

## Yes Bank Ltd — 13 Aug 2025 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	A+ → AA- (Upgraded by 1 notch)
Outlook (Current vs Previous)	Stable (Maintained)
Key Drivers of Change	<ol style="list-style-type: none"> <li><b>Granularity Shift:</b> Retail/SME now forms ~60% of the ₹2,41,024 Cr book, reducing legacy corporate concentration.</li> <li><b>Deposit Stability:</b> Total deposits grew to ₹2,75,843 Cr (vs. ₹1.05 Lakh Cr in 2020); CASA sustained at ~32.8%.</li> <li><b>Profitability Inflection:</b> RoA improved to <b>0.8%</b> in Q1FY26 (exceeding the 0.75% upgrade threshold); FY25 PAT doubled to ₹2,406 Cr.</li> <li><b>Capital Buffers:</b> Adequate CET-1 at 13.3% and Overall CAR at 16.2%, supported by internal accruals and warrants.</li> </ol>
Rated Instruments	<ul style="list-style-type: none"> <li><b>Tier II Bonds:</b> ₹13,387 Cr</li> </ul>
Key Observations	<ul style="list-style-type: none"> <li><b>Asset Quality:</b> GNPA improved to 1.6% (from 1.7% YoY); NNPA remains low at 0.3%.</li> <li><b>Provisioning:</b> PCR strengthened to <b>80.2%</b> as of June 2025.</li> <li><b>Retail Risk:</b> Delinquencies rising in vehicle and personal loans; remains a monitorable.</li> <li><b>PSL Drag:</b> RoA is suppressed by ~30 bps due to low-yield investments in RIDF (PSL shortfall).</li> <li><b>Operating Costs:</b> Elevated Opex at 2.7% of assets due to IT and infra investments.</li> <li><b>AT-1 Litigation:</b> Potential CET-1 ratio upside if AT-1 bond write-off is reversed, though litigation continues.</li> <li><b>Recoveries:</b> Earnings significantly aided by recoveries from the Security Receipt (SR) book.</li> </ul>
Investor Impact	<ul style="list-style-type: none"> <li><b>Growth:</b> Bank pivoting from "recovery" to "scale," focusing on high-yield granular segments.</li> <li><b>Margins:</b> NIMs remain pressured by high funding costs and the legacy PSL drag.</li> <li><b>Dilution Risk:</b> Low; capital position is sufficient for near-term growth without immediate equity infusion.</li> <li><b>Asset Mix:</b> Reduced corporate GNPA (0.8%) provides room for aggressive commercial lending.</li> </ul>
Agency / Cross Analysis	<p><b>Same Agency:</b> Upgraded from A+ (Aug 2024 review) to AA-. The upgrade marks the successful transition of the bank post-moratorium (2020). CRISIL previously flagged the 0.75% RoA as a key milestone; the bank achieving 0.8% triggered the move.</p> <p><b>Conclusion: Improvement.</b> The rating reflects the restoration of the liability franchise and structural cleanup of the balance sheet.</p>
Final Inference	<p><b>Real Structural Improvement.</b> This upgrade signals the end of Yes Bank's "distressed" era. For equity investors, the focus shifts from "survival" to "efficiency"—specifically whether the bank can offset the 30bps PSL drag to reach a sustainable 1%+ RoA.</p>