

RBI RECONSTRUCTION PLAN FOR CRISIS RIDDEN YES BANK

Standalone Balance Sheet	in Rs. Cr.	
	Mar 19	18-Mar
	12 mths	12 mths
EQUITIES AND LIABILITIES		
SHAREHOLDER'S FUNDS		
Equity Share Capital	463.01	460.59
Total Share Capital	463.01	460.59
Reserves and Surplus	26,441.19	25,297.69
Total Reserves and Surplus	26,441.19	25,297.69
Total Shareholders Funds	26,904.20	25,758.28
Deposits	227,610.18	200,738.15
Borrowings	108,424.11	74,893.58
Other Liabilities and Provisions	17,887.68	11,055.60
Total Capital and Liabilities	380,826.17	312,445.60
ASSETS		
Cash and Balances with Reserve Bank of India	10,797.74	11,425.75
Balances with Banks Money at Call and Short Notice	16,091.77	13,308.62
Investments	89,522.03	68,398.94
Advances	241,499.60	203,533.86
Fixed Assets	817	832.39
Other Assets	22,098.02	14,946.04
Total Assets	380,826.17	312,445.60
OTHER ADDITIONAL INFORMATION		
Number of Branches	1,120.00	1,100.00
Number of Employees	21,136.00	18,238.00
Capital Adequacy Ratios (%)	17	18

The Reserve Bank on Thursday (05/03/2020) imposed a moratorium on the capital-starved Yes Bank and capped withdrawals at Rs 50,000 per account till further orders. The board of Yes Bank has also been superseded with immediate effect, the Reserve Bank of India (RBI) said in a late evening statement. Former SBI CFO Prashant Kumar has been appointed as administrator for Yes Bank. As a result Shares of YES Bank and State Bank of India came under huge selling pressure on Friday as developments unfolded regarding SBI picking stake in the private lender. Shares of the lender hit record low of Rs 5.65, plunging 85 per cent, and were trading below its previous low of Rs 8.16 hit on March 9, 2009. SBI, on the other hand, slumped 11 per cent to Rs 257.35 on the BSE. In the past three months, share price of the private lender has plunged 41 per cent, while the state-owned lender has slipped 14 per cent.

During the moratorium, which came into effect from 6 pm on Thursday, YES Bank will not be allowed to grant or renew any loans, and "incur any liability", except for payment towards employees' salaries, rent, taxes and legal expenses, among others.

RBI RECONSTRUCTION PLAN

The Reserve Bank of India (RBI) placed in public domain a draft scheme of reconstruction for Yes Bank on Friday, a day after it superseded the board of troubled private sector lender with immediate effect. At the same time, State Bank of India has expressed its willingness to make investment in Yes Bank and participate in its reconstruction scheme. The draft plan proposes that the investor bank will invest in the reconstructed bank for up to 49 per cent stake. The investor bank shall agree to invest in the equity of reconstructed Yes Bank to the extent that post infusion, it holds 49% shareholding in the reconstructed bank at a price not less than 10 (RS 8 PREMIUM) @ face value of 2. According to RBI, SBI has expressed willingness to invest in Yes Bank.

KEY HIGHLIGHTS

In the draft, RBI said the strategic investor bank will have to pick up 49 percent stake and it cannot reduce holding to below 26 percent before three years from the date of capital infusion. The draft 'reconstruction scheme' said Yes Bank's authorized capital will increase to 5,000 crore (from 600 crore currently) and the paid-up capital will be enhanced to 4,800 crore, comprising 24 billion shares of 2 face value. This will be effective from the day the government notifies the scheme in the Official Gazette. Currently, there are 2.55 billion fully paid-up shares issued, totaling 510 crore.

From the appointed date, the authorised capital of the private sector bank would stand altered to Rs 5,000 crore and the number of equity shares to 2,400 crore having face value of Rs 2 each. This means that SBI will pay about 11,760 crore for the stake purchase. Existing shareholders own 255 crore shares, and they will end up with a roughly 11% stake in the company. The balance 40% stake will presumably be held by other institutions and investors, who will need to infuse roughly 9,600 crore, assuming the acquisition price is 10 per share. **There is news that the government may possibly twine in Life Insurance Corporation of India (LIC) to unite a conglomerate lead by State Bank of India to procure a bet and infuse funds in under pressure lender. However we believe its a difficult task as state-owned insurer already owns 51 per cent of IDBI Bank after a stake purchase from the government. IRDAI rules allow an insurer to hold only 15 per cent equity stake in an entity to ensure there is no concentration of risks. In June 2018, the insurance regulator made an exception to allow LIC to hold 51 percent in IDBI Bank. Plus, LIC is headed for an initial public offering in FY21, and it may not want to create an adverse perception among investors ahead of a public float.**

Yes Bank Capital Structure				
Period		Instrument	CAPITAL (Rs. cr) —	
From	To		Authorised	Issued
2018	2019	Equity Share	600	463.01
2017	2018	Equity Share	600	460.59
2016	2017	Equity Share	600	456.49
2015	2016	Equity Share	600	420.53
Period		- PAID UP -		
From	To	Shares (nos)	Face Value	Capital
2018	2019	2315033039	2	463.01
2017	2018	2302967245	2	460.59
2016	2017	456485813	10	456.49
2015	2016	420531641	10	420.53

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Data Source : ACE Equity

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