

Rating Rationale
Yes Bank Limited, Mumbai
05 Oct 2018

Brickwork Ratings (BWR) places under Credit watch with Developing Implications the rating for Yes Bank Limited's Upper Tier II Bonds, Lower Tier II Bonds, Hybrid Tier I Bonds and Innovative Perpetual Debt Instruments

Particulars

Instruments	Issue Date	Amount rated (₹ Cr)	Amount raised (₹ Cr)	Interest Rate	Maturity Date	ISIN	Previous Rating ¹ (Aug 2018)	Rating ¹
Innovative Perpetual Debt Instrument	21-Aug-2010	230	225	9.90%	Perpetual	INE528G09079	BWR AA+ (BWR Double A Plus) (Outlook:Stable)	BWR AA+ (BWR Double A Plus) (Credit Watch With Developing Implications)
Upper Tier II	14-Aug-2010	450	440	9.65%	14-Aug-2025	INE528G08154	BWR AA+ (BWR Double A Plus) (Outlook:Stable)	BWR AA+ (BWR Double A Plus) (Credit Watch With Developing Implications)
Hybrid Tier I	5-Mar-2010	90	82	10.25%	Call option after 10 years	INE528G09061	BWR AA+ (BWR Double A Plus) (Outlook:Stable)	BWR AA+ (BWR Double A Plus) (Credit Watch With Developing Implications)
Lower Tier II	22-Jan-2010	300	300	9.65%	22-Jan-2020	INE528G08147	BWR AA+ (BWR Double A Plus) (Outlook:Stable)	BWR AA+ (BWR Double A Plus) (Credit Watch With Developing Implications)
Lower Tier II	30-Sep-2009	260	260	9.65%	30-Apr-2020	INE528G08139	BWR AA+ (BWR Double A Plus) (Outlook:Stable)	BWR AA+ (BWR Double A Plus) (Credit Watch With Developing Implications)

¹For Definition of ratings please refer our website www.brickworkratings.com
Rating : Rating placed under Credit Watch with Developing implications

Brickwork Ratings has placed the rating of Yes Bank Limited's (YBL or the 'Bank') various Bond issues under Credit Watch with Developing Implications, as tabulated above. The Managing Director and Chief Executive Officer of Yes Bank's stay has been curtailed by RBI upto January 31, 2019 only, as against the expected stay for another term of 3 years.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

Brickwork Ratings have relied on the expected change in the leadership i.e. Managing Director and Chief Executive Officer of Yes Bank Limited, the Bank's conference call dated October 01, 2018, publicly available information and other information/clarifications provided by the Bank.

The Rating is placed on Credit Watch with Developing Implications as the Managing Director and Chief Executive Officer of Yes Bank - Mr Rana Kapoor's stay has been limited only upto January 31, 2019. Mr Rana Kapoor, one of the promoter directors of Yes Bank Limited, has been the key person in spearheading the Bank. The Bank's course of action needs to be closely watched for its ability to have continued effective leadership, manage the internal systems and control, adhere prudently to the regulatory guidelines issued from time to time. The reported increase in divergence in GNPA & provisions over the last two years of FY16 and FY17 and the Bank having undertaken various remedial actions to reduce such Divergence, awaits disclosure report for FY18. The Bank's Board and the management has been taking adequate steps to have continued growth and have briefed their process in a public conference call on October 01, 2018. BWR shall continue to monitor the developments and steps taken by the Bank.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Basel III compliant bonds are subject to guidelines/regulations of the Reserve Bank of India (RBI) and as detailed in term sheet of respective issues. BWR considers them as Highly Complex instruments in terms of published criteria.

About the Company

Background: Yes Bank, founded in 2004 and headquartered at Mumbai is one of the fast growing private banks in India, with pan-India presence covering 53 Metro, 29 states and 7 Union Territories. As of June 30, 2018, the Bank has a network of 1,105 branches and 1,741 ATM network (including Bunch Note Acceptors). Shri. Ashok Chawla is the Non-Executive Part-time Chairman of the Bank effective from October 30, 2016.

For other details about the Bank and its performance upto Q1FY19, please refer to our Rating Rationale dated 27 August 2018 by clicking [Rating Rationale dated 27 August 2018](#) or using the following link [https://www.brickworkratings.com/Admin/PressRelease/X-Yes-Bank-Limited-BL-27Aug2018%20\(1\).pdf](https://www.brickworkratings.com/Admin/PressRelease/X-Yes-Bank-Limited-BL-27Aug2018%20(1).pdf)

Rating History for the last three years (including withdrawn/suspended ratings)

S N o	Instrumen t/ Facility	Current Rating (Oct 2018)			Rating History			
		Typ e	Amoun t (₹ Crs)	Rating	27 Aug 2018	02 Aug 2017	29 Jul 2016	11 Jun 2015
1	Innovative Perpetual Debt Instrument	Lon g term	230 (raised ₹ 225 Cr)	BWR AA+ (Credit Watch with Developing Implication)	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed
2	Upper Tier II	Lon g Ter m	450 (raised ₹ 440 Cr)	BWR AA+ (Credit Watch with Developing Implication)	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed
3	Hybrid Tier I	Lon g Ter m	90 (raised ₹ 82 Cr)	BWR AA+ (Credit Watch with Developing Implication)	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed
4	Lower Tier II	Lon g Ter m	300	BWR AA+ (Credit Watch with Developing Implication)	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed
5	Lower Tier II	Lon g Ter m	260	BWR AA+ (Credit Watch with Developing Implication)	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed	BWR AA+ (Outlook: Stable) Reaffirmed
Total			1330	INR One Thousand Three Hundred Thirty Crores Only				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Complexity levels of the Rated Instruments](#)
- [Banks and Financial Institutions](#)
- [Basel III Compliant Instruments](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf. Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.