capital position at the end of March 2023, Moody's estimates that the conversion of equity share warrants will provide a further 1.5 percentage point boost to the bank's CET1 ratio.

The bank's return on assets declined to 0.2% in fiscal 2023 from 0.4% in fiscal 2022 as it increased provisions against its nonperforming assets. Moody's expects Yes Bank's profitability to gradually improve over the next 12-18 months as it restarts loan growth and the burden of credit costs eases.

Its funding and liquidity also improved as its deposits grew. Its average liquidity coverage ratio rose to 119% for the quarter ended March 2023 from 115% as of 31 March 2022.

Yes Bank's issuer and deposit ratings benefit from one notch of rating uplift, based on Moody's expectation of a moderate probability of support from the Government of India (Baa3 stable). This support assumption is in line with the support expected for other private-sector banks in India.

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

Given the stable outlook, an upgrade of Yes Bank's ratings is unlikely over the next 12-18 months. Nevertheless, Moody's could upgrade the ratings and the BCA if the bank establishes a credible and sustainable strategy to improve its profitability, specifically if its return on tangible assets increases sustainably to above 0.8%, without compromising asset quality and capital.

Moody's could downgrade Yes Bank's ratings if its asset quality significantly deteriorates, leading to an erosion of its profitability and capital; or if the turnaround of the bank fails because of an aggressive financial strategy and risk management. Specifically, a decline in its total common equity/risk-weighted assets to below 6% and its net income/tangible assets to below 0.5% will exert downward pressure on the BCA. Any weakening in Yes Bank's funding and liquidity would also be negative for the rating.

The principal methodology used in these ratings was Banks Methodology published in July 2021 and available at <https://ratings.moodys.com/rmc-documents/71997>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

Yes Bank is headquartered in Mumbai and reported consolidated assets of INR 3,552 billion as of 31 March 2023.

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 on <https://ratings.moodys.com/rating-definitions>.

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