May 16, 2025

# Yes Bank Limited: Update on material event

## Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating outstanding |
|---|---|---|---|
| **Infrastructure bonds** | 6,700.00 | 6,700.00 | [ICRA]A (Positive) |
| **Basel III Tier II bonds** | 10,900.00 | 10,900.00 | [ICRA]A (Positive) |
| **Basel III Tier I bonds **** | 8,415.00 | 8,415.00 | [ICRA]D |
| **Total** | **26,015.00** | **26,015.00** | |

**Instrument details are provided in Annexure I; **Written down as a part of the restructuring of liabilities*

## Rationale

### Material event

On May 09, 2025, Yes Bank Limited (YBL) announced that its board of directors (BoD) has approved the acquisition of a stake in YBL by Sumitomo Mitsui Banking Corporation[1] (SMBC/Purchaser) from State Bank of India (SBI/Seller) and seven other banks (HDFC Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited, Axis Bank Limited, IDFC FIRST Bank Limited, Federal Bank Limited and Bandhan Bank Limited, collectively referred to as Other Sellers). The deal would result in the Purchaser buying 13.19% from the Seller and 6.81% from the Other Sellers with both transactions expected to occur simultaneously. The said transaction is, however, subject to regulatory and procedural approvals.

On the completion of the transaction, SMBC will be the single largest shareholder in YBL with a 20% stake while at the same time SBI will continue to be a major shareholder in YBL with 10.8% (compared to current ~24.0%). SMBC will subsequently have pre-emptive rights to subscribe to any new issuance of share capital of the bank to maintain its pro-rata shareholding. Additionally, it will have the right to nominate two Non-Executive and Non-Independent Directors to YBL's board, while SBI's board representation will reduce to one Non-Executive and Non-Independent Director from two at present.

### Impact of material event

Following the conclusion of the deal, SMBC will become the single largest shareholder in the bank. It is a wholly-owned subsidiary of Sumitomo Mitsui Financial Group (SMFG), one of Japan's largest financial groups by total assets, which stood at $2.0 trillion as on December 31, 2024. ICRA will continue to monitor developments with respect to regulatory approvals, understand SMBC's strategy and the extent of its involvement in the bank's operations and will take appropriate rating action, if any, as more clarity emerges.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position and rating sensitivities: Click here

[1] *Rated A1/Stable by Moody's Investors Service with baseline credit assessment (BCA) of A3*

## Analytical approach

| Analytical approach | Comments |
|---|---|
| **Applicable rating methodologies** | ICRA's Rating Methodology for Banks and Financial Institutions<br>Policy on Default Recognition |
| **Parent/Group support** | Not applicable |
| **Consolidation/Standalone** | For arriving at the ratings, ICRA has considered the standalone financials of YBL. However, in line with ICRA's consolidation approach, the standalone assessment of the bank factors in the ordinary and extraordinary support that it is expected to extend to its subsidiary. |

## About the company

YBL is a private sector bank that was set up in 2004. It is the sixth largest private sector bank, in terms of total assets, with a 1.4% market share in net advances as on December 31, 2024. It has a network of 1,255 branches, as on March 31, 2025, as well as an international branch in GIFT City, Gujarat (India). YBL's CET I ratio stood at 13.5% (CRAR of 15.6%) as on March 31, 2025.

A moratorium was placed on YBL by the Central Government on March 5, 2020, whereby payments to its depositors and creditors were restricted. The moratorium was removed w.e.f. March 18, 2020 and the Government approved a reconstruction scheme for the bank, based on which it received equity of Rs. 10,000 crore from State Bank of India (SBI) and other domestic financial institutions. Apart from the equity infusion, YBL's board was reconstituted with a new Managing Director (MD) and Chief Executive Officer (CEO) from SBI. In July 2020, the bank concluded a follow-on public offer (FPO) of Rs. 15,000 crore. Consequently, SBI's shareholding declined to 30% from 48% (following the reconstruction scheme) as on March 31, 2022. In July 2022, the shareholders approved the appointment of a new board, which effectively replaced the one that was constituted as a part of the reconstruction scheme, while also approving the extension in the tenure of the MD & CEO, subject to Reserve Bank of India (RBI) approval. Subsequently, in July 2022, the board approved the raising of equity capital of Rs. 8,900 crore on a preferential basis from two global equity investors – Carlyle and Advent International – via equity share warrants, which were received in two tranches.

### Key financial indicators (standalone)

| Yes Bank Limited | FY2024 | FY2025 |
|---|---|---|
| **Total income** | 13,050 | 14,524 |
| **Profit after tax** | 1,251 | 2,406 |
| **Total assets (Rs. lakh crore)** | 4.05 | 4.23 |
| **CET I** | 12.2% | 13.5% |
| **CRAR** | 15.4% | 15.6% |
| **PAT/ATA** | 0.33% | 0.58% |
| **Gross NPAs** | 1.73% | 1.58% |
| **Net NPAs** | 0.58% | 0.33% |

*Source: YBL, ICRA Research; Total income = Net interest income + Non-interest income (excluding trading gains)*
*Amount in Rs. crore unless mentioned otherwise; All ratios as per ICRA's calculations*

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

## Rating history for past three years

| Instrument | Type | Amount rated (Rs. crore) | May 16, 2025 | Current (FY2026) | | Chronology of rating history for the past 3 years | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | FY2025 | | FY2024 | | FY2023 | |
| | | | | Date | Rating | Date | Rating | Date | Rating |
| **Basel II Upper Tier II Bonds** | Long term | - | - | Jul 19, 2024 | [ICRA]A- (Positive); withdrawn | Aug 01, 2023 | [ICRA]BBB+ (Positive) | Aug 04, 2022 | [ICRA]BBB+ (Positive) |
| **Infrastructure Bonds** | Long term | 6,700.00 | [ICRA]A (Positive) | Jul 19, 2024 | [ICRA]A (Positive) | Aug 01, 2023 | [ICRA]A- (Positive) | Aug 04, 2022 | [ICRA]A- (Positive) |
| **Infrastructure Bonds** | Long term | - | - | Jul 19, 2024 | [ICRA]A (Positive); withdrawn | Aug 01, 2023 | [ICRA]A- (Positive) | Aug 04, 2022 | [ICRA]A- (Positive) |
| **Basel III Tier II Bonds** | Long term | 10,900.00 | [ICRA]A (Positive) | Jul 19, 2024 | [ICRA]A (Positive) | Aug 01, 2023 | [ICRA]A- (Positive) | Aug 04, 2022 | [ICRA]A- (Positive) |
| **Basel III Tier I Bonds** | Long term | 8,415.00 | [ICRA]D | Jul 19, 2024 | [ICRA]D | Aug 01, 2023 | [ICRA]D | Aug 04, 2022 | [ICRA]D |
| **Basel III Tier I Bonds** | Long term | - | - | Jul 19, 2024 | [ICRA]BB+ (Positive); withdrawn | Aug 01, 2023 | [ICRA]BB (Positive) | Aug 04, 2022 | [ICRA]BB (Positive) |

*Source: YBL*

## Complexity level of the rated instrument

| Instrument | Complexity indicator |
|---|---|
| **Infrastructure Bonds** | Very Simple |
| **Basel III Tier II Bonds** | Highly Complex |
| **Basel III Tier I Bonds** | Highly Complex |
| **Basel II Upper Tier II Bonds** | Highly Complex |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instruments credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

## Annexure I: Instrument details

| ISIN | Instrument name | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook |
|---|---|---|---|---|---|---|
| **INE528G08279** | **Infrastructure Bonds** | Feb 24, 2015 | 8.85% | Feb 24, 2025^ | 1,000.00 | [ICRA]A (Positive) |
| **INE528G08295** | **Infrastructure Bonds** | Aug 05, 2015 | 8.95% | Aug 05, 2025 | 315.00 | |
| **INE528G08345** | **Infrastructure Bonds** | Sep 30, 2016 | 8.00% | Sep 30, 2026 | 2,135.00 | |
| **Yet to be placed** | **Infrastructure Bonds** | - | - | - | 3,250.00 | |
| **INE528G08287** | **Basel III Tier II Bonds** | Jun 29, 2015 | 9.15% | Jun 30, 2025 | 554.00 | [ICRA]A (Positive) |
| **INE528G08303** | **Basel III Tier II Bonds** | Dec 31, 2015 | 8.90% | Dec 31, 2025 | 1,500.00 | |
| **INE528G08311** | **Basel III Tier II Bonds** | Jan 15, 2016 | 9.00% | Jan 15, 2026 | 800.00 | |
| **INE528G08329** | **Basel III Tier II Bonds** | Jan 20, 2016 | 9.05% | Jan 20, 2026 | 500.00 | |
| **INE528G08337** | **Basel III Tier II Bonds** | Mar 31, 2016 | 9.00% | Mar 31, 2026 | 545.00 | |
| **INE528G08378** | **Basel III Tier II Bonds** | Sep 29, 2017 | 7.80% | Sep 29, 2027 | 2,500.00 | |
| **INE528G08386** | **Basel III Tier II Bonds** | Oct 03, 2017 | 7.80% | Oct 01, 2027 | 1,500.00 | |
| **INE528G08402** | **Basel III Tier II Bonds** | Feb 22, 2018 | 8.73% | Feb 22, 2028 | 3,000.00 | |
| **Yet to be placed** | **Basel III Tier II Bonds** | - | - | - | 1.00 | |
| **INE528G08352** | **Basel III Tier I Bonds** | Dec 23, 2016 | 9.50% | NA* | 3,000.00 | [ICRA]D |
| **INE528G08394** | **Basel III Tier I Bonds** | Oct 18, 2017 | 9.00% | NA* | 5,415.00 | |

*Source: YBL; ^ To be withdrawn; * Was written down as a part of the restructuring of liabilities*

### Key features of the rated instruments

The servicing of the infrastructure bonds is not subject to any capital ratios and profitability. However, the Basel III Tier II bonds are expected to absorb losses once the point of non-viability (PONV) trigger is invoked. The rated Basel III Tier II instrument is a hybrid subordinated instrument with equity-like loss-absorption features. Such features may translate into higher loss severity vis-à-vis conventional debt instruments.

The Basel III Tier I bonds (Rs. 8,415 crore) were written down as a part of the restructuring of liabilities.

## Annexure II: List of entities considered for consolidated analysis

| Company name | YBL ownership | Consolidation approach |
|---|---|---|
| **Yes Securities (India) Limited** | 100% | Full consolidation |

*Source: YBL*

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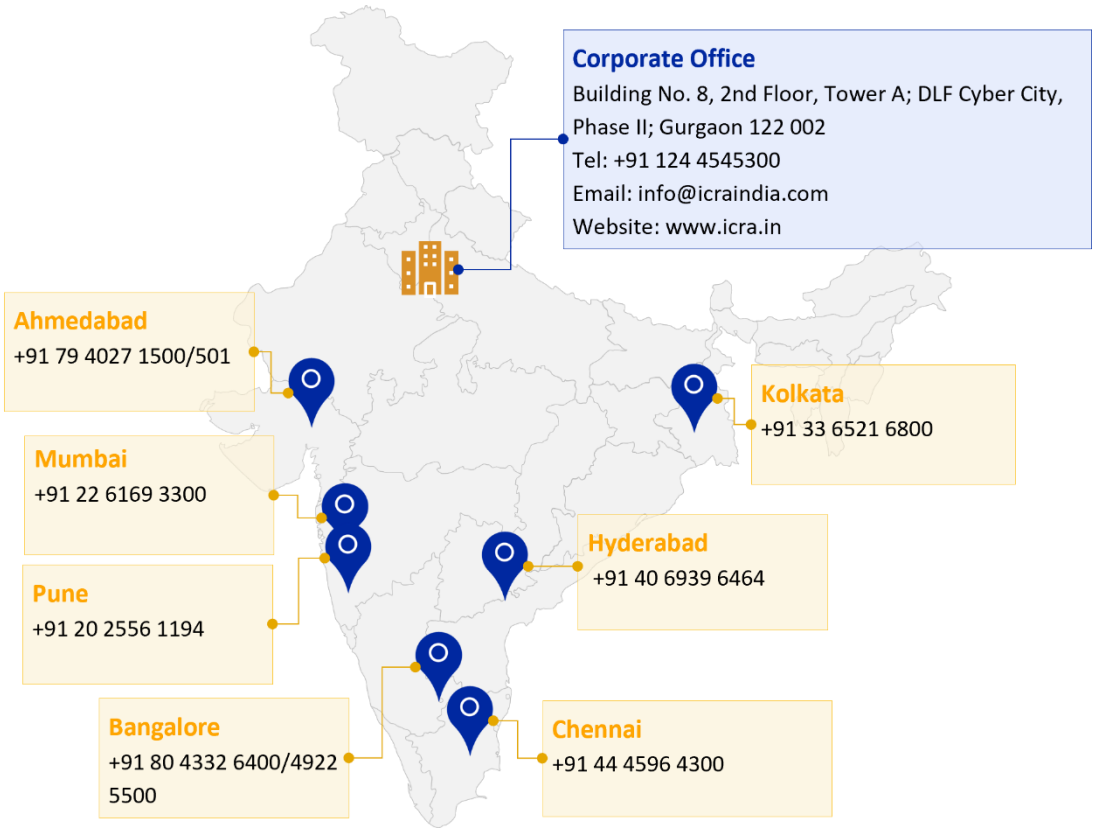


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