
August 26, 2010

**CARE ASSIGNS 'CARE AA' RATING TO THE LOWER TIER II BONDS OF
YES BANK LTD.**

CARE has assigned '**CARE AA**' [Double A] to the proposed Lower Tier II Bonds Issue of Yes Bank Limited aggregating to Rs.750 crore.

Instrument	Rated Amount (Rs crore)	Ratings¹
Lower Tier II Bonds	750	'CARE AA'

Rating Rationale

The rating takes into account steady improvement in the bank's profitability parameters over past few years, its demonstrated ability to maintain asset quality across business cycle, its consistently robust capital adequacy parameters along with its ability to raise capital at regular intervals to support its business growth.

The rating also factors in the track record of YBL's promoters, experienced senior management team, its risk management systems and strong technology platform. The ratings are however, constrained due to relatively limited track record of operations of the bank. YBL's low proportion of low cost Current Account - Saving Account (CASA) deposits is also a rating constraint. In addition, YBL's ability to raise low-cost resources, maintain asset quality of its fast-growing advances portfolio, sustain the high non-fund-based income and manage its asset-liability position, are the key rating sensitivities.

Company Profile

YBL is a new generation private sector bank incorporated in May 2004 promoted by Mr. Rana Kapoor and Late Ashok Kapur. Promoter holding stood at 27.16% as on March 31, 2010. The bank had 150 fully operational branches across the country, as on March 31, 2010. In January 2010, the bank raised Rs.1034 crore through its maiden Qualified Institutions Placement (QIP).

YBL has witnessed a rapid growth [at a Compounded Annual Growth Rate (CAGR) of 49% from FY07 to FY10] in its asset size to reach Rs.36,317 crore as on March 31, 2010. Deposits of the bank rose about 66% to Rs.26,799 crore as on March 31, 2010 and Advances by 79% to Rs.22,193 crore. YBL reported PAT of Rs.478 crore (FY09:Rs.304 crore) on total income of Rs.2,945 crore (FY09:Rs.2,438 crore). YBL reported Capital Adequacy Ratio (CAR) of 20.60% (under Basel II) as on March 31, 2010. Gross Non Performing Assets (NPA) ratio and net NPA ratio as on March 31, 2009 stood at 0.27% and 0.06%, respectively.

¹ Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

YBL reported a PAT of Rs.156 crore for Q1FY11 on a Total Income of Rs.883 crore. The Bank's Gross and Net NPA(%) stood at 0.23% and 0.04% respectively as on June 30, 2010. YBL's Capital Adequacy stood at 20.61% (Basell II) as on June 30, 2010.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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