

Credit rating for Yes Bank shaved ahead of \$2 billion capital-raising

Source : ANI | 26th December 2019, 16:27 GMT+11



MUMBAI,India - Brickwork Ratings has downgraded the rating of Yes Bank's various long-term bond issues worth Rs 1,330 crore as India's fourth-largest private sector lender grapples with the overhang of stressed assets.

The rating downgrade necessarily factors in the bank's higher levels of slippages to non-performing assets (NPAs) in Q1 (Rs 6,230 crore) and Q2 (Rs 5,950 crore) of FY20.

Brickwork said it expects the NPAs to continue at similar high levels for the ensuing two quarters of FY20. Besides, the bank has substantial exposure to sensitive sectors, groups and accounts, and faces uncertainties over raising adequate capital.

Maintaining capital adequacy ratios above the minimum regulatory requirement is another key constraint.

"The outlook will continue as negative, considering the risk of continuing weakness in asset quality," said Brickwork adding it will continue to monitor capital raising plans of the bank to provide cushion to absorb any increase in risk weighted assets and assist credit growth.

Yes Bank plans to raise two billion dollars of capital for FY20.

Founded in 2004, it has been one of the fastest growing private banks in India with pan-India presence covering 53 metros, 29 states and 7 union territories.

The bank has 1,120 branches, 1,456 ATMs and employee headcount of 21,136. It has increased headcount mainly in the retail and branch banking.