

Issue highlights

- Incorporated on November 21, 2003 Yes Bank Limited ("Yes Bank") is **India's 6th Largest Private Sector Bank** on the basis of total standalone assets as at March 31, 2019.
- On March 5, 2020, the Central Government, based on the RBI's application, imposed a moratorium effective from March 5, 2020 up to and inclusive of April 3, 2020. The RBI superseded the board of directors of the Bank on March 5, 2020. Subsequently, on March 6, 2020, the RBI proposed a draft reconstruction scheme. Further on March 13, 2020, the Government of India notified the Yes Bank Ltd Reconstruction Scheme 2020 ("**Reconstruction Scheme**"). Among other things, the Reconstruction Scheme provided for cessation of the imposed moratorium with effect from March 18, 2020. The Board was reconstituted with 8 eminent professionals. Since the implementation of the Reconstruction Scheme, they have formulated new strategic objectives which aim at augmenting deposit base and liquidity buffers, optimizing operating costs, building stronger governance and underwriting framework and focusing on stressed assets resolution over the next 6 to 12 months.
- State Bank of India and other investors in the Scheme, including HDFC, ICICI Bank, Axis Bank, Kotak Mahindra Bank, The Federal Bank, Bandhan Bank and IDFC First Bank invested an amount aggregating to ₹ 10,000 crore in the Bank.
- In April 2020, they completed a reorganisation where multiple corporate products and relationship units have been aggregated into the Wholesale Banking unit which will be asset-light, liability-led and transaction heavy.
- The bank provides a knowledge-based approach to banking; invested in latest technology infrastructure and applications; and develop a scalable platform as they focus on its retail and MSME advances. As of March 31, 2020, it has 50 dedicated SME branches in SME hubs.
- The Bank has a network of 1,135 branches and 1,423 ATMs. Its' extensive network of branches include 250 hub branches, 850 spoke branches, and with approximately 85% of their branches with more than 3 years vintage.

Brief Financial Details*

(₹ In Cr)

	As at March 31,		
	2020	2019	2018
Share Capital	2,510.09	463.01	460.59
Reserves as stated	19,184.87	26,424.40	25,291.91
Net worth	21,694.96	26,887.41	25,752.51
Deposits	105,311.17	227,557.90	200,688.60
Deposits Growth (%)	(53.72)%	13.39%	-
Borrowings	113,790.50	108,424.11	74,893.58
Borrowings Growth (%)	4.95%	44.77%	-
Interest Earned	26,052.02	29,623.80	20,268.60
Interest Earned Growth (%)	(12.06)%	46.16%	-
Net Profit/Loss for the year	(16,432.58)	1,709.27	4,233.22
Net Profit as % to revenue	(63.08)%	5.77%	20.89%
Net Interest Margin (%)	2.30%	2.97%	3.39%
Gross NPA (%)	16.80%	3.22%	1.28%
Net NPA (%)	5.03%	1.86%	0.64%
EPS (₹) as stated	(56.11)	7.40	18.46
RoNW (%)	(81.94)%	6.49%	17.72%
Net Asset Value (₹)	17.29	116.14	111.82

Source: RHP *Consolidated Statement

Issue Details

Fresh Issue of Equity shares aggregating upto ₹ 15,000 Cr

Issue summary

Issue size: ₹ 15,000 Cr
No. of shares: 12,515,151,514 - 11,551,282,050
Face value: ₹ 2
Employee Reservation: Equity shares aggregating upto ₹ 200 Cr

Issue summary

Price band : ₹ 12 - 13
Bid Lot: 1,000 Shares & in multiple thereof
Discount for Employee: ₹ 1/- per Share

Post Issue Implied Market Cap (as per the price band) =

₹ 30,079 – 31,332 Cr

BRLMs: Axis Capital, Kotak Mahindra Capital, SBI Capital Markets, Citigroup Global, DSP ML, HSBC Securities, ICICI Securities, Yes Securities

Registrar: KFin Technologies Pvt. Ltd.

Issue opens on: Wednesday, 15th Jul'2020

Issue closes on: Friday, 17th Jul'2020

Anchor Investor Bidding shall be on 14th Jul'2020.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	22-07-2020
Refunds/Unblocking ASBA Fund	23-07-2020
Credit of equity shares to DP A/c	24-07-2020
Trading commences	27-07-2020

Issue break-up

	No. of Shares	₹ In Cr	% of Issue
QIB*	6,166,666,666 - 5,692,307,691	7,400	50%
NIB	1,850,000,000 - 1,707,692,308	2,220	15%
Retail	4,316,666,667 - 3,984,615,385	5,180	35%
Emp	181,818,182 - 166,666,666	200	-
Total	12,515,151,514 - 11,551,282,050	15,000	100%

* Company may allocate up to 60% Shares of the QIB Portion to Anchor Investors.

Listing : BSE and NSE

Shareholding (No. of Shares)

	Pre issue	Post issue [^]	Post issue#
No. of shares	12,550,472,231	25,065,623,745	24,101,754,281

[^]@ Upper price Band [#]@ Lower Price Band

The Bank is a 'listed entity with no promoters' in terms of the SEBI Listing Regulations, pursuant to SEBI's letter dated June 9, 2020, bearing reference no. SEBI/HO/CFD/CMD1/OW/2020 and approvals issued by the Stock Exchanges, each dated June 12, 2020, pursuant to Regulation 31A of the SEBI Listing Regulations.

BACKGROUND

Company and Directors

The Bank was incorporated on November 21, 2003. The Bank filed a prospectus dated June 24, 2005, in respect of an IPO of its equity shares of face value of ₹ 10 each. Such equity shares were listed on BSE and NSE pursuant to the IPO.

On March 5, 2020, the Central Government, based on the RBI's application, imposed a moratorium effective from March 5, 2020 up to and inclusive of April 3, 2020. The RBI superseded the board of directors of the Bank on March 5, 2020. Subsequently, on March 6, 2020, the RBI proposed a draft reconstruction scheme. Further on March 13, 2020, the Government of India notified the Yes Bank Ltd Reconstruction Scheme 2020 ("**Reconstruction Scheme**"). Among other things, the Reconstruction Scheme provided for cessation of the imposed moratorium with effect from March 18, 2020. The Board was reconstituted with 8 eminent professionals with vast experience within the banking industry. Since the implementation of the Reconstruction Scheme, they have formulated new strategic objectives which aim at augmenting deposit base and liquidity buffers, optimizing operating costs, building stronger governance and underwriting framework and focusing on stressed assets resolution over the next 6 to 12 months.

Salient Features of the Reconstruction Scheme

Share Capital

1. The authorised share capital of the Bank was increased to ₹ 6,200 crore, comprising equity share capital of ₹ 6,000 crore and preference share capital of ₹ 200 crore;
2. State Bank of India ("SBI") and other investors in the Scheme, including HDFC, ICICI Bank, Axis Bank, Kotak Mahindra Bank, The Federal Bank, Bandhan Bank and IDFC First Bank invested an amount aggregating to ₹ 10,000 crore in the Bank at a price of ₹ 10 per Equity Share of the Bank (₹ 2 face value with a ₹ 8 premium);
3. SBI is required to hold at least 26% of the equity share capital of the Bank (for a period of 3 years from the date of allotment of the Equity Shares pursuant to the Reconstruction Scheme i.e. March 14, 2020) and shall not hold more than 49% of the equity share capital of the Bank;
4. HDFC, ICICI Bank, Axis Bank, Kotak Mahindra Bank, The Federal Bank, Bandhan Bank and IDFC First Bank are subject to a 3 year lock-in for 75% of the Equity Shares allotted to them under the Reconstruction Scheme from the commencement of the Reconstruction Scheme i.e. March 13, 2020;
5. Existing shareholders (other than existing shareholders holding less than 100 equity shares) in the Bank as on March 13, 2020, are subject to a lock-in for 75% of their shareholding for a period of 3 years from the commencement of the Reconstruction Scheme, i.e. from March 13, 2020; and
6. SBI, HDFC, ICICI Bank, Axis Bank, Kotak Mahindra Bank, The Federal Bank, Bandhan Bank and IDFC First Bank shall be treated as 'public shareholders' of the Bank for a period of 5 years from the date of allotment of Equity Shares to them under all applicable laws.

Board of Directors

Until the later of one year from the Reconstruction Scheme or until an alternate Board is constituted, the composition of Bank Board is, and shall be, governed by the provisions of the Reconstruction Scheme. Post constitution of an alternate Board, the composition of the Board shall be governed by the provisions of the Banking Regulation Act, the Companies Act, the SEBI Listing Regulations and the Articles of Association.

Pursuant to the Reconstruction Scheme, the Board was reconstituted after 7 days from cessation of the Moratorium with:

- Prashant Kumar as the Managing Director and Chief Executive Officer
- Sunil Mehta as the Non-Executive Chairman
- Mahesh Krishnamurti as the Non-Executive Director
- Atul Chunilal Bheda as the Non-Executive Director

Further, as per the Reconstruction Scheme:

- SBI was required to nominate 2 officers as Directors, in addition to the Directors specified above;
- The RBI may appoint one or more persons as Additional Directors, as it may consider necessary;

- Any of HDFC, ICICI Bank, Axis Bank, Kotak Mahindra Bank, The Federal Bank, Bandhan Bank and IDFC First Bank, who is permitted to have voting rights of 15%, shall have the right to nominate one director on the Board;
- The Board may, at its discretion, co-opt more Directors to it. However, the total number of Directors, excluding the Additional Directors, shall not exceed the maximum 15 as prescribed by the Bank's Articles of Association.

Consequently, the Board presently consists of 8 Directors, comprising the Managing Director and Chief Executive Officer, 5 Non-Executive Directors (including 2 Nominee Directors) and 2 Additional Directors.

Details regarding the Board of Directors:

Prashant Kumar is the Managing Director and Chief Executive Officer of the Bank. He has over 35 years of experience in the banking field. In his long service in SBI, he had the opportunity to work in various areas of banking such as credit, retail banking, human resources & strategic training and finance.

Sunil Mehta is the Non-Executive Chairman of the Bank. He has over three and a half decades of experience in banking, financial services, insurance and investments, which includes his time with Citibank and AIG. He headed the Sashakt panel, which was appointed by the Government of India that penned an approach to resolve the pool of NPAs for public sector banks.

Mahesh Krishnamurti is the Non-Executive Director of the Bank. He has extensive experience in partnering closely with senior leadership teams in some of the most dynamic companies in the world.

Atul Chunilal Bheda is the Non-Executive Director of the Bank.

Rama Subramaniam Gandhi and **Ananth Narayan Gopalkrishnan** are the Additional Director of the Bank and are appointed by the RBI.

Partha Pratim Sengupta and **Swaminathan Janakiraman** are the Nominee Director of SBI on the board of the Bank.

OBJECTS OF THE ISSUE

Objects	Amount (₹ In Cr)
Ensuring adequate capital to support growth and expansion, including enhancing the Bank's solvency and capital adequacy ratio	[•]
General Corporate Purposes	[•]
Total	[•]

As of March 31, 2020, the Bank's CET 1 ratio was at 6.3%. The RBI had prescribed a minimum CET 1 ratio of 7.375% by March 31, 2020. This minimum CET 1 ratio requirement will increase to 8% by September 30, 2020. In order to comply with the requirements of the RBI with respect to CET 1 ratio and support the Bank's growth plans, it is important to have adequate equity capital.

BUSINESS OVERVIEW

Yes Bank Limited ("Yes Bank") is **India's 6th Largest Private Sector Bank** on the basis of total standalone assets as at March 31, 2019. Yes Bank is a full-service Commercial Bank specialising in Merchant Banking, Digital Banking, Brokerage Business, Asset Management and Investment Banking. Its' presence covers all (28 States and 8 Union Territories in India and 1 representative office in Abu Dhabi. As of March 31, 2020, the Bank has a network of 1,135 branches and 1,423 ATMs. Its' extensive network of branches include 250 hub branches, 850 spoke branches, and with approximately 85% of their branches with more than 3 years vintage.

Yes Bank has been recognized in India, as well as globally, with various awards and recognitions, such as winner of the "Most Customer Centric Bank" in the medium-size banks category, and runner up for "Best Technology Bank of the Year" and "Best Use of Data and Analytics" in the medium-size banks category at the Indian Banks' Association Banking Technology Awards in 2019, "Best Bank for SMEs in India" by Asiamoney Best Banks Awards 2019 and ranked 1st for "Dream Company to Work For" and "Best Employer Brand" at the 13th Employer Branding Awards, in 2019. It also ranked 1st as a remitter bank for IMPS by National Payments Corporation of India ("NPCI") in the peer group for 2019 and 1st with regard to promotion of Digital Payment and exemplary performance in Digital Payments across 56 Public and Private sector banks in India by the Ministry of Electronics & Information Technology.

The bank provides a **knowledge-based approach to banking** that adds value for its customers by allowing them to capitalize on its knowledge in specific business sectors as well as across products. This approach, enabled further by the use of efficient technology-based solutions, strengthens the relationships with the customers by allowing bank to develop those existing relationships to cross-sell their full range of product and service offerings, with increasing thrust on transaction banking and payments.

As a new generation bank, Yes Bank has been able to **invest in latest technology infrastructure and applications** to enhance customer experience across all service delivery channels, including digital banking. It has undertaken several IT and digital initiatives that are expected to contribute to its business in the near future, including its Aadhar Enabled Payment System, Immediate Payment Service and Unified Payments Interface.

Yes Bank aims to **develop a scalable platform as they focus on its retail and MSME advances**. Its strategic initiatives in the enhancement of its MSME capabilities include financing vendors of corporate, tie ups with trade and industry relationships and expanding their liability business through branches and CRM based sourcing. **As of March 31, 2020, it has 50 dedicated SME branches in SME hubs**. The Bank intends to increase its customer base in its Corporate Banking, MSME Banking and Retail Banking business segments through a focused customer relationship management approach.

As of March 31, 2020 Yes Bank has 3 subsidiaries, YES Securities, YES Asset Management (I) Ltd. ("YAMIL") and YES Trustee Ltd. ("YTL"). YES Securities is engaged in the business of merchant banking, investment banking, institutional sales and trading and equity research. YAMIL offers the services of an investment manager and YTL acts as a trustee to YAMIL.

International Footprint

Yes Bank has established its international presence through a representative office in Abu Dhabi, United Arab Emirates, in April 2015. This office facilitates a host of banking, financial and investment consultation services in the UAE and plays a significant role in promoting bank's services to the NRIs in the country.

Yes Bank is the first bank in India to commence operations at the International Financial Services Center in GIFT City, Gujarat, in October 2015. The balance sheet size of its IFSC Banking Unit is U.S.\$186.88 crore as on March 31, 2020.

The major performance highlights as of March 31, 2020:

- The Total Assets were ₹257,832.16 crore
- The Total Deposits were ₹105,311.17 crore
- The CASA deposits for the bank were ₹28,046.10 crore
- The Advances were ₹171,433.09 crore
- The Total Advances made by its Wholesale Banking and Business & Retail Banking divisions amounted to ₹109,166.42 crore and ₹62,276.87 crore, respectively, which represent 63.68% and 36.32% of its total advances respectively.
- The Net Loss of ₹16,432.58 crore for the fiscal year 2020 due to heightened slippages during fiscal year 2020 and consequent provisioning.
- The number of Branches has increased from 1,100 as of March 31, 2018 to 1,135 as of March 31, 2020.

STREAMLINED RISK MANAGEMENT CONTROLS, POLICIES AND PROCEDURES

The Bank has focused on pro-actively recognizing bad loans as it continues to account for loan slippages in fiscal year 2020. Additionally, the Bank has decided to increase its coverage ratio on its NPA loans beyond the RBI requirements with a provision coverage ratio on advances at 73.77%.

Going forward, the Bank has set the following strategic objectives:

- Rebuild the foundation and calibrate growth over the next 6 to 12 months:
 - Rebuild liabilities and liquidity buffers;
 - Optimise cost;
 - Strengthen the governance and underwriting framework; and
 - Focus on stressed assets resolution.
- Medium-term objectives:
 - Stabilise liability mix and lower cost of funds with and aim to increasing CASA ratio to more than 40%;
 - Provide granular advances, with retail and MSME being more than 60%;
 - Enhance corporate flows and cross-selling through transaction banking; and
 - Increase ROA to above 1% within the next 1 to 3 years and above 1.5% within the next 3 to 5 years.

While its CASA ratio reduced from 32.1% to 26.6% from December 31, 2019 to March 31, 2020 due to the substantial withdrawal of deposits during the fiscal year 2020, the Bank is committed to increasing the volume of its CASA and granular term deposits.

BUSINESS UPDATE – COVID 19

Significant steps to mitigate the impact of COVID-19 related lockdown,

- The Bank ensured availability of Services in 95+ of all branches/ ATMs.
- The electronic and digital channels are available 24 hours to provide banking services to its customers.
- Quickly ramped up its remote access capability and was able to cover critical activities from day 1, at this stage bank deployed 10,000+ remote users working towards supporting business using remote access systems with the ability of further expansion as needed.
- Sequential planning of employee working shift with twin objectives was introduced. This extended the window for customer service at branches and avoided employee travel at peak hours.
- Critical v/s non critical activities were immediately reviewed, where 1,000 critical users were already performing their activities from remote locations as part of business as usual before lockdown.

Moratorium:

- In accordance with the RBI guidelines relating to COVID-19 Regulatory package, the Bank has offered a moratorium of 6 months on the payment of all unpaid instalments and /or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as 'Standard' as on Feb 29, 2020.
- Overdue exposures as on Feb 29, 2020 has a total outstanding amount of ₹15,010.55 Cr as on March 31, 2020 of which NPAs standstill as on March 31, 2020, was ₹2,712.95 Cr against which Provisioning of ₹237.84 Cr.

COMPETITIVE STRENGTHS

- Simplified organisation structure backed by marquee institutions and experienced leadership team
- Differentiated technology platform leading to digital leadership
- Well-established granular banking platform with a strong focus on retail and SME advances
- Diverse and scalable revenue streams
- Strong governance and underwriting framework
- Knowledge - based approach to banking enabling cross -selling
- Wide Pan India Presence
- Award winning quality of service with customer centric approach

KEY BUSINESS STRATEGIES

- Liability Led Business Model
- Sustainable and diversified revenue generation
- Focus on cost optimization
- Enhancing brand value and strengthening corporate governance
- Leverage digital capabilities to scale business
- Strengthen risk management framework

COMPARISON OF ACCOUNTING RATIOS WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2020)

Name of the Bank	Standalone/ Consolidated	Face Value	Total Income (₹ Cr)	EPS (Basic)	NAV	P/E (Basic)	RoNW (%)
Yes Bank Ltd*	Consolidated	2	38,008.10	(56.11)	17.29	[•]	(81.94)%
IndusInd Bank	Consolidated	10	35,735.50	64.33	486.70	7.74	13.92%
RBL Bank	Consolidated	10	10,696.70	11.04	207.67	16.22	5.75%
IDFC Bank	Consolidated	10	17,962.70	(5.94)	32.02	NM	NM
Federal Bank	Consolidated	2	15,472.20	7.94	74.36	6.81%	11.16%

*All data as per Restated Financial Statement for the year ended March 31, 2020, NM=not meaningful

All financial statement related values are for fiscal year 2020 and on consolidated basis

Share price as per NSE, closing prices as of July 6, 2020

RISK FACTORS AFFECTING COMPANY OPERATIONS

- Any increase in the portfolio of NPAs or NPIs, RBI-mandated provisioning requirements or restructured advances could materially and adversely affect Bank's business.
- The auditors have highlighted that a material uncertainty exists relating to its going concern.
- Non-compliance with the RBI's observations may have a material adverse effect on its reputation, business, financial condition and results of operation.
- The bank previously been fined by the regulators due to non-compliance with the guidelines relating to the recognition of NPAs.
- The Bank is in breach of certain restrictive covenants contained in its financing arrangements and if the lenders choose to exercise their rights for any such breach, it may have an adverse effect on its business, cash flows, financial condition and results of operations.
- Payment of interest in relation to Banks outstanding hybrid debt capital instruments is subject to certain regulatory restrictions prescribed by the RBI.
- The Bank is exposed to certain NPAs concentrations with respect to the size of its corporate loans, the nature of its micro, small and medium-sized enterprises loans, and its loans to priority sectors, for example, resulting in increased risk of higher NPAs levels.
- In the course of its business, the Bank is exposed to loan concentrations with respect to specific borrowers and also corporate borrowers in general and defaults by them would adversely affect bank's business, financial condition, results of operations and prospects.
- The Bank is currently in breach of certain statutory requirements as to its financial ratios and may continue to be in breach of the same.
- There is no assurance that its growth will continue at a rate similar to what they have experienced in the past, or at all. In the event that they continue to record negative EPS, it may adversely affect its business and financial condition.

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