

August 28, 2019

Listing Compliance & Legal Regulatory
BSE Limited
Corporate Relations Department
P.J. Towers, Dalal Street Mumbai - 400 001
BSE Scrip Code: 532648

Listing Department
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

Dear Sirs,

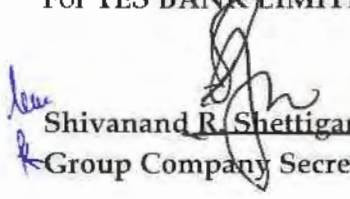
Subject: PRESS RELEASE - Moody's downgrades YES BANK's Ratings

Please find enclosed the 'Press Release' on the captioned subject which is self-explanatory. The press release published by Moody's which *inter alia* covers Detailed Rationale & Key Rating Drivers is also attached herewith for reference.

Kindly take the above on record.

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.

Thanking You
For YES BANK LIMITED


Shivanand R. Shettigar
Group Company Secretary



Encl.: as above

PRESS RELEASE

Moody's downgrades YES BANK's Ratings

Mumbai, August 28, 2019:

Please find attached the Moody's press release dated August 28, 2019 with the subject: **Moody's downgrades YES BANK's ratings; outlook negative; concludes review for downgrade**

Click on the link to read Moody's Press Release on this update which also contains the rating rationale:

https://www.moodys.com/research/Moodys-downgrades-Yes-Banks-ratings-outlook-negative-concludes-review-for--PR_408074

About YES BANK

YES BANK, India's fourth largest private sector bank is a high quality, customer centric and service driven Bank. Since inception in 2004, YES BANK has grown into a 'Full Service Commercial Bank' providing a complete range of products, services and technology driven digital offerings, catering to corporate, MSME & retail customers. YES BANK operates its Investment banking, Merchant banking & Brokerage businesses through YES SECURITIES and its Mutual Fund business through YES Asset Management (India) Limited, both wholly owned subsidiaries of the Bank. Headquartered in Mumbai, it has a pan-India presence across all 29 states and 7 Union Territories in India including an IBU at GIFT City, and a Representative Office in Abu Dhabi.

For more information, please visit the Bank's website at <https://www.yesbank.in/>

For media queries, please contact:

YES BANK

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MOODY'S

INVESTORS SERVICE

Rating Action: Moody's downgrades Yes Bank's ratings; outlook negative; concludes review for downgrade

28 Aug 2019

Singapore, August 28, 2019 -- Moody's Investors Service has today downgraded Yes Bank Limited's long-term foreign-currency issuer rating to Ba3 from Ba1.

Moody's has also downgraded the bank's long term foreign and local currency bank deposit ratings to Ba3 from Ba1, foreign currency senior unsecured MTN program rating to (P)Ba3 from (P)Ba1, and Baseline Credit Assessment (BCA) and adjusted BCA to b1 from ba2.

The outlook on the bank's ratings, where applicable, is negative.

Today's rating action concludes the review for downgrade initiated on 11 June 2019.

For a detailed list of ratings affected, please refer to the end of this Press Release.

RATINGS RATIONALE

The downgrade of Yes Bank's ratings takes into account: (1) the lower than expected amount of capital raised by the bank recently; and (2) the risk that the substantial decline in the bank's share price will challenge its ability to raise sufficient capital to maintain the rating at its previous level.

On 14 August 2019, Yes Bank raised INR19.3 billion in new capital via a qualified institutional placement (QIP). On a pro-forma basis, the QIP will moderately improve the bank's reported common equity tier 1 (CET1) ratio as of 30 June 2019 to 8.6% from 8.0%.

Furthermore, Moody's expects the bulk of Yes Bank's operating profits will get consumed by loan loss provisions over the next 12-18 months, and thus not support internal capital generation.

This will leave the bank dependent on external capital raising to improve its loss-absorbing buffers, which in Moody's opinion is becoming more challenging given the substantial decline in its share price.

Yes Bank's asset quality deteriorated in the quarter ended June 2019, with its gross nonperforming loan (NPL) ratio rising to 5.0% from 3.2% at the end of March 2019. As of the same date, about INR100 billion of loans -- or about 4% of Yes Bank's total loans -- remain on a watchlist, meaning the company expects these watchlist loans may translate into NPLs over the next 2-3 quarters.

In addition, about INR75 billion of bond investments -- or 10% of its total investment holdings -- have experienced rating downgrades in the past quarters.

As of June 2019, on a pro-forma basis, the bank's loan loss coverage against potential stressed loans, NPLs and watchlist loans registered about 27%, which is very weak compared to the loan given default experience of Indian banks. The loan loss coverage ratio includes a contingent provision of INR7 billion against watchlist loans. The bank has also taken some marked-to-market losses on investments that were downgraded.

Although the bank's funding and liquidity profile has remained broadly stable, it compares weakly to other rated private sector peers in India.

Moody's maintains a negative adjustment for corporate behavior in Yes Bank's BCA, which results in a one-notch negative adjustment to the bank's BCA when compared to its financial profile.

Moody's also maintains its assumption of a moderate probability of government support for deposits and senior unsecured debt, reflecting the bank's modest, but increased, franchise and relative importance to India's banking system. This support assumption results in a one-notch uplift to the bank's foreign currency issuer rating of Ba3 from its BCA of b1.

OUTLOOK NEGATIVE

The negative outlook primarily reflects the risk of further deterioration in the bank's solvency, funding or liquidity, as the bank continues to work through the asset quality issues and rebuilds its loss absorbing buffers.

WHAT COULD CHANGE THE RATING UP

Given the negative outlook, an upgrade is unlikely over the next 12-18 months.

Nevertheless, Moody's could change the ratings outlook to stable if Yes Bank (1) maintains its current asset quality profile, or adequately provides for the stock of stressed assets; or (2) concludes a further material capital raise that strengthens its loss absorbing buffers.

WHAT COULD CHANGE THE RATING DOWN

Moody's could downgrade Yes Bank's ratings if (1) there is a sustained deterioration in its impaired loans or loan-loss reserves, or if the rate of new NPL formation is significantly higher than previously experienced; (2) the bank's capital ratios declines because of losses and or an inability to raise external capital; or (3) its funding or liquidity deteriorates.

The principal methodology used in these ratings was Banks published in August 2018. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Yes Bank Limited is headquartered in Mumbai and reported total assets of INR3.7 trillion (\$53.7 billion) at 30 June 2019.

List of affected ratings

Yes Bank Limited

- Long term foreign currency issuer rating downgraded to Ba3 from Ba1
- Long term foreign and local currency deposit ratings downgraded to Ba3 from Ba1
- Short term foreign and local currency deposit ratings affirmed at NP
- Foreign currency senior unsecured MTN program rating downgraded to (P)Ba3 from (P)Ba1
- Baseline Credit Assessment (BCA) and adjusted BCA downgraded to b1 from ba2
- Counterparty risk assessment (CR Assessment) downgraded to Ba2(cr)/NP(cr) from Baa3(cr)/P-3(cr)
- Domestic and foreign currency counterparty risk rating (CRR) downgraded to Ba2/NP from Baa3/P-3
- Outlook, where applicable, is negative

Yes Bank, IFSC Banking Unit Branch

- Foreign currency senior unsecured MTN program rating downgraded to (P)Ba3 from (P)Ba1
- Foreign currency senior unsecured debt rating downgraded to Ba3 from Ba1
- CR Assessment downgraded to Ba2(cr)/NP(cr) from Baa3(cr)/P-3(cr)
- Domestic and foreign currency CRR downgraded to Ba2/NP from Baa3/P-3
- Outlook, where applicable, is negative

REGULATORY DISCLOSURES

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.

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MOODY'S
INVESTORS SERVICE

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