YES BANK

ANNUAL REPORT 2012-13

Say YES to Balanced Growth

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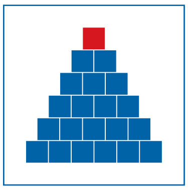
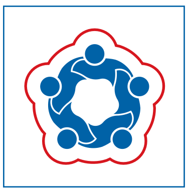
Balanced Growth

YES BANK's Version 2.0 Vision & Strategy (2010-2015) is characterised by granularity and scalability.

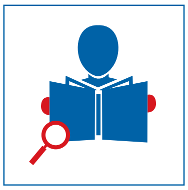


Balanced Growth aims to achieve a greater balance of businesses across various segments of the Bank. Our knowledge-driven approach of focusing on the "Future Industries of India" and creatively using technology to innovate customer services for all segments of the population, underscores our commitment to achieve a Balanced Growth for India.

Since inception, we have evolved a comprehensive balance in the way we manage our portfolio (deposits and liabilities), innovate on customer-centric products and service offerings and drive sectoral and geographic penetration. This has enabled us to emerge as one of the leading private banks of India for institutional and retail customers.



Our human capital, processes, systems & controls, technology infrastructure, risk management, culture of innovation and governance have been aligned to strengthen our industry position and facilitate a fine balance between business priorities and social interventions.



Our knowledge-driven strategy allows us deep and wide insights across multiple sectors: Food & Agriculture, Infrastructure, Healthcare & Life Sciences, Communications & Technology, Media & Entertainment, Environment & Sustainability and Education & Social Infrastructure.

By focusing our banking excellence to help drive economic opportunities, we endeavour to create sustainable value for all stakeholders.

About Us

At YES BANK, our differentiation begins with a simple word 'Yes'

'YES' represents our true spirit of being service-oriented. This spirit is supported by key facets, which distinguish us from our peers. These facets comprise knowledge, human capital, technology and responsibility.

We are India's fourth largest private sector bank. We have steadily built a full-service commercial bank with Corporate, Retail and SME Banking platforms, with a comprehensive product suite of Financial Markets, Investment Banking, Corporate Finance, Branch Banking, Business and Transaction Banking and Wealth Management.

Vision

YES BANK's vision is to become the 'Best Quality Bank of the World' in India and evolve its organisational ethos into the "Professionals' Bank of India".

Quick Facts

NO. OF BRANCHES

2012-13	430
2011-12	356

NO. OF ATMs

2012-13	951
2011-12	606

LOAN BOOK (In ₹ Crores)

2012-13	46,999.6
2011-12	37,988.6

DEPOSITS (In ₹ Crores)

2012-13	66,955.6
2011-12	49,151.7

CASA (%)

2012-13	18.9
2011-12	15.0

NO. OF EMPLOYEES

2012-13	7,024
2011-12	5,642

BALANCE SHEET SIZE (In ₹ Crores)

2012-13	99,104.1
2011-12	73,625.7

Stock Information

Bombay Stock Exchange (BSE)	National Stock Exchange (NSE)	ISIN
BSE Code **532648**	NSE Code **YESBANK**	**INE528G01019**

YES BANK Version 2.0

Building the Best Quality Bank of the World in India

YES BANK is committed to its long-term vision of Building the Best Quality Bank of the World in India through utmost dedication, passion and commitment, backed by a highly differentiated financial and business model to achieve robust and sustained growth. Since inception in 2004, we have crossed many significant milestones that stand testimony to our Innovation and Excellence in creating a new paradigm in Indian Banking.

On April 1, 2010, we embarked on an ambitious journey into the next phase of growth and launched YES BANK – VERSION 2.0, which is clearly the most stimulating phase in the life cycle of YES BANK with an objective of establishing 900 branches, 2,000 ATMs, 12,750 employees, a ₹ 125,000 Crores deposit base, a ₹ 100,000 Crores loan book and a ₹ 150,000 Crores Balance Sheet size by 2015.

2012-13 marked the third year of an ambitious journey to achieve level-next growth. During the year, we have taken major strides to achieve our target, and are suitably positioned for another year of well balanced growth. Today, we have established 430 branches and over 950 ATMs and have an approximately ₹ 67,000 Crores deposit base, a ₹ 47,000 Crores loan book and a ₹ 100,000 Crores Balance Sheet, while maintaining pristine asset quality and class leading shareholder returns.

Brand Pillars

At YES BANK, balanced growth is supported by our five Brand Pillars:

Growth: YES BANK's core promise of growth for stakeholders is represented through 'Say YES to Growth!'

Trust: YES BANK's leadership team is of the highest pedigree with a demonstrated track record reinforcing our motto: 'Say YES to Trust!'

Human Capital: YES BANK has adopted a knowledge-driven, entrepreneurial management approach and offers financial solutions beyond the traditional realm of banking. YES BANK's top quality Human Capital represents the finest talent in the Indian banking sector.

Technology: YES BANK is establishing the highest standards in customer service by adopting cutting-edge, innovative technology. The only thing constant about technology used at YES BANK is evolution.

Transparency and Responsible Banking: YES BANK considers Transparency and Accountability to be of utmost importance. YES BANK has established one of the most stringent Corporate Governance norms, and is committed to Responsible Banking by focusing on Sustainability and Social Responsibility.

Financial Highlights

TOTAL ASSETS (₹ in Crores)

2012-13	99,104.1
2011-12	73,625.7
2010-11	59,007.0
2009-10	36,382.5
2008-09	22,900.8

SHAREHOLDER FUNDS (₹ in Crores)

2012-13	5,807.7
2011-12	4,676.6
2010-11	3,794.1
2009-10	3,089.6
2008-09	1,624.2

DEPOSITS (₹ in Crores)

2012-13	66,955.6
2011-12	49,151.7
2010-11	45,938.9
2009-10	26,798.6
2008-09	16,169.4

CASA RATIO (%)

2012-13	18.9
2011-12	15.0
2010-11	10.3
2009-10	10.5
2008-09	8.7

ADVANCES (₹ in Crores)

2012-13	46,999.6
2011-12	37,988.6
2010-11	34,363.6
2009-10	22,193.1
2008-09	12,403.1

GROSS NPA (%)

2012-13	0.20
2011-12	0.22
2010-11	0.23
2009-10	0.27
2008-09	0.68

NET NPA (%)

2012-13	0.01
2011-12	0.05
2010-11	0.03
2009-10	0.06
2008-09	0.33

CAPITAL ADEQUACY RATIO (CAR) (%)

2012-13	18.3
2011-12	17.9
2010-11	16.5
2009-10	20.6
2008-09	16.6

NET INTEREST INCOME
(₹ in Crores)

2012-13	2,218.8
2011-12	1,615.6
2010-11	1,246.9
2009-10	788.0
2008-09	509.3

NON-INTEREST INCOME
(₹ in Crores)

2012-13	1,257.4
2011-12	857.1
2010-11	623.3
2009-10	575.5
2008-09	436.9

NET PROFIT
(₹ in Crores)

2012-13	1,300.7
2011-12	977.0
2010-11	727.1
2009-10	477.7
2008-09	303.8

NET INTEREST MARGIN
(%)

2012-13	2.9
2011-12	2.8
2010-11	2.9
2009-10	3.1
2008-09	2.9

COST INCOME RATIO
(%)

2012-13	38.4
2011-12	37.7
2010-11	36.4
2009-10	36.7
2008-09	42.7

RETURN ON ANNUAL AVERAGE ASSETS
(%)

2012-13	1.5
2011-12	1.5
2010-11	1.5
2009-10	1.6
2008-09	1.5

RETURN ON EQUITY
(%)

2012-13	24.8
2011-12	23.1
2010-11	21.1
2009-10	23.7
2008-09	20.7

BASIC EARNINGS PER SHARE
(₹)

2012-13	36.5
2011-12	27.9
2010-11	21.1
2009-10	15.7
2008-09	10.2

Managing Director and CEO's Communiqué

RANA KAPOOR
Managing Director & CEO

Dear Shareholders,

When I wrote to you last, the global economic recovery was witnessing deceleration in growth momentum, led by intensification of the Eurozone crisis and the fiscal cliff facing the US policymakers. While macroeconomic conditions have not seen any significant improvement since then, global economic prospects have somewhat improved. By providing abundant monetary support, the European Central Bank has reduced tail risks in the region. US economy, while managing to avoid the fiscal cliff and resorting to steady fiscal consolidation, has shown improvement in key macroeconomic indicators. On the other hand, Japan, after several years of deflation and minimal growth, is forging a recovery path of its own. In contrast to advanced economies, growth remains relatively resilient in emerging economies, but there is a need for policies to be recalibrated to rebuild buffers and guard against financial vulnerabilities in these economies.

In India, growth was challenged in the fiscal year gone by, coming in at a decadal low of 5%. A host of factors, including high interest rates, elevated global crude oil prices, rising cost of inputs, lack of domestic policy traction and a deteriorating global environment, saw the GDP growth slip successively, with the two lynchpins of growth - Investment and Consumption - remaining weak. Additionally, inflation remained elevated through much of the year, accompanied by heightened concerns on external account, as Current Account Deficit (CAD) to GDP ratio soared to a record high. Amidst this backdrop, the Reserve Bank of India (RBI) found itself in the midst of conflicting demands of managing growth versus price stability. The recent moderation in both Wholesale Price Index (WPI) and core inflation created space for the Central Bank to shift stance decisively towards addressing growth, as it delivered a 50 bps cut between January-March 2013.

The outlook for FY 2013-14 for the Indian economy appears cautiously optimistic. The recent moderation in global commodity prices is expected to augur well for both inflation and CAD. Additionally, the Government's continued commitment towards fiscal and administrative reforms, along with expeditious execution, are bound to improve growth prospects, while creating further headroom for RBI to ease policy rates in FY 2013-14. This consonance between fiscal and monetary policy action should create enablers to usher in a sustainable turnaround for the Indian economy in FY 2013-14.

Following the Balanced Growth Mantra

At YES BANK, we are committed to a Vision and Strategy of balanced growth in these demanding times. We are consistently focusing on building scalability and granularity in the various business segments through a robust branch-banking model, while augmenting our high quality human capital.

Despite a challenging macroeconomic environment in FY 2012-13, we have continued to deliver consistent results focusing on execution as a part of our balanced growth strategy. It has enabled us to achieve highly satisfactory results and generate significant value for stakeholders. The Bank has continued to deliver on all key parameters across all four quarters. In short, it has been a rewarding journey in FY 2012-13. The Bank's total interest income increased to ₹ 8,294.0 Crores from ₹ 6,307.4 Crores in the previous year, a growth of 31.5%. Similarly, operating profit registered a 39.1% growth to reach ₹ 2,141.7 Crores from ₹ 1,540.2 Crores in the previous year. Additionally, our total balance sheet size increased 34.6% from ₹ 73,625.7 Crores as of March 31, 2012 to ₹ 99,104.1 Crores as of March 31, 2013. These factors contributed to the creation of significant shareholder value with basic and diluted EPS, increasing to ₹ 35.6 and

The Bank's total interest income grew by 31.5% in the previous year. Similarly, operating profit registered a 39.1% growth. Additionally, our total balance sheet size increased by 34.5%.

₹ 35.4, respectively, augmenting the book value to ₹ 161.9 after recommending a dividend of ₹ 6 per share.

We have also witnessed sound improvement in our low-cost deposit base, which helped to sustain and improve the margins. CASA (Current Account and Savings Account) stood at 18.9% at the end of 2012-13, against 15% in the previous fiscal. On the asset quality front, Gross Non-Performing Assets (GNPA) fell to 0.20 per cent in 2012-13 from 0.22 per cent in the previous fiscal.

During FY 2012-13, we opened 74 branches and are now present across 26 states of India. Currently, our customers are being served through an extensive branch network, comprising 430 state-of-the-art branches, spread over 275 cities across India, as well as over 950 ATMs.

I am pleased to reiterate the success of our 7% savings interest rate offering. We are witnessing a rise in corporate salary accounts and other salary accounts. Our focus is to drive greater penetration of our offering to urban, semi-urban and rural areas. Building excellence in service delivery is critical for our long-term growth and sustainability in a competitive banking environment.

Enhancing our Retail Franchise

To make the banking experience more customer-centric, we have launched new products and services, such as YES Swarn, Travel Cards and Mobile Payments. YES BANK entered into gold bullion distribution, making available reliable quality gold to its customers at competitive prices. We also launched Multi Currency International Prepaid Travel Card (at the ITB Fair in Germany, in association with the Ministry of Tourism, under the Incredible India theme) targeting overseas travellers. The YES Travel Card helps travellers avoid the inconvenience of carrying currency or travellers' cheques. The launch of mobile phone based merchant acquiring services (MPOS) will facilitate transaction-level convenience to the customer's doorstep, both in the retail and corporate segments.

CASA stood at 18.9% at the end of 2012-13, against 15% in the previous fiscal. Onthe asset quality front, Gross Non-Performing Assets (GNPA) fell to 0.20 per cent in 2012-13 from 0.22 per cent in the previous fiscal.

A Continued Focus on Responsible Banking

How do we make our business sustainable in these challenging times? My answer is simple: by being more responsible and responsive to all our stakeholders, including customers, employees, investors and the community. We are consistently working towards this objective and have been recognised for our initiatives.

We have been bestowed the 'Sustainable Bank of the Year – Asia Pacific' award at the prestigious FT/IFC Sustainable Finance Awards 2012. The Bank has won the award three times in the last four years.

The Bank won the Golden Peacock Global Award for Sustainability 2012 for integrating sustainability into corporate strategy, stakeholder inclusiveness and innovation for social responsibility. We also won the OKOVISION Sustainability Leadership Award for our commitment to sustainable banking. Acknowledging our ethical business practices, YES BANK was bestowed the CFBP Jamnalal Bajaj Uchit Vyavhar Puraskar (Fair Business Practices Award).

In line with the SEBI circular, which mandates the inclusion of Business Responsibility Reports as part of Annual Reports for listed entities, we have included our Business Responsibility Report in this Annual Report. This Report includes the Bank's Sustainability Disclosures, adhering to the GRI and NVG guidelines, highlighting your Bank's environmental and social performance for the year.

We have adopted a strategic approach towards sustainability by including wider economic, social and environmental objectives in our core business strategy. Our Responsible Banking philosophy is critical to our sustainability strategy. Our intervention helps create new growth opportunities for people at the lower middle and bottom of the social pyramid. Going forward, we will continue to emphasise on the triple bottom line approach as a measure of our performance.

During the year, and in line with our Responsible Banking ethos, we signed an MoU with IFC to jointly create a fund to invest in North-East India. The MoU will allow us to help transform opportunities existing in the North Eastern states into local livelihood prospects, resulting in greater financial inclusion in the region.

We were the only Bank and one of the only two Indian companies to be ranked highest on Corporate Governance Watch 2012 in Asia – CLSA Asia Pacific Markets (market cap less than USD 10 billion).

We also launched the YES BANK Saevus Natural Capital Awards this year. The award is India's first property to showcase responsible practices on natural capital consumption and conservation within industry and civil society.

Investing in Strategic Alliances and Event Properties

YES BANK's association with major event properties continued during the year. I am very pleased to inform you that we entered into a 5-year partnership with the Pepsi Indian Premier League (IPL) 2013-2017 as the Official Central Partner (Financial Services Category). The foremost event property in India, the IPL will provide us the platform for increased brand recognition and propel our pan-India Retail Banking initiatives.

The second edition of the FT-YES BANK International Banking Summit focused on the theme of 'Stress or Stability' and discussed issues pertinent to the global economy. The event hosted over 40 of the world's most renowned thought leaders including Strobe Talbott, N. R Narayana Murthy, Dr.Montek Singh Ahulwalia, Dr. M. VeerappaMoily and all 4 Deputy Governors of the RBI – Anand Sinha, K C. Chakrabarty, H. R. Khan and Subir Gokarn, besides a host of international banking regulators, CEO's and senior leaders from international and Indian Banks.

The inaugural edition of Emerging Corporates Excellence Awards with Business Today will recognise unlisted emerging companies for their innovation-led growth, combined with inherent resilience. Additionally, the Best CFO Survey & Awards and the SME Awards, both in association with Business Today, continued to recognise leading Indian CFOs and successful SMEs.

The India Design Forum (IDF), India's leading international design platform, brought together top architects, interior designers, product designers, fashion designers this year. The India Art Fair, India's first and only international art fair showcasing the widest range of modern and contemporary art since 2008, has become one of the most attended fairs globally.

Recognitions for Our Initiatives

I am pleased to report that we received significant institutional recognitions, awards and accolades from Indian and global media houses, consulting organisations and thought leadership forums, among others. We were awarded the prestigious Strongest Bank in India by the Asian Banker, a leading publication in Asia Pacific based out of Singapore. We were also adjudged the Best Mid-sized Bank by the Business Today-KPMG study 2012 and the Best Bank (Mid-size) by the Businessworld Best Bank Awards.

We were recognised for our consistent efforts towards corporate governance and sustainability. We were the only bank and one of the only two Indian companies to be ranked highest on Corporate Governance Watch 2012 in Asia – CLSA Asia Pacific Markets (market cap less than USD 10 billion).

The Way Forward

We are witnessing an exciting phase of growth during the span of Version 2.0. We will continue to pursue our well-orchestrated growth strategies with greater determination and courage. We are well poised to adapt suitably to the evolving economic and business environment, with agility and responsibility. Our business model, widening branch presence and an inspired culture of teamwork has put us in a strong position to meet the needs of our clients, generate higher stakeholder returns and move towards emerging as the 'Best Quality Bank of the World in India'.

I am confident that the hard work of our team and support of the entire stakeholder community will take YES BANK to greater heights of banking excellence in India.

Thank you.

Sincerely,

Rana

Rana Kapoor
Managing Director & CEO

Retail Growth

At YES BANK, we have grown our retail business by providing a holistic banking experience to our customers. This is facilitated by our extensive branch banking network of over 430 state-of-the-art branches and 950+ ATMs, spread over 275 cities across India, through innovative customer touch points, including contact centres, internet and mobile.

We have adopted a B2B2C approach to build retail businesses. This involves tapping into the entire value chain of our established corporate banking relationships, including the vendors, dealers and employees. This mutually beneficial approach ensures better access to retail clients, lower cost of acquisition and servicing, and better risk management. It also ensures operational efficiencies and management for our corporate clients.

We have taken a calibrated approach towards growing the SME & Retail businesses by largely restricting our offerings to clients within a Branch Serving Area, allowing consistent service delivery and more effective 'Know Your Customer' initiatives.

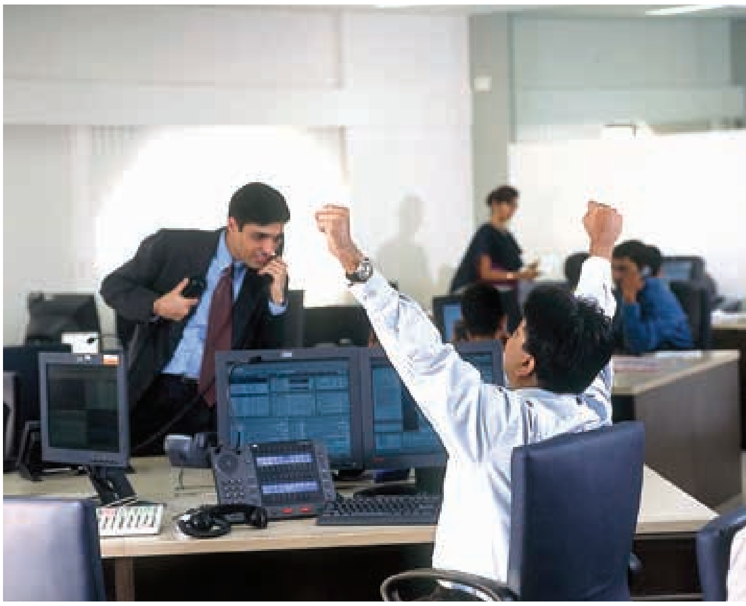
We continue to invest in building a comprehensive and highly competitive suite of SME and retail banking products to cater to the lifecycle needs of our clients. In certain segments, like Home Loans, we have opted to distribute the products of partner Housing Finance companies, rather than building our own offering at this stage.

We were the first bank to offer differentiated rates on savings account following RBI's deregulation of savings account rates in October 2011. Also, we are the first bank to offer a 7% interest rate on savings account of balances above ₹ 100,000 and 6% for balances below ₹ 100,000. To provide a boost to our retail liabilities business, we have initiated efforts towards launching our own Broking subsidiary.

These initiatives have resulted in a balanced growth of our SME and Retail businesses across advances and deposits.

Our CASA ratio improved from 15.0% in FY 2011-12 to 18.9% in FY 2012-13. In value terms, the CASA deposits have increased from ₹ 7,392.1 Crores in FY 2011-12 to ₹ 12,687.5 Crores in FY 2012-13. Our Retail products continue to perform well. CASA and Retail Banking term deposits improved from 32.7% of Total Deposits.

Growth in Corporate Banking



Corporate Banking is a key value driver in the Bank. We follow a knowledge-driven, CRM-based approach towards managing corporate relationships.

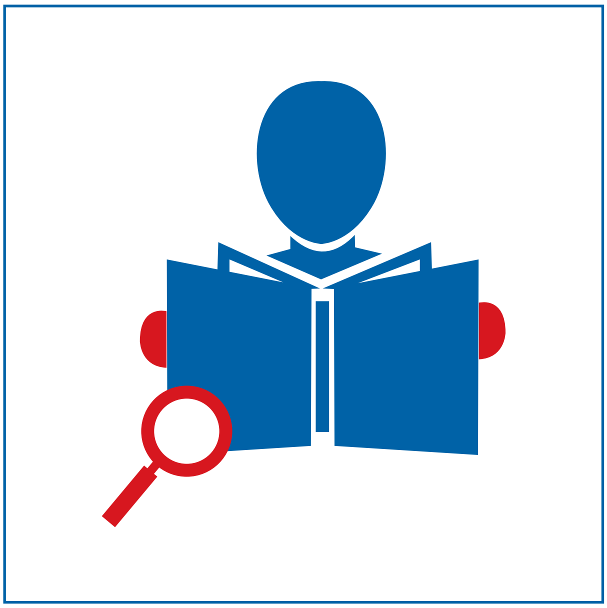
Seasoned relationship managers are assigned to a pre-filtered and well-researched set of clients to make our relationships more robust.

Relationship managers, along with our product specialists and knowledge bankers, provide clients with a complete suite of Banking services, both in India and abroad, in collaboration with our financial partners.

Our relationship management initiatives have enabled us to consistently mainstream client engagements, resulting in higher top-of-mind awareness, deeper cross-sell and proactive risk management. This is reflected in our superior asset quality and sustained growth in fee income across transaction banking, financial markets, corporate finance, investment banking and retail banking.

We achieved 37.3 % growth in net interest income and a 46.7% growth in non-interest income in FY 2012-13.

Growth through Knowledge



At YES BANK, our knowledge banking arbitrage, through in-depth domain expertise across key sun-rise sectors, has enabled us to create mind share with various stakeholders, including our clients and deliver efficient and customised banking solutions.

YES BANK's focus sectors which comprise the 'Future Industries of India,' play an important part in driving country's economic growth. As a result, YES BANK's participation in promoting India's growth story has been amply highlighted through knowledge reports, papers and thought leadership.

Specialised teams of industry experts with relevant educational backgrounds, in-depth knowledge and experience focus on knowledge verticals including:

Food & Agribusiness Strategic Advisory and Research (FASAR)

FASAR has been established to provide professional, end-to-end advisory and financial solutions for stakeholders across the entire agricultural value chain.

Strategic Initiatives, Government & Advisory (SIGA)

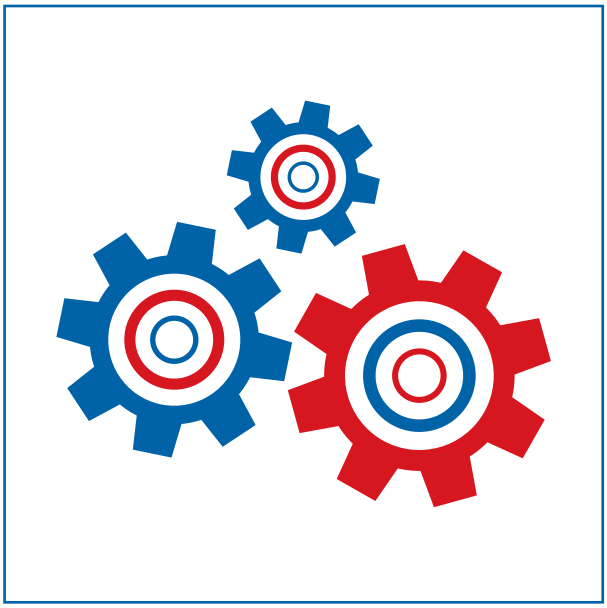
SIGA is a specialised division that manages the Bank's engagement with the Government and other key stakeholders. Its objective is to support development and economic growth in India. The division has worked with the Government through policy advocacy, project advisory and development support, particularly in attracting private sector investments for development through Public-Private Partnerships (PPP).

The division offers strategic advisory services to achieve this objective drawing on expertise in key sunrise sectors, such as Infrastructure (including Social Infrastructure), Agriculture, Tourism & Hospitality and e-Governance, both within the team and across the Bank.

Knowledge-Driven Expertise Across

- Food and Agribusiness
- Healthcare
- Life Sciences
- Media & Entertainment, Sports, Luxury and Fine Arts
- Light Engineering
- Telecommunications
- Information Technology
- Infrastructure
- Retail

Growth through Partnerships



YES BANK partners with leading industry players to facilitate engagement platform for its corporate, retail and HNI customers across business issues, sporting platforms and culture, fine arts and luxury.

Corporate Events

In the corporate space, YES BANK events have played a critical role in highlighting the important issues of the Indian economy and provide insights to them through policy and business intelligence. Our events serve as a thought-leadership platform, while the participants include esteemed thought leaders across sectors.

Over the past two years, the Financial Times - YES Bank International Banking Summit has become the de-facto platform to debate and discuss the issues faced by bankers in India and abroad. The YES Bank National CFO Forum serves as a platform to recognise Industry Best Governance Practices and CFOs.

YES BANK has instituted high pedigree awards and recognition platforms to identify and showcase best practices in the industry, in partnership with credible media houses. The BT–YES BANK Emerging Corporates Excellence Awards, which was inaugurated during the year, recognises unlisted emerging companies for their innovation-led growth, combined with inherent strengths and terrific resilience. The BT-YES BANK Best CFO Survey & Awards and the BT- YES BANK SME Awards recognise the CFOs of large and mid-size companies and promote innovative and success-driven SMEs, respectively.

Our commitment to sustainability drives several events in the space. Prominent among these are the YES BANK - SAEVUS Natural Capital Awards, launched during the year, which is a unique platform that recognises corporates and individuals who have made ecological reservation and conservation their utmost priority.

Retail Events

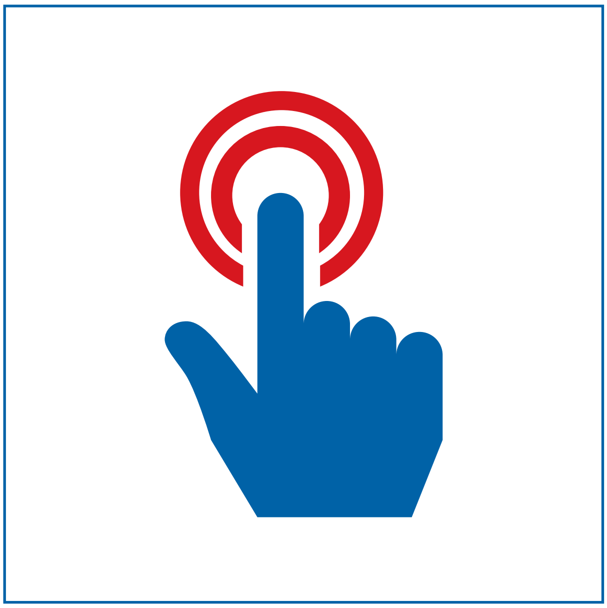
YES Bank has signed a five-year contract with the Indian Premier League (IPL) as an official partner and on-ground sponsor. The IPL, the foremost event property in India with unparalleled reach through in-stadia and TV Broadcast and on-line visibility, appeals across geographic and demographic diversity, and extensive viewership and popularity. This partnership will aid the Bank's brand recognition and further propel its pan-India Retail Banking franchise.

HNI Events

At YES BANK, we seek to partner with marquee sports, entertainment and lifestyle events across the country, in conjunction with our Luxury & Sports Banking initiative, to create premium engagement platforms for our valued relationships.

The YES BANK-Indian Masters Polo is considered to be one of the grand slams of Indian Polo. Spread over five days, it is held at the historic Jaipur Polo Ground. YES BANK Corporate Masters, a unique corporate golf tournament bringing together India's top corporate leaders, was held for the first time in India at the picturesque Aamby Valley in 2012.

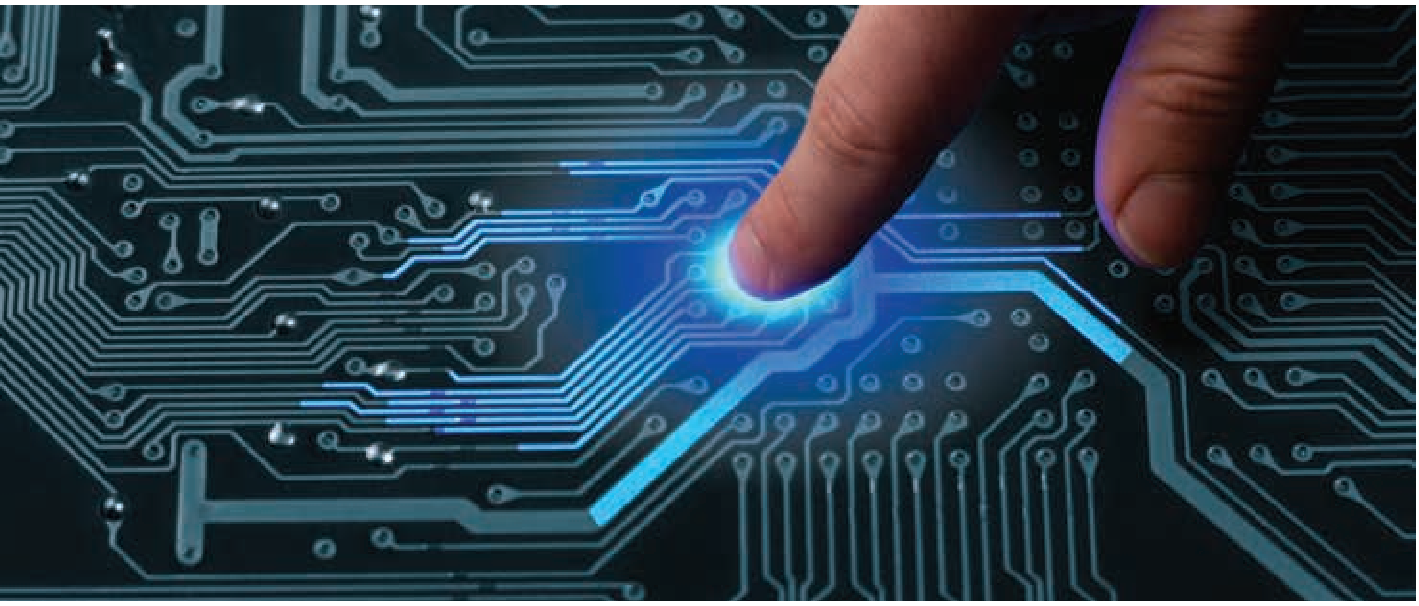
Growth through Innovation



At YES BANK, we have consistently focused on creating innovative products and service offerings across our business segments. Some of our technology-driven innovations have enabled significant financial inclusion, aligned with our philosophy of responsible banking.

For instance, our Domestic Remittance Service – YES MONEY, has enabled migrant workers to transfer money to their families across India through a Business Correspondent Model.

Technology is a key driver of innovation. "Of the total transactions made through YES MONEY, 48% are done either before or after banking hours". This shows the increasing reliance of customers on technology-based innovations. It also establishes the opportunity to cross-sell various products and services through the technology medium. Our endeavour, therefore, is to create products and services, which address both ends of the technology-usage spectrum through user-friendly and cutting-edge innovations.



Some of our Innovations Include

IMPS

Immediate Payment Service (IMPS) is an instant interbank electronic fund transfer service. It has also been introduced in the retail netbanking to enable customers execute 24X7 fund transfers, even when the NEFT window is closed. Additionally, IMPS from NPCI was harnessed to accelerate remittances. This service is provided for Bank customers as well as for customers of other Banks.

M-POS

M-POS is a mobile phone-based merchant acquiring service, which brings transaction-level convenience to the customer's doorstep, both in the retail and corporate segments.

Money Monitor

Money Monitor, Asia's first online Personal Finance Aggregation Tool, allows Bank customers a single login access to all Bank Accounts, Credit Cards, Investments, Reward and Mileage points across over 11,000 financial institutions worldwide.

Growth through Risk Management

At YES BANK, Enterprise Risk Management is one of our key strategic objectives. We have an established risk culture, which is embedded within our business operations and factored into day-to-day decision making.

Skilled personnel who are part of an enterprise-wide risk management framework, take aggregation and diversification of risks at the unit and organisation levels, into account. We have followed a philosophy of prudence since inception, judiciously adjusting our business strategy in line with industry and economic developments.

Our robust risk management framework allows us to proactively identify stress and deterioration in assets, to help us achieve financial stability and enhance stakeholder value. We have taken measures to ensure that delinquencies are minimal through diligent appraisals

and robust post-sanction monitoring. We monitor our entire portfolio across segments, undertake detailed sectoral studies and identify portfolio trends, which are supported by analytics covering various metrics, such as sectoral exposure, concentration, ratings distribution and migration.

Quality acts as a vital guiding principle for growth. However, in the event of assets showing signs of stress, we follow a problem-solving approach to diagnose the root cause of the problem, helping us implement the right solution. We foster a partnership approach, including mentoring our clients in cases of business downturn related challenges. This helps us balance our growth with our risk objectives. Risk management at YES BANK has emerged as a "highly strategic unit" and has become an integral part of our competitive advantage.

Declining NPAs

Percentage	FY 2012-13	FY 2011-12
Gross NPA	0.20	0.22
Net NPA	0.01	0.05

Growth through Responsible Banking

The goal to create a responsible banking organisation has driven YES BANK to include wider economic, social and environmental objectives in its core business strategy.

Our responsible banking practice is one of our key differentiators and is motivated towards developing innovative business solutions to tackle social and environmental challenges.

Our Environment & Social Policy (ESP), laid down in 2010, has become the prism through which we scrutinise credit activities. By integrating ESP with our overall Credit Risk Policy, we are able to take environmental and social considerations into the overall project assessment and lending decisions.

We are a signatory to the UN Global Compact and the Carbon Disclosure Project (CDP), reporting our performance on the ten UNGC principles and carbon emissions. For the second consecutive year, we were part of the Carbon Disclosure Leadership Index for India for 2012, and stood a joint 5th among 57 Indian institutions.

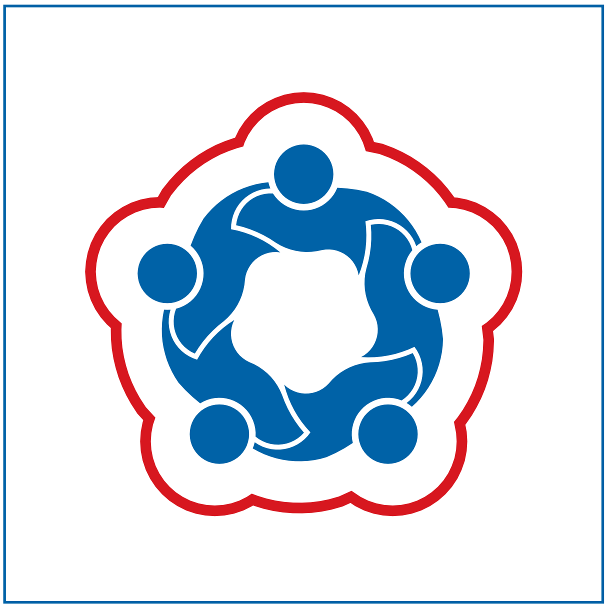
YES MONEY, our domestic remittance platform, completed 21 Lakh transactions by 5 Lakh users this year. YES SAHAJ, the rural Micro-ATM, had over 73,000 transactions of ₹ 21.2 Crores in transaction value, growing over three times from last year. YES LEAP, our product focusing on self-help groups, has garnered significant savings and credit-linked SHGs at the end of the year.

Hope for a billion

We view social entrepreneurship as a key driver to inclusive development in India. Our Responsible Corporate Citizenship (RCC) advises to large corporations, emerging institutions, NGOs and social businesses involved in the environmental, educational and health sectors.

In line with our responsible banking objectives, we partnered with The Energy and Resources Institute (TERI) for its Lighting a Billion Lives (LaBL) campaign. The campaign has a goal of enabling a billion lives to access clean light by displacing kerosene and paraffin lanterns with solar lighting devices. The current LaBL campaign is grant funded, while the end users pay a service fee for using the solar-charged lanterns. We facilitated the scaling up of the LaBL campaign by developing and piloting semi-commercial business models to leverage the donations received by TERI.

Growth through Human Capital



At YES BANK, we pursue a strong Employee Value Proposition of 'Creating & Sharing Value', with a vision to build an organisation, which is driven by Professional Entrepreneurship.

We recognise that the real source of competitive advantage for an organisation starts with the power of its Human Capital.

Therefore, we cultivate an environment where people with diverse backgrounds come together to create long-term value for the organisation. Our young, dynamic and professional team effectively works across organisational boundaries to build a culture that shifts the focus from activities to outcomes.

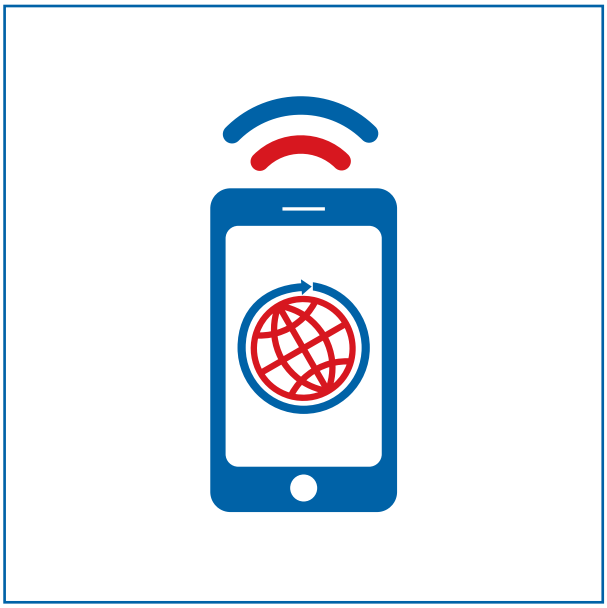
Our Human Capital engagement practices work towards developing the Bank's brand as a "Preferred Employer of Choice". We are focused on attracting and retaining the best talents from India and abroad. Our team of industry and banking experts consistently delivers quality performance, while realising customer service objectives, creating positive employee attitudes through effective recognition programs and measuring results through consistent customer feedback. Within a short span of time, our management talent has come to be regarded as one of the best in the Indian Banking sector.

Driving a knowledge crusade

Knowledge is a key differentiator at YES BANK. Our talent pool is nurtured and groomed through the YES School of Banking (YSB). Institutionalised in 2007, YSB is driven by a vision to create a Centre of Excellence for learning solutions in banking and related areas.

In order to ensure more efficient access to learning initiatives, YSB has implemented several unique measures. One of them is the YSB Trainers Forum. This is a knowledge initiative aimed at ensuring effective and customised knowledge transfer within the organisation by utilising our in-house experts on products, processes, banking domains as Specialist Knowledge Trainers. This unique methodology ensures that all YES Bankers get adequate training and remain updated across all locations.

Growth through Technology



YES BANK has adopted technology that is aligned to the best-in-class international banking practices, including governance frameworks.

This technology platform is integrated across business divisions and offerings to ensure and facilitate the highest standards of service quality and operational excellence to customers.

As a new generation bank, we have deployed technology as a Strategic Business enabler – to build a distinct competitive advantage and to achieve superior standards of Customer Service. Our technology architecture and the innovative IT outsourcing structure have enabled us to achieve high standards of Customer Service at comparatively lower cost structures.

Innovations, like Mobile Money Services, dual-factor authentication, a single view of customer relationships and advanced voice-enabled IVR help the products and sales teams to offer superior products and services.

Awards and Accolades

Institutional & Business Excellence 2012

- Best Mid-sized Bank – Business Today - KPMG Survey
- Best Mid-sized Bank – Business World - PWC Survey
- Best Private Sector Bank – Money Today - FPCIL
- Strongest Bank in India – The Asian Banker
- Sustainable Bank of the Year (Asia/Pacific) Award – FT/IFC Sustainable Finance Awards, London
- Golden Peacock Award for Sustainability – Global Convention, London
- Golden Peacock Innovative Product / Service Award
- OKOVISION Sustainability Leadership Award, Germany
- No. 1 IPO, listed between 2005 and 2012 – Moneycontrol
- Ranked 561 – Overall and 163 – Return on Assets – FT Banker List of Top 1,000 Banks List
- Brand Excellence Award in the BFSI segment and Brand Builder of the Year Award – 3rd CMO ASIA Awards, Singapore
- Six awards at the 3rd Asia's Best Employer Brand Awards, Singapore
    - Talent Management
    - Best HR Strategy in line with Business
    - Excellence in HR through Technology
    - Continuous Innovation in HR Strategy at Work
    - Innovation in Recruitment
    - Excellence in Training
- The Celent's Model Bank Award for 'Insights 2 Engage' and 'Governance, Risk and Compliance Competency Framework'
- NASSCOM Social Innovation Honors Certificate of Appreciation
- Jamnalal Bajaj Uchit Vyavahar Puraskar Council for Fair Business Practices

Technology/Service Excellence 2012

- Innovation in Payments, Financial Insights Innovation Awards
- Excellence in Domestic Payments - Financial Insights Innovation Awards
- Best Overall Mobile Lifeline Launch- Connected World Forum Awards, Dubai
- NASSCOM IT User Award in Banking (Scheduled Commercial Category)
- CIO 100 Award
- Connected World Forum Awards – Best Overall Mobile Lifeline Launch Award
- IAMAI India Digital Awards - Best Mobile Banking Project YES Sahaj Micro ATM
- Finnoviti Best Remittance Knowledge Bridge
- IMC RBNQ Performance Excellence Trophy Services Category

Accolades Awarded to Rana Kapoor, MD & CEO (2012)

- Distinguished Entrepreneurship Award at the PHD Chamber Annual Awards for Excellence
- Best Indian Banker (Mid-sized) – The Sunday Standard FINWIZ Awards
- CEO of the Year Award – 3rd CMO Asia Awards, Singapore
- National Special Social Award – Godfrey Phillips Bravery Awards
- Entrepreneur of the Year Award – HELLO! Hall of Fame Awards
- Guru Award as part of the IBN-7 Guru Shishya Award in the Business Category
- Corporate Excellence Awards – Future Leader of the Year

Board of Directors


1


2


3


4


5


6


7

1 **RANA KAPOOR**
Managing Director & CEO

2 **RADHA SINGH**
Independent Director

3 **AJAY VOHRA**
Independent Director

4 **LT. GEN. (RETD.) MUKESH SABHARWAL**
Independent Director

5 **DIWAN ARUN NANDA**
Independent Director

6 **M. R. SRINIVASAN**
Non-Independent Director

7 **RAVISH CHOPRA**
Non-Independent Director

Management Team

ABHAY SAPRU
President & Country Head
Infrastructure & Network Management

ADITYA SANGHI
President & Senior Managing Director
Investment Banking

AJAY DESAI
President and Chief Financial Inclusion Officer
Inclusive & Social Banking

AJIT CHANDGUDE
President & Country Head - ECB
Risk Management

AMIT DHAWAN
Senior President & Regional Business Head-North & East
Corporate & Institutional Banking

AMIT KUMAR
Group President & Country Head
Corporate & Institutional Banking

ANINDYA DATTA
President & Chief Marketing Officer
Marketing & Corporate Communication

ARUN AGRAWAL
Group President
IBD, MNC and Transaction Banking Group

ASHISH AGARWAL
Group President & Chief Risk Officer
Risk Management

ASIT OBEROI
Senior President & Chief Operating Officer
Operations & Service Delivery

ASPY ENGINEER
President - ATM Management & Currency Chest
Liabilities Mgt, Cards & Direct Banking

CHITRA PANDEYA
Senior President & Country Head
Liabilities Mgt, Cards & Direct Banking

Management Team

DEODUTTA KURANE
Group President
Human Capital Management

DEVAMALYA DEY
Group President
Audit & Compliance

DEVANG RAWAL
President &
Regional Business Head
Emerging Corporates Banking

DHAVAN SHAH
President &
Country Head
Liabilities Product Management

JAIDEEP IYER
Group President
Financial Markets

JAYAN MENON
President &
Chief Xperience Officer
Corporate Operations & Services Delivery

K. SOMASUNDARAM
President &
Country Head
Risk Management

KAPIL JUNEJA
Senior President
Operations & Service Delivery

KARAN AHLUWALIA
President &
Country Head
Emerging Corporates Banking

KINGSHUK CHAKRABORTY
President &
Managing Director
Loans Syndications

MALCOLM ATHAIDE
President & Chief Risk Officer -
RB, BB, ISB & Agribusiness
Risk Management

MANAVJEET SINGH
Senior President
Retail Banking

MANISH VORA
Senior President & Regional Business Leader - West 1
Corporate & Institutional Banking

MUNINDRA VERMA
President & Country Head
Transaction Banking Group

NAMITA VIKAS
President & Country Head
Responsible Banking

NEELESH SARDA
President
Audit & Compliance

NIKHIL SAHNI
President
Branch Banking & Government Relationship Management

NIRAV DALAL
President & Managing Director
Financial Markets

NITIN PURI
President
Food & Strategic Research and Advisory

NITIN SANE
President
Branch Risk Controls Service Quality and Process Re-engineering

PARAG GORAKSHAKAR
President & Chief Risk Officer - Corporate Finance
Risk Management

PRALAY MONDAL
Senior Group President
Retail & Business Banking

PRAMESH KHANNA
President & Head - Wholesale Banking Group
Human Capital Management

PRERANA LANGA
Group Executive Vice President & Country Head
Responsible Banking

Management Team

PUNIT MALIK
Senior President & Managing Director
Corporate Finance- Realty, Health, Hospitality, Education

R. RAVICHANDER
Group President & Head Business Development South

RAJAT MONGA
Senior Group President & CFO
Financial Markets

RAJNISH DATTA
Senior President - Retail, Branch & Business Banking
Human Capital Management

RAKESH ARYA
President & Regional Business Head (West 2) - SCG
Corporate & Institutional Banking

RINKI DHINGRA
President & Country Head
Multinational Corporations Relationship Banking

SANDEEP BAID
Senior President & Country Head
Business Management Innovation & Strategy

SANJAY PALVE
Senior Group President & Senior MD
Corporate Finance & GRM

SANJAY AGRAWAL
Senior President
Business Banking

SANJAY MANDAVKAR
President & Regional Business Leader
Corporate Finance- IBG Product Management

SANJAY NAMBIAR
President & General Counsel
Risk Management

SANJIV MISRA
President
Operations & Service Delivery

SHUBHADA RAO
Senior President &
Chief Economist
Economics Knowledge Banking

SUBRAMANIAN AYYAR
President
Bancassurance Distribution

SUMIT GUPTA
Senior President
Emerging Corporates Banking

SUMIT KAKKAR
President & Chief Risk Officer -
C&IB, IFI, GRM, MNC & IBD
Risk Management

SURENDRA JALAN
Group President
Indian Financial Institutions & MFIG

SURENDRA SHETTY
Senior President &
Chief Information Officer
Technology & Solutions Group

TUSHAR PANDEY
Senior President
Strategic Initiatives, Government & Advisory

VIJAY KUMAR
President
Agribusiness & Rural Banking

VIKAS DAWRA
Managing Director
Investment Banking

VIKRAM KAUSHAL
President &
Country Head
Branch Banking

VINOD BAHETY
President
Corporate Finance- IBG Product Management

VIVEK BANSAL
President & Country Head
Financial Management

Catalysing
a Shared Sustainable Future

Banks, being crucial intermediaries, can play the role of catalysts for economic change. As one of India's youngest and fastest growing banks, YES BANK has striven to be a part of India's growth story and has adapted a strategic approach towards sustainability. By including wider economic, social and environmental objectives into its core business strategy, your Bank has endeavored to achieve significant traction in mainstreaming sustainability.

YES BANK has made sustainable finance a key pillar of its future growth. With business units active in the areas of financial inclusion, microfinance, affordable housing, agriculture, renewable energy, and development banking, YES BANK has created an impact among the most disadvantaged stakeholders in the society to catalyze a shared sustainable future.

Business Case for Sustainability

The International Finance Corporation (IFC) defines sustainability as "ensuring long-term business success while contributing toward economic and social development, a healthy environment, and a stable society."[1] YES BANK resonates with this definition and its Responsible Banking unit works towards achieving these sustainability goals.

YES BANK's Responsible Banking practice has been a key differentiator for the Bank since inception. Through Responsible Banking in Thought and Action, the Bank works towards mainstreaming sustainability within the organisation and among its stakeholders.

As a people centric organisation, a meaningful and positive engagement with its entire spectrum of stakeholders is crucial for the Bank's organisational success. Understanding its key stakeholders is important for the Bank as it gives it a broader perspective on business decisions and its linkages to sustainability.

To align sustainability principles and strategies with YES BANK's organisational structure and business objectives, the Bank works towards a robust engagement with key stakeholders.

The Bank engages with internal and external stakeholders at multiple levels and platforms that are covered in various sections of the Sustainability Disclosures.

Key Stakeholder Engagements on Sustainability

YES BANK

- Core Ecosystem engagement
  - Customers / Clients
    - Sustainability advisory services
    - Innovative products & business solutions
  - Vendors/ Supplier
    - Green sourcing
    - Vendor Code of Conduct
  - Employees
    - Strategic employee volunteering program
    - Environmental Management System (EMS)
- Stakeholders engagement
  - Investors
    - Sustainability disclosures
    - Environment & Social Policy (ESP)
  - External Agencies
    - Thought leadership
    - Sustainability research
  - Regulators
    - Triple bottom line accounting and reporting
  - Government
    - Sustainability research
    - Policy advocacy
- Community Engagement
  - Community
    - Social Deposit Account
    - YES COMMUNITY
  - NGOs
    - YES FOUNDATION
    - YES i CARE

[1] *"Banking on Sustainability – Financing Environmental and Social Opportunities in Emerging Markets"*, International Finance Corporation, 2007

Impacting
Environment and Society through Innovative Solutions

Inclusive and Social Banking

Inclusive and Social Banking (ISB) works with the unbanked and under-banked population in urban and rural India by leveraging the Bank's branch network, technology edge and relationship capital. Today, it has created an eco-system that alleviates poverty and improves livelihood through fairly priced, transparent and suitable financial products and services accompanied with appropriate financial education for the financially excluded low income communities across urban and rural India.

With YES SAMPANN, a direct micro-finance initiative since 2006, ISB has launched several viable business models in rural, semi-urban and urban settings, guided by the Bank's "Frugal Innovations For Financial Inclusion (FI4FI) principle.

A YES MONEY customer sending money through a Business Correspondent Agent

YES MONEY

YES MONEY is a unique new social innovation designed to meet the remittance need of India's vast migrant, unbanked and under-banked population in India.

This remittance service has leveraged existing cash remittance technologies, India's vast spread of local, family owned retail stores (*kirana*) and the pan-India commercial banks branch network using a custom built, multi-channel platform - Remittance Knowledge Bridge.

The Bank has been able to create a sustainable business model with YES MONEY. The convenience and reliability of YES MONEY has created new market segments for it. Several organisations such as Pepsi (Pearl Drinks) and Scholastic now use YES MONEY to manage their cash payments to their distributors and retailers across India. The service was presented as a best practice at the African Development Bank conference on Cross Border payments in 2012.

YES MONEY's Socio-Economic Impact

a. At an average of 5 hours per user transaction, approximately 9 million man-hours of productive – wage earning time have been saved in aggregate.

b. 48% of the transactions happen between 6 am to 10 am and between 4 pm to 12 midnight. These are non banking hours, clearly highlighting the acceptability and usability of the service in the Indian market.

c. Usage pattern reveals close to 8% of the transactions originate and terminate within specific areas in the same city, indicating this remittance service is also finding usage in conducting business transactions within the same city.

d. The Bank shares a major portion of the income generated with the BC Agents, holding onto only 20% of the user fees, thus generating extra income for agents.

e. The footfalls that the BC agents attract to their stores have created a new customer base for the retail shop owner, with YES MONEY clients purchasing additional products from those stores.

YES MONEY's success can be gauged from its growing usage across all user segments

Details of YES MONEY

Particulars	FY 2012-13	FY 2011-12
Number of Business Correspondents (BC)*	11	4
Number of transactions done (Lakhs)	21.34	4.7
Total value of transactions (₹ in Crores)	822.94	256.39
Number of Unique senders (Lakhs)	3.85	1.63

** A BC is a regional distributor with multiple BC Agents under it*

YES SAHAJ

The innovative micro-ATM model is a cost effective and scalable Mobile Transaction solution bringing the mobile teller machine to the under-banked customers in rural India.

Environmental and Social Impact

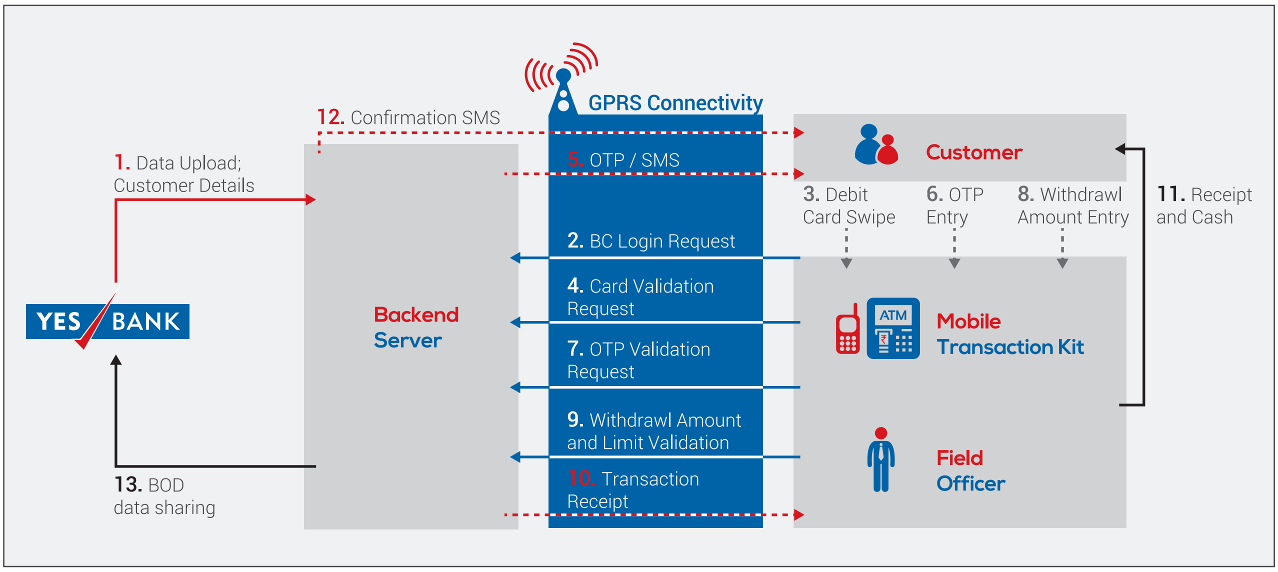
YES SAHAJ has defeated the need of the user to travel to the bank by bringing banking closer to the population through its vast Business Correspondent Agent network.

YES SAHAJ has strengthened partnerships with Business Correspondent Agents (BCA), SHGs, non-profit institutions and local communities.

By bringing basic financial services to a rural household, it has greatly enhanced the economic status of rural women, by allowing them more control over the finances of their families.

Due to the low capital requirement for its development and its low operational expenditure costs, the model is highly cost effective and scalable.

YES SAHAJ process flow diagram



Details of YES SAHAJ

Particulars	FY 2012-13	FY 2011-12
Total Service Officers/ CSPs	270	46
Total Value of Transactions (₹ in Crores)	21. 24	5.92

YES Livelihood Enhancement Action Program (YES LEAP) provides credit, saving and insurance facilities to Self Help Groups through various NGOs acting as Business Correspondents of the Bank. By the end of FY 2012-13, YES LEAP has extended Financial Inclusion services to close to 500 villages, spread across 12 states, working through 32 Business Correspondents linked to 40 Branches. The Bank has extended FI services to over 72,000 households through this program.

Details of YES LEAP**

Particulars	FY 2012-13	FY 2011-12
Number of Business Correspondents*	26	8
Number of savings linked SHG's	4617	250
Total outstanding value in saving linked SHGs (₹ in Crores)	9.79	0.80
Number of credit linked SHGs	7900	192
Total loan outstanding in credit linked SHGs (₹ in Crores)	155.24	1.81

** A BC is a regional distributor with multiple BC Agents under it*
*** Figures for end of the perioud*

A Self Help Group under YES LEAP

Microfinance Institutions and Affordable Housing Group (MIAG)

In line with the objective of "Creating equal financial opportunities, Enabling Financial Inclusion", MIAG plays a key role in making credit available to the bottom of the pyramid.

The unit expanded its scope to include affordable housing and works closely with developers and Housing Finance Companies (HFC). Since inception in 2006, it has impacted nearly 3 million low income borrowers. During the year, MIAG extended funding to two developers and five HFCs in the affordable housing sector and accomplished a major multi-originator securitisation deal involving two Microfinance Institutions (MFI) with close to 300,000 clients.

Proactive Investments for Positive Environmental and Social Outcomes

Sustainable Investing

YES BANK views climate change as an opportunity and believes it could spur the development and adaption of cleaner and newer technologies into mainstream market. Through sustainable finance, the Bank addresses the challenge of long term sustainability goals and shorter term financial horizons.

YES BANK's Corporate Finance unit has an active investment and advisory portfolio covering clean energy, water, transportation and waste management. The unit has within it a specialised investment advisory team, Sustainable Investment Banking (SIB) that has worked on several key advisory deals during the year.

Mr. Jin-Yong Cai, EVP & CEO, IFC and Mr. Rana Kapoor, Managing Director & CEO, YES BANK at signing of the MoU

YES BANK – IFC Private Equity Fund for the Development of North–East India

YES BANK and the International Finance Corporation (IFC), a part of the World Bank Group, signed a Memorandum of Understanding to jointly create a Private Equity fund that will make significant investments across sectors in the North Eastern states of India.

The fund is an outcome of a common vision for the North Eastern Region of India which has significant economic potential and needs immediate private intervention to realise it. The fund corpus will focus on investments spread mainly across sectors of Tourism & Hospitality, Food & Agribusiness, Infrastructure, Healthcare, Education & Livelihood Creation and Affordable Housing.

Mainstreaming Sustainability amongst Stakeholders

By approaching sustainability with a 360 degree view, YES BANK aims to be at the forefront of mainstreaming sustainability within the global financial sector and the broader stakeholder spectrum.

The Bank plays an active role in promoting sustainability within stakeholders through its flagship engagement program – YES COMMUNITY, Sustainability Research, Thought leadership and Knowledge Banking.

YES COMMUNITY

YES COMMUNITY is YES BANK's unique community engagement initiative that aims to connect the Bank with the local communities residing within the branch serving area on pertinent social and environmental issues. The Bank believes that its bank branches can be effectively utilised as knowledge sharing centers to build strong community relations and help shape meaningful conversations on real life issues, thus moving the relationship beyond transactional value.

YES COMMUNITY incorporates community development initiatives such as clean and green drives, energy efficiency practices, workplace health and safety, disaster management plans, waste management and recycling and rain water harvesting among others.

The YES COMMUNITY program has grown over the last one year through its calendar of social events based on national and international days of importance for the Bank and the community. It has created a feedback mechanism for community which enables the Bank to enhance the platform.

YES BANK participates in the Joy of Giving Week every year at its branches across India through tie ups with NGOs and engaging stakeholders to contribute towards the NGO's cause. This year, the Bank tied up with the NGO "Goonj" to collect clothing, toys, stationary and other items for the underprivileged.

December 14th is commemorated as the National Energy Conservation Day in India to highlight and propagate energy conservation in the country. To commemorate the event, the Bank organised special energy conservation themed YES COMMUNITY events across its pan-India branches.

Various YES BANK branches took a lead in observing the event by tying up with local schools, NGOs and other institutions to organise painting competitions, science exhibitions, science quizzes and other activities related to energy conservation.

The Howrah branch conducted a knowledge session and energy quiz for school children during the National Energy Conservation Week, 2012

An employee of the Gurukul Branch, Ahmadabad spreading the message of water conservation on World Water Day

The World Water Day was observed at branches across India through events, signature campaigns, theme based art competitions and awareness programs. Employees at the participating branches reached out to the communities around their branches to raise awareness towards this precious resource. The Bank disseminated information on water conservation to community members.

Sustainability Research Initiatives

To conduct research around new progressive areas on sustainability that culminates into policy advocacy, YES BANK is partnering with national and international organisations such as the TERI – BCSD and GIZ to release knowledge papers on contemporary social and environmental issues.

'Responsible Banking: Special Focus on Micro, Small and Medium Enterprises'

Micro, small and medium businesses are the engine of economic growth in nations across the world, including India, where they generate gainful employment for a sizeable section of the population. YES BANK was a part of the partnership between the Foundation for Micro, Small and Medium Enterprise Clusters (FMC) and the "IICA-GIZ CSR Initiative" to release the knowledge report which assesses the relationship promoting the economic growth of MSMEs and ensuring they become competitive responsibly.

'Electric Vehicles in India: Challenges & Opportunities'

Rapid urbanisation and rising aspirations have led to increasing vehicular traffic and resulting emissions. Electric vehicles can offer an effective solution to reduce emissions but face several challenges in India. YES BANK, in partnership with TERI BCSD, released a knowledge paper titled 'Electric Vehicles in India: Challenges & Opportunities' that focused on the path ahead for electric vehicles in India. The paper was launched by Dr. Farooq Abdullah, Union Minister for New & Renewable Energy, at the World CEO Sustainability Summit, held in Delhi on the 30th of January 2013 in the presence of Dr R K Pachauri and leading Indian and International Industry Representatives. The paper was widely circulated within Government, academia, think tanks, financial sector and

Launch of the paper 'Electric Vehicles in India: Challenges & Opportunities' at the World CEO Summit, New Delhi key YBL clients in the auto ancillary, OEM, clean energy and utility sectors.

Other pertinent papers released during the year were:

- "Corporate Social Responsibility : A Private Sector Perspective", released during the YES BANK IICA National CSR Conclave
- "2nd Green Revolution – From Agriculture to Agri-business", released at the YES BANK ASSOCHAM 4th Global Summit & Exhibition on Second Green Revolution
- "Indian Organic Foods Market", released at Jaivik India 2012
- "Vision 2025: India as an Economic Super Power", released at the PHDCCI Global Summit on Role of Industry Chambers

Launch of the knowledge paper 'Responsible Banking: Special Focus on Micro, Small and Medium Enterprises' at the YES BANK IICA National CSR Conclave

Thought Leadership Initiatives

YES BANK IICA National CSR Conclave

To focus on the role of India's private sector in incorporating the triple bottom line approach for contributing effectively towards India's sustainable development, YES BANK partnered with the Indian Institute of Corporate Affairs (IICA), an autonomous body under the Union Ministry of Corporate Affairs to organise the 'National CSR Conclave: Private Sector Perspective'. The Conclave focused on the triple bottom line approach as guided by the National Voluntary Guidelines by the Ministry of Corporate Affairs.

The Conclave was inaugurated by Dr. M. Veerappa Moily, the Union Minister for Corporate Affairs. Leading practitioners from Government and industry like Mr. Arun Maira, Member – Planning Commission, Dr. Bhaskar Chatterjee, Director General, IICA, Mr. Manoj Kumar, Joint Secretary, Ministry of Corporate Affairs, Mr. Rajeev Kumar Agarwal, Wholetime Member, SEBI, Mr. Kishor Chaukar, Managing Director, Tata Industries Ltd. and Mr. Rana Kapoor, the Founder, Managing Director and CEO, YES BANK spoke at the Conclave. Over 200 business leaders from across the industry participated in the Conclave.

Responsible Investment Research Association

In an effort to mainstream ESG parameters into lending and investment decisions, YES BANK actively helped in the formation of Responsible Investment Research Association (RIRA), an India based not-for-profit initiative. The Association's main objectives are:

- Initiate and partner in ESG research relevant in the Indian context
- Facilitating multi-stakeholder dialogues on mainstreaming responsible investment in India
- Training investment professionals in India
- Building a common platform to bring together organisations, investors and domain experts

1st YES BANK Saevus Natural Capital Awards

Natural capital puts a value on the resources obtained from the environment such as fresh water, healthy soil, stable climate, forest cover among other resources. YES BANK has taken a proactive approach to highlighting natural capital as a topic in India with an objective to bringing together an ecosystem to help develop appropriate regulatory framework, disclosure and reporting mechanisms to account for natural capital within the financial context.

The Bank has launched the YES BANK Saevus Natural Capital Awards in partnership with Saevus, India's premium wildlife and natural history web portal and magazine to showcase responsible practices on natural capital consumption, accounting mechanisms within organisations and conservation within the industry and civil society. The Awards will be hosted in July 2013 and the Bank looks forward to reporting on the Awards in the next report.

Sustainability Series

The Sustainability Series is the first ever initiative in India to create a knowledge platform that trains today's finance professionals on expanding their risk management skills to incorporate environmental and social risks.

YES BANK has partnered with the United Nations Environment Programme – Finance Initiative (UNEP FI) and Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) GmbH to launch a series of workshops covering risks in debt, equity and insurance sectors.

Thought Leadership Platforms and Associations

YES BANK discloses its sustainability performance and plays an active role in promoting best practices in the banking, financial and sustainability domains through the following platforms and associations:

Details of Platforms and Associations

Associated Chambers of Commerce (ASSOCHAM)
The Banking Codes and Standards Board of India (BCSBI)
Carbon Disclosure Project (CDP)
Clinton Global Initiative (CGI)
Confederation of Indian Industry (CII)
Federation of Indian Chambers of Commerce and Industry (FICCI)
Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ)
Global Reporting Initiative
Indian Banks' Association (IBA)
Indian Center for Corporate Social Responsibility (ICCSR)
Indian Institute of Corporate Affairs (IICA)
PHD Chamber of Commerce and Industry (PHDCCI)
Responsible Investment Research Association (RIRA)
The Energy Research Institute – Business Council for Sustainable Development (TERI BCSD)
United Nations Environment Program – Finance Initiative (UNEP-FI)
United Nations Global Compact (UNGC)
US India Business Council (USIBC)
World Economic Forum (WEF)

Knowledge Banking – A Key Differentiator

Strategic Initiatives, Government & Advisory

To attract private sector investments through public private partnerships, YES BANK has institutionalised a dedicated Strategic Initiatives, Government & Advisory (SIGA) division to work with Union & State Governments, their agencies and other stakeholders through policy advocacy and advisory engagements. This approach of YES BANK has been instrumental in advocacy for a 'projectisation' approach, institutional reforms and streamlining of policy across several identified 'sunrise sectors'.

Below are SIGA's activities during the reporting period:

- As a Board member of the UNEP-FI Banking Commission, YES BANK was part of a UNEP-FI paper submitted at the Rio+20 talks on developing a model sustainable finance framework.

- The Gujarat Government mandated YES BANK to prepare the Vision Document on tourism for the state and set out a roadmap for positioning and strengthening Gujarat as the most favored tourist destination in the world by identifying the key themes for tourism development.
- YES BANK, in association with the Ministry of Tourism, Government of India, has launched the "Incredible India Travel Card" to complement the policy measures taken by the government to promote the 'Incredible India' brand with robust product offerings.

Cooperative Tourism Development Project

- YES BANK supports tourism as tool for achieving inclusiveness through employment generation in rural and urban India. In this pursuit, SIGA has been roped in as Country Manager India for a Cooperative Tourism Development Project funded by the South Asia Development Fund (under International Development Fund) of the Scottish Government.
- The project involves establishing unique tourism co-operatives in rural India bringing together Scottish & Indian expertise to deliver inclusive development through tourism to socially and economically disadvantaged communities.
- YES BANK has partnered with Queen Margaret University, Edinburgh as the project manager and Dunira Strategy, a Scottish tourism consultancy, for the project.
- The project has chosen three districts in Uttarakhand - Almora, Bageshwar, Pithoragarh, and Purulia district in West Bengal in the first stage.
- The Project has achieved the following milestones during the year:
  - Capacity building workshops are being conducted regularly at all districts
  - Cooperative Destination Management Organisations (cDMOs) have been established in each district
  - A portal, under the collective brand 'Edge of India', has been launched. 'Edge of India' was internationally launched at the World Travel Market in 2012 in London
  - Edge of India was recognised as one of the Top-50 Financial Inclusion Projects in India at the Skoch Financial Inclusion Awards in January, 2013, under the 'Livelihoods' category.

Food & Agribusiness Strategic Advisory and Research (FASAR)

FASAR is a specialised group with the Development Banking space at YES Bank and has emerged as a premier and specialised food and agri-business consultancy and research group in India with prestigious domestic and international mandates.

The specialised team has worked on mandates in agri-inputs, agro food parks, modern terminal markets, commodities plantations, large scale farming, dairy, value chain analysis, trade policy, bio-technology and rural retail among others. The team has worked closely with the Ministry of Agriculture, Ministry of Commerce and the Ministry of Food Processing Industries of the Government of India and state governments on the development of the food and agri-business sectors.

FASAR's achievements include:

- Appointed national consultants by Union Ministry of Agriculture to develop a framework for implementation of Modern Terminal Markets (MTMs) across India
- Project Management Consultant for Ministry of Food Processing Industries for development of Mega Food Parks in various states
- Involved in the 'Rationalisation and Streamlining Study and Restructuring' of Agricultural and Processed Food Products Export Development Authority (APEDA)

FASAR has several strategic tie-ups with international organisations of repute.

- United States Agency for International Development –Michigan State University (USAID-MSU) for value chain of fresh commodities
- Israel Export & International Cooperation Institute (IEICI) for implementation of GROWIN program in India to transfer agri and water technologies from Israel to India

FASAR took on 15 corporate mandates during the reporting period in the dairy farming sector, establishing food and agri-parks, land acquisition in Africa and financial evaluation.

Adopting Sustainable Best Practices Within

Building Sustainable Value Chains

As a public trust institution, the quality of YES BANK's products and services, and transparency in its operations, is directly linked to its reputation and brand value. To ensure the highest standards of information security and product responsibility at the Bank, employees go through a robust training and induction process that trains them to recognise and act on financial fraud, money laundering, adherence to regulatory requirements and due diligence.

YES BANK has in place a Product Appropriateness and Suitability Policy that clearly underscores keeping in mind the needs and means of a customer before recommending a product or service to them.

The Bank is the first Indian bank, and the third bank globally to have received the ISO 10002:2004 certification for its Complaints Management System from BSI. The Bank has also received the ISO 9001:2008 certification across 100 branches in the country by Bureau Veritas.

At YES BANK, customer support and information dissemination is conducted through a three pronged approach –

- Direct Enablers – Including Contact Center, mailers and bank statements, period meetings, regulatory updates
- Self Enablers – IVR, net banking, placing phones in ATMs connected to Contact Center, information and resources on the website
- Indirect Enablers – Relationship managers, contact center agents and other key customer touch points

The Bank has designated a Chief Experience Officer (CXO) who drives the initiatives to provide seamless service to customers and is responsible for building and maintaining customer levels. The Bank conducts "mystery shopping" at branches to gauge the level of customer focus, and service quality audits.

Customer service practices at the Bank include:

- Insights2Engage – a tool providing 360 degree view of customer information to aid in providing appropriate customer support
- Customer listening – ensuring the pulse of the customer is understood on an ongoing basis
- Customer Service Day – Observed on the 7th every month, when customers can meet the branch representatives directly to discuss any issue or provide feedback

For information on customer complaints received and redressed during the year, please refer to the "Other Disclosures" section of the Annual Report.

YES BANK builds and maintains long term associations with its suppliers and has a Strategic Sourcing Department since its inception to bring more focus and acquire economies of scale on its purchasing practices. Senior officers continuously communicate with vendors through participation in vendor meets and site visits.

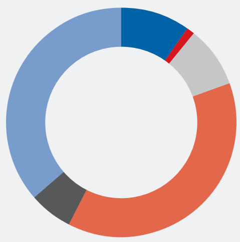
The Bank seeks to advance its sustainability agenda to its partners in the value chain and helps them build social and environmental considerations into their own business operations, including adapting best labour practices and adapting greener technology. The Bank's procurement procedures and policies ensure that goods and services are selected through a comprehensive vendor selection process, which encompass global best practices. Several vendors are e-connected and they participate actively in regular interactions to build a positive socio-environmental approach.

The Bank is the first Indian bank, and the third bank globally to have received the ISO 10002:2004 certification for its Complaints Management System from BSI. The Bank has also received the ISO 9001:2008 certification.

Employee Grievance Redressal - My Voice

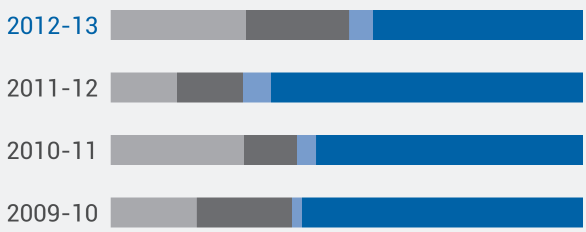
My Voice is an internal portal available to all executives within the Bank and accessible from the internal Human Capital Portal. My Voice is a secure channel for any employee to raise queries, report grievances, make suggestions or seek clarifications on any issue. Every employee within the organisation is assigned a single point of contact in the Human Capital Management team who the employee can reach out to for any query.

My Voice Query Analysis, FY 2012-13, By Category



Category	(%)
Employee Benefits	9.9
ESOPs	0.3
HCM Policies	8.9
Payroll Related	38.2
YES for You	6.1
Others	36.5

My Voice Query Analysis, By Type



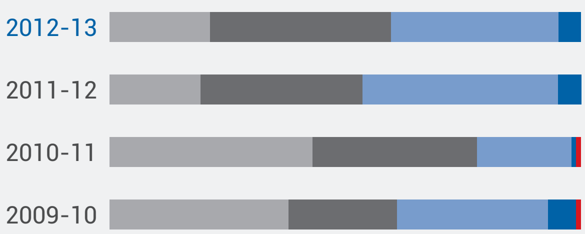
(%)

Type	12-13	11-12	10-11	09-10
Clarification	45	66	56	59
Feedback	5	6	4	2
Grievances	22	14	11	20
Suggestion	29	14	28	18

There has been a decline in the share of payroll related queries in FY 2012-13 as compared to the previous reporting period which can be attributed towards actions taken to improve communication and engagement with employees, including HCM Connect, a periodic employee awareness program to highlight key policies and practices.

My Voice is aimed at providing the middle, junior and general management direct access to the Bank's Human Capital Management (HCM) team. The chart below highlights the extensive usage of the tool by these target employees.

My Voice Distribution by Management Level

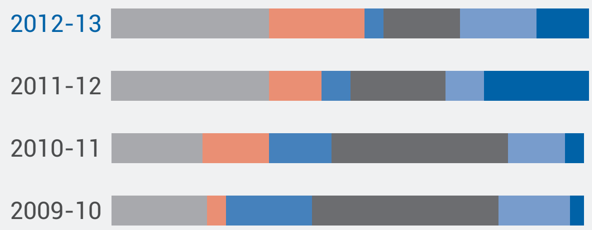


(%)

Management Level	12-13	11-12	10-11	09-10
Top Management			1	1
Senior Management	5	5	1	6
Middle Management	36	41	20	32
Junior Management	38	34	35	23
General Management	21	19	43	38

My Voice also serves as an effective tool for employees in branches all across the country to reach the HCM teams. The chart below represents the regional distribution of queries raised through My Voice in the past three financial years.

My Voice Distribution by Region



(%)

Region	12-13	11-12	10-11	09-10
East	11	22	4	3
West	16	8	12	15
North	16	20	37	39
South	4	6	13	18
MMR	20	11	14	4
NCR	33	33	19	20

Environment Management Initiatives at YES BANK

YES BANK has adopted sustainable internal practices right since inception. Adopting best practices in resource consumption and waste management not only lower the Bank's operational costs but also lower its carbon footprint. YES BANK is in a phase of rapid expansion and is cognizant of its growing consumption and waste footprint. Hence, reducing its specific emissions will be a key target area for the Bank.

The Bank focuses on improving its operational efficiency and optimising resource consumption through initiatives that target the entire operational spectrum of banking operations.

Driven by the Bank's Infrastructure and Management (INM) and Operations and Service Delivery (OSD) teams, the Bank has several initiatives underway that focus on rationalising its resource consumption and improving service delivery. These are part of a broader spectrum of quality assurance projects underway at the Bank.

Environmental & Social Policy

YES BANK is the first commercial bank in India to voluntarily incorporate environmental and social risks into its overall risk assessment framework based on Equator Principles and IFC guidelines.

The Bank's Environment and Social Policy (ESP) is a part of its credit risk analysis and ensures the Bank does not lend, invest or enter into business agreements with organisations that engage in socially and environmentally unethical, illegal, or unsustainable activities.

The Policy incorporates social aspects of projects including social exclusion, livelihoods, indigenous peoples, child labour, rehabilitation, resettlement, and community development, and environmental considerations like pollution, natural resource depletion, water management and energy efficiency.

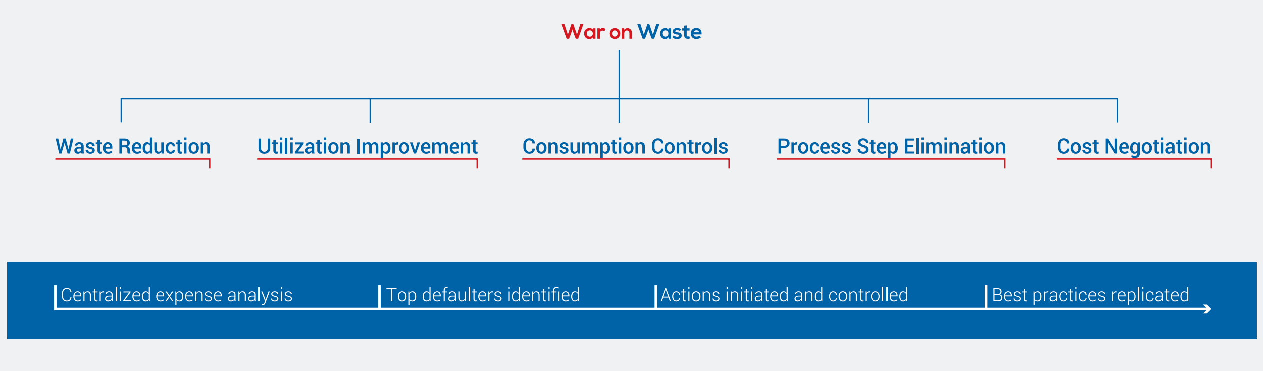
Environmental Management Policy

YES BANK released the Environmental Management Policy in November 2012 which formalised its commitment towards sustainable development. The Policy entails achieving internal natural resource consumption efficiencies through broad level actions. The Policy was instituted by the ECMC and is implemented by the Responsible Banking team.

War on Waste

The War on Waste is YES BANK's organisation wide initiative to eliminate waste resulting from over-processing, overproduction, inventory and rework.

The War on Waste helps the Bank bring down branch premises expenses, human capital expenses and other expenses.



Sustainable Printing

Paper is a major resource consumed at the Bank. It is in the process of implementing an online system that will streamline and consolidate the ordering of printing paper at the Bank across all its branches. This will allow it to monitor its consumption closely and identify locations with high consumption.

With the Bank moving towards green procurement and e-procurement, it is expected to reduce paper consumption in the form of contracts, bills and invoices as the Bank brings more vendors into the e-payment fold.

The Bank has tied up with Canon as its primary third party vendor for printing. The Bank closely monitors its printing usage and works towards rationalising it through initiatives such as default two sided printing, environment friendly disposal of printer cartridges and recycling waste paper.

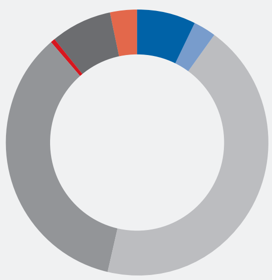
In a major initiative towards reducing the Bank's paper consumption, the Bank has reduced the thickness of its printing paper from 75 gsm to 70 gsm.

Recycling Initiatives

As paper is a major waste output, recycling paper waste is an important environmental priority for the Bank. The Bank continues its partnership with Green-O-Bin to manage its paper waste in its offices in New Delhi.

The Bank has tie-ups with Government approved waste paper vendors at its offices which collect paper on a fortnightly basis. To ensure confidentiality of all documents, the Bank shreds all paper waste before recycling.

A Snapshot of Waste Collected at NCR Region



Type	(%)
Newsprint	7.3
Magazines	2.8
Card Board	43.6
White Office Paper	35.0
Shredded Paper	0.8
Flat Boards/Paper Cups	7.4
Brochures	3.2

Total Paper Waste Collected for FY 2012-13: 5418 kg

E-Waste Management

As a technology driven organisation, electronic waste is one of the major components of the Bank's total waste. E-waste is classified as hazardous waste by the Union Ministry of Environment & Forests and the Bank takes utmost precaution in managing its e-waste. The Bank has tied up with Government approved third party recycling agents to manage its e-waste.

The Bank conducted end-point scrapping at 100 branches of the Bank and 257 assets were collected for recycling after salvaging their hard disk drives.

Infrastructure Management

The Bank is moving towards automating its entire real estate management process to reduce the amount of paper consumed, through moving towards digitalisation of records and centralised payments of utility bills.

The Bank has undertaken intelligent branch design to reduce its electricity and utility consumption. Usage of efficient lighting has reduced the electricity consumed for signage. Rationalisation of the timings for keeping the signage lit at select branches by installing timers that shut off the signage units at late night hours has also reduced the overall energy consumption.

The Bank has tie ups with several hospitality providers across India for guest houses with stringent selection criteria that includes thorough physical survey of the property, and as importantly, the location of the property from its flagship branch in the city. By selecting properties close to the branches, the Bank reduces the commute time for executives thus reducing its potential emissions.

The Bank has initiated e-procurement of capital goods which reduces its costs and emissions associated with paper consumption and courier services.

Air conditioning is a major consumption point of electricity at the Bank. To optimise electricity consumption, air conditioners in large cabins and meeting rooms are installed with VAV (Variable Air Volume) controllers that responds to change in temperature by adjusting air flow without having to lower the temperature.

Power Factor Rectification at Branches: The Bank has an ongoing project on power factor rectification at certain branches which were identified by the respective utility providers. There were 13 branches identified in 8 different regions where the project was undertaken. As on March 31, 2013, 12 of the locations had rectified their power factor.

Technology Initiatives

YES BANK is cognizant of the significant operational efficiencies it can achieve by improving its own infrastructure and network and contribute to reducing its overall ecological footprint. Technology and innovation, thus, are major organisational drivers at the Bank. Driven by the Technology Solutions Group (TSG) unit, YES BANK has implemented several technology initiatives during the reporting period.

Server Optimisation and Virtualisation

Technology costs form a significant portion of the Bank's capital and operational costs. Within an enterprise environment, the overall availability and performance of servers is a critical component of operations. The TSG undertook server optimisation and virtualisation to bring down the Bank's operational and capital costs, and improve their availability and performance.

Desktop Rationalisation

YES BANK is currently in the Version 2.0 of the Bank's life cycle, aiming to reach 900 branches by the end of 2015 from 430 branches on March 31, 2013. The TSG, which is responsible for hardware installations at the new branches, undertakes operational stock rationalisation at branches and adheres to an optimal ratio of hardware for new branches. In addition, the Bank aims to reuse as many desktops as possible in the new branches, thus cutting down its e-waste output and reducing its hardware acquisition costs. During the year, 124 desktop systems were reused, thus resulting in a saving of over ₹ 0.35 Crores.

During the year, the Bank donated 15 computers saved through the desktop rationalisation initiative to the Kolhapur, Maharashtra based NGO, "Helpers of the Handicapped."

Other Initiatives: The Bank entered into a new AMC contract with Dell with 24x7 support. The new AMC results in a cost saving of approximately ₹ 10,50,000. TSG has also undertaken an offline defragmentation drive to reclaim space from the Bank's servers.

Performance on Key Environmental Parameters

The Bank consumes water for drinking and through utilities. As the Bank enters into lease agreements with developers and private parties for its branches, the water utility bills are a part of the lease contract for most locations. The Bank keeps track of its drinking water consumption.

Details of Water Consumption

Particulars	Unit	FY 2012–13
Drinking water	KL	697

Erratic electricity supply is an issue that many YES BANK branches have to deal with regularly. To ensure electricity supply during banking hours, the Bank uses diesel generators. The Bank has made a conscious move to procure environment friendly, noise free, low emission diesel generator sets at its branches.

Details of Fuel Consumption

Particulars	Unit	FY 2012–13
Diesel	Litres	348,616

Grid electricity is the primary source of emissions at the Bank. The Bank keeps track of its electricity consumption and has several initiatives to optimise its electricity consumption. As highlighted in the report, these include rationalisation of signage timings at branches, adaption of LED lighting, and motion sensors to switch off lighting in unoccupied areas.

Details of Electricity Consumption

Particulars	Unit	FY 2012–13
Grid Electricity	MWh	26,198

GHG Emissions: This year, the Bank adapted a robust process to report on its GHG emissions by innovating on a technology enabled GHG tool. As the Bank is in the rapid growth phase, its overall electricity and resource consumption is estimated to grow considerably. Thus, the Bank has adapted its specific GHG emissions as a more accurate measure of its GHG performance. The primary source of Scope 1 emissions at the Bank is diesel consumption for generator sets at branches. The primary source of Scope 2 emissions is consumption of grid electricity.

Details of GHG Emissions

Particulars	Unit	FY 2012–13
Scope 1	tCO_2e	922.0
Scope 2	tCO2e	24537.0

Reporting on Sustainability Performance

UN Global Compact

YES BANK is one of the first signatories in India to the UN Global Compact. As a signatory, the Bank is committed to issuing an annual Communication on Progress (COP), a public disclosure to stakeholders on the Bank's progress in implementing the ten principles of the UN Global Compact and supporting broad UN development goals.

The Bank's COP 2013 highlighted its policies, systems and products that demonstrate its action on UNGC principles. With its latest COP response, the Bank moved from the Learner's platform to the GC Active level, demonstrating a higher level of maturity in the organisation in responding to the UNGC principles.

Carbon Disclosure Project (CDP)

YES BANK is one of the first signatories to the CDP from India. As a signatory, the Bank has been reporting on its GHG emissions and commitments to the CDP.

The Bank was on the Carbon Disclosure Leadership Index for India in 2011 and the latest index for 2012. With an overall score of 73, the Bank maintains its "Band A" position and stood a joint 5th among the 57 Indian organisations who reported to the CDP in 2012.

A Step towards Being Carbon Neutral

YES BANK endeavors to mainstream environmental awareness within the Bank and among its external stakeholders. As a small step towards offsetting its own environmental impact and building a stronger relationship, the Bank plants trees on behalf of external stakeholders at ecological hotspots across India. The Bank has partnered with Grow Trees, a tree planting partner of the UNEP's Billion Tree campaign and an official partner of the WWF's Cities for Forests campaigns, for this endeavor.

The Bank planted over 7,724 trees in the reporting period through Grow Trees and gifted over 2,000 e-certificates to its customers during the period. For every e-certificate, Grow Trees plants a tree at selected locations around India.

During the 2nd FT YES BANK International Banking Summit, the Bank made a commitment of planting 45 trees and of another 28 trees during the India Pakistan Debate.

Grow Trees is currently active in 9 locations across India. YES BANK's trees are part of their projects at the Sariska Tiger Reserve, Alwar, Rajasthan, Kanha National Park, Mandla, Madhya Pradesh, and Kumbhalgarh Sanctuary, Udaipur, Rajasthan.

Grow Trees estimates that on an average, one tree offsets approximately 20 kg of carbon annually. Thus YES BANK's 7,724 trees planted during the year offset approximately 154.48 tons of carbon every year. The Bank's green gifting campaign has been widely welcomed and appreciated by stakeholders.

Leveraging Human Capital

YES BANK's human capital philosophy is to build a strong employer brand within the Indian banking industry and ensure that it are able to attract, engage and retain high quality human capital for its long term success. As an organisation, the Bank's focus has been on building world class teams and creating and implementing learning solutions that continually enhance employee value.

Employee Engagement

In line with the Bank's responsible banking philosophy, the Responsible Banking and the Human Capital Management (HCM) teams have initiated a unique employee engagement program, 'YES i CARE', to sensitise employees on sustainability.

Under 'YES i CARE' initiative, the Bank has created an annual calendar of socially and environmentally relevant national and international days at which employees participate. These monthly activities have helped the Bank involve its employees on socially and environmentally relevant days such as the National Energy Conservation Week and the World Water Day.

'YES i CARE' also includes an Employee Volunteering Program which enables employees to contribute their time towards social causes such as education, youth empowerment and affordable housing.

During Diwali, the initiative brought together NGOs such as Salaam Balak Trust, Habitat for Humanity, Aseema, Akanksha, Save the Children and Earthy Goods to exhibit and sell products made by the socially underprivileged, generating an income of ₹ 1 lac for them. 150 employees signed up for volunteering on the spot.

At The Joy of Giving Week, the Bank's partner NGO 'Goonj' participated in a collection drive which collected approximately 3000 pieces of clothing, 60 notebooks, 300 toys and 200 miscellaneous items for the underprivileged.

YES CONNECT is a platform initiated by the Bank's HCM unit for employees to come together, share ideas and best practices and celebrate with each other. YES CONNECT aligns with the 'YES i CARE' program.

Social Deposit Account

Businesses do not operate in a vacuum and YES BANK is cognizant of the need to integrate social and environmental aspects into its core business strategies for long term growth. To be successful, the Bank must align the environmental and social goals of its employees with those of the organisation.

The Social Deposit Account is India's first philanthropy banking product that allows a Fixed Deposit holder to allocate a portion of the interest earned with the partnering NGO Care India who ploughs the funds into their projects across India. YES BANK acts as a conduit for secure and transparent employee contributions to Care India.

Through YES BANK's partnership with Care India, the Bank's employees can create an impact in healthcare and nutrition, education, financial inclusion, disaster mitigation and integrated development.

The Bank created a team of SDA Ambassadors who directly engaged with employees at its corporate offices in Mumbai and Delhi and successfully generated over 100 leads and 33 conversions within the first day of their campaign.

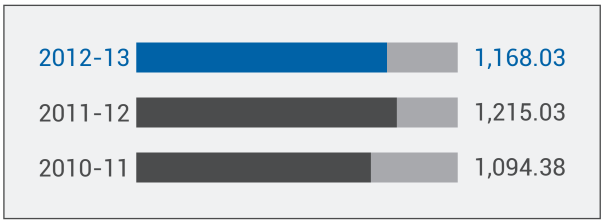
Employee Payroll Giving

YES BANK has partnered with GiveIndia, an NGO that connects NGOs with Indian organisations through an online web portal that allows employees to contribute a part of their salary to the cause of their choice. GiveIndia partners with over 200 NGOs.

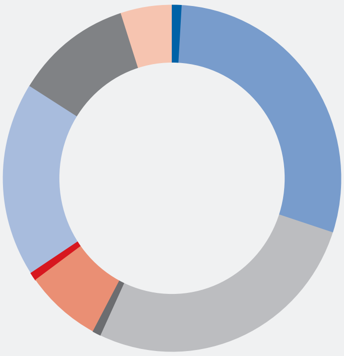
GiveIndia's Payroll Giving Program has over 60 participating corporations with over 30,000 individuals contributing to it.

YES BANK has been a part of the Payroll Giving Program since FY 2007-08, with over ₹ 4,200,000 contributed by over 900 employees.

Employee Contributions (₹ '000)



Contributions by Cause



Cause	(%)
Youth	1
Children	29
Education	27
Environment	1
Health	7
Employment	1
Disabled	18
Elderly	11
Women	5

Project Udaan

YES BANK has entered into a 5 year partnership with the Ministry of Home Affairs, Government of India and the National Skill Development Corporation of India to be a part of Project Udaan, a unique initiative of the Government of India to engage organisations to train and employ youth from Jammu & Kashmir (J&K). As a partner, YES BANK has selected 50 graduates from a pool of nearly 500 applicants from the top universities in J&K to train them in the Banking sector with an aim to absorb them into the Bank or any other financial institution.

This initiative comprises of six months of structured learning and development training and will cover general awareness, banking knowledge, role specific skill development and personality development aspects through classroom training, on-the-job training, and periodic evaluation. In addition to the training, the candidates also meet and interact with the Bank's top management.

The first batch of graduates under Project Udaan

Employee Training

YES BANK mandates all new employees to undergo comprehensive training programs on policies and products. Employee induction is an important platform for sensitising and training the Bank's new employees on policies pertinent to human rights, anti-corruption and employee standards.

The YES School of Banking was institutionalised in 2007 as a Center of Excellence for employee learning and development initiatives at YES BANK. Apart from the learning and development initiatives within the Bank, the School has two flagship programs that play a key role in highlighting the Bank's focus on emerging as the "Professional's Bank of India".

Specific employees in the sales and marketing roles are trained in the Bank's policies and practices in product responsibility, due diligence, money laundering, anti-corruption, and data security among others.

Employee Training Programs Conducted

Particulars	FY 2012-13	FY 2011-12
Total training programs conducted	1008	1054
Total Executives trained in programs above	5846	4548

Employees Trained by Management Category

Particulars	FY 2012-13	FY 2011-12
Senior Management	87	103
Middle Management	1450	856
Junior Management	1650	1339
General Management	2659	2250
TOTAL	5846	4548

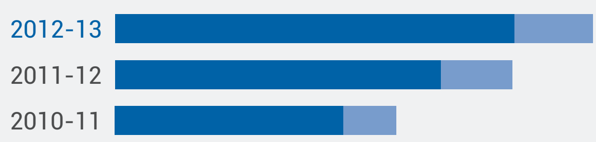
Training Programs by Category

Particulars	FY 2012-13	FY 2011-12
Behavioral (soft skills)	70	47
Employee induction	124	98
Mandatory policies and compliance	101	147
Process training	188	180
Product training	525	582
TOTAL	1008	1054

Details of Training Man days

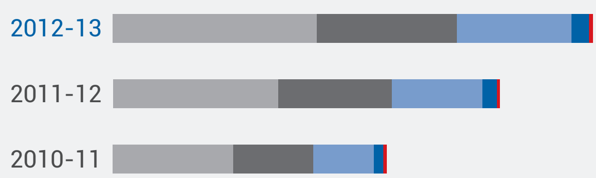
Particulars	FY 2012-13	FY 2011-12
Training Man days	25,400	24,402

Employee Profile by Gender



Gender	12-13	11-12	10-11
Male	5569	4401	3083
Female	1099	974	720

Employee Profile by Management Category



Management Category	12-13	11-12	10-11
Top Management	58	47	52
Senior Management	241	195	129
Middle Management	1593	1257	845
Junior Management	1946	1584	1108
General Management	2830	2292	1669

Employee Profile by Age

Age	FY 2010-11	FY 2011-12	FY 2012-13
Below 30	2254	2941	3280
30 – 50	1539	2423	3380
Above 50	10	11	8

* The Employee profile analysis is based on the database maintained by the Bank's HCM unit. This database may be different from the total headcount of the Bank on a particular date as an employee may have joined the Bank but their employee profile was still in the process of being created and added to the database by the HCM team. The total employee headcount as on March 31, 2013 is 7,024 employees.

YES FOUNDATION – Pursuing India's Development Agenda

Since inception, YES BANK has had a significant focus on sustainability and through its Responsible Banking platform, been working towards CSR and Sustainable Development focusing on the Triple Bottomline ethos. YES FOUNDATION was established in December 2012 with an intend to further expand YES BANK's sustainability footprint by supporting and empowering various stakeholders around a framework of innovation. It will focus on stimulating entrepreneurship, and innovatively use media initiatives for social transformation, to enable India's inclusive growth and development. The vision of the Foundation is to build 'an Empowered and Equitable India'.

YES FOUNDATION would be guided by an eminent Governing Council, led by its Chief Mentor, Mr. Rana Kapoor, Founder, Managing Director & CEO, YES BANK. Ms. Prerana Langa would serve as the CEO. The Governing Council includes Mr. S.L. Kapur (Ex Non-Executive **Chairman, YES BANK; Former Secretary, Ministry of Food Processing & Small Scale Industry, GOI)** as its Chairman, and industry stalwarts including Mr. Y.M Deosthalee **(CMD, L&T Finance Holdings)**, Dr. Shabnam Sinha **(Sr. Education Specialist, World Bank),** Dr. Isher Judge Ahluwalia **(Chairperson, Indian Council for Research on International Economic Relations)**, Dr. Amrita Patel (Chairperson, National Dairy Development Board), Mr. Bharat Patel **(Former Director, YES BANK and Former Chairman, P&G India)**, Mr. Wouter Kolff (**Director, Cosmos Bank, Taiwan**), Mr. Arun Kumar Sharma (Chief Investment Officer, Global Financial Markets, International Finance Corporation, Washington), and Ms. Namita Vikas (President and **Chief Sustainability Officer, YES BANK)**.

Annual Business Responsibility Report (ABBR)

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company:	L65190 MH 2003 PLC 143249
2.	Name of the Company:	YES BANK LIMITED
3.	Registered address:	Nehru Centre, 9th Floor, Discovery of India, Dr. A.B. Road, Worli, Mumbai – 400018
4.	Website:	www.yesbank.in
5.	E-mail id:	yestouch@yesbank.in
6.	Financial Year reported:	FY 2012 - 2013
7.	Sector(s) that the Company is engaged in (industrial activity code-wise):	As per National Industrial Classification – 2008: Section K – Financial and Insurance Activities Division 64 - Financial service activities, except insurance and pension funding
8.	List three key products/services that the Company manufactures/provides (as in balance sheet):	a) Retail Banking b) Corporate Banking c) Treasury
9.	Total number of locations where business activity is undertaken by the Company	
	i. Number of International Locations (Provide details of major 5)	None
	ii. Number of National Locations	430 Branches in over 275 Locations, 2 National Operating Centers in Mumbai & New Delhi, 951 ATMs
10.	Markets served by the Company – Local/State/ National/International/	YES BANK is a pan India Bank with offices in 26 out of the 28 states in the country.

Section B: Financial Details of the Company

1.	Paid up Capital (₹):	₹ 358.62 Crores
2.	Total Turnover (₹):	₹ 9551.43 Crores (Gross Income for FY 2012-13)
3.	Total profit after taxes (₹):	₹ 1300.68 Crores (FY 2012-13)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	0.5%
5.	List of activities in which expenditure in 4 above has been incurred:- a. Contribution to YES FOUNDATION b. Promotion of sports, arts and culture, literature c. Contribution to employee payroll giving d. YES COMMUNITY initiatives e. Support to NGOs, non-profit organisations and institutions f. Hosting industry platforms on CSR	

Section C: Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	YES (1 Subisidiary)
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?	If yes, then indicate the number of such subsidiary company(s): The Subsidiary was only incorporated in March 2013. There has been no business activity that has been carried out in 2012-13. Hence the BR Initiatives are still to commence.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR policy/policies

- **DIN Number:** 00320702
- **Name:** Rana Kapoor
- **Designation:** Founder, Managing Director & CEO

b) Details of the BR head

S. No.	Particulars	Details
1.	DIN Number (if applicable)	N/A
2.	Name	Namita Vikas
3.	Designation	President & Chief Sustainability Officer
4.	Telephone number	+91 22 6669 9043
5.	e-mail id	Responsible.banking@yesbank.in

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7[6]	P8	P9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y[2]	Y	Y	Y	Y[2]	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words) -	Y	Y	Y	Y[2]	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7[6]	P8	P9
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	N[1]	N[1]	N[1]	Y	Y[4]	Y[4]	N[1]	Y	N[1]
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y[3]	Y[5]	Y[3]	Y	Y	Y

1. The policy is an internal policy of the Bank and available to employees of the Bank.
2. YES BANK has identified the unbanked and under-banked population at the base of the pyramid as a key marginalised and disadvantaged stakeholder group and considers Financial Inclusion to be a key business strategy. The Bank has based its policies on guidelines and aims of the Reserve Bank of India, Government of India, international finance organisations and peers.
3. The Bank has an internal audit unit that carries out the checks and balances on the Bank's adherence to its policies.
4. The Bank has several policies abiding by this Principle. The Environment & Social Policy is available on the Bank's website at www.yesbank.in within the Responsible Banking section.
5. The Bank has several policies that focus on the rights of employees and external stakeholders. Some of the Bank's practices are audited by internal and external auditors while some are audited internally only.
6. The Bank aims to take a leadership position in influencing public policy and discourse by hosting and participating in thought platforms and through knowledge research. The Mission and Vision statements of the Responsible Banking practice underscore this priority.

2a. If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options) – **Not Applicable**

S. No.	Questions	P1	P2	P3	P4	P5	P6	P76	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

  The Managing Director & CEO reviews the Bank's BR performance with the Chief Sustainability Officer every three months.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

  Yes. YES BANK publishes its Sustainability Disclosures as part of its Annual Report. The Bank has adapted the annual financial reporting cycle as the reporting period. The Sustainability Disclosures for FY 2012-13 can be accessed at www.yesbank.in.

Section E: Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

   Yes. The Bank has a separate Vendor Management Policy that covers the pertinent issues related to ethics, bribery and corruption.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Customer Complaints	2012-13
No. of complaints pending at the beginning of the year	14
No. of complaints received during the year	1,452
No. of complaints redressed during the year	1,464
No. of complaints pending at the end of the year	2
Awards passed by the Banking Ombudsman	
No. of unimplemented awards at the beginning of the year	0
No. of awards passed by Banking Ombudsman during the year	0
Number of awards implemented during the year	0
Number of unimplemented awards	0

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   i. Inclusive & Social Banking – YES MONEY/YES SAHAJ/YES LEAP

   ii. Sustainable Investment Banking and Advisory – Environment and Social Policy

   iii. Microfinance Institutions & Affordable Housing Group

   Please refer to the Sustainability Disclosures FY 2012-13 within this Annual Report for more details.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   i. **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

      As products are financial services, the major resource consumed is paper. The Bank does not track the consumption of paper throughout its value chain.

      Through the Bank's technology focus, the paper used for transactions has reduced in favor of mobile and internet banking.

      The Bank consumes Diesel to run diesel generators in branches with unreliable power supply. The Bank has invested in more efficient generator sets that consume less power, have reduced emissions and are low noise.

      For more details on the Bank's initiatives to reduce its resource consumption, please refer to the Sustainability Disclosures FY 2012-13 within this Annual Report.

   ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

      As the Bank's products are financial services, resource consumption during usage by consumers is minimal.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

   i. **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

      The Bank has a Strategic Sourcing Department that regularly communicates its sustainability practices and standards with its suppliers through regular interaction. The Bank incorporates global best practices in procurement through comprehensive vendor selection process. The Bank is working towards adopting a green sourcing code for sustainable procurement.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Yes. For its products targeting the base of the pyramid, such as YES MONEY, YES SAHAJ, YES LEAP, the Bank hires business correspondent agents as partners in communities where the product is available. The partners are provided training on banking basics and operating banking equipment. The Bank also enrolls local retail stores for its YES MONEY remittance service. Please refer to the Sustainability Disclosures FY 2012-13 within this Annual Report for more information.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   As a service organisation, the Bank's primary wastes are paper, municipal waste and electronic waste. The Bank has processes in place to recycle its paper and electronic waste through government approved third party vendors at select locations for collecting and recycling the Bank's paper waste. Over 10% of its electronic waste is reused or recycled.

Principle 3

1. **Please indicate the Total number of employees.**

   As on March 31, 2013, YES BANK has 7,024 employees.

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

   All employees at the Bank are hired on a permanent basis.

3. **Please indicate the Number of permanent women employees.**

   The Bank had 1,160permanent women employees on March 31, 2013

4. **Please indicate the Number of permanent employees with disabilities**

   The Bank is an Equal Opportunity Employer and makes no distinction between employees on the basis of disabilities.

5. **Do you have an employee association that is recognised by management.**

   The Bank does not have an employee association.

6. **What percentage of your permanent employees is members of this recognised employee association?**

   Not Applicable.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	0	0
2.	Sexual harassment	1	0
3.	Discriminatory employment	0	0

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

   - Permanent Employees

     During the year, 5,846 employees were trained in 1,008 training programs which included skill development, training on mandatory policies and procedures, product training and process training.

   - Permanent Women Employees

     8%

   - Casual/Temporary/Contractual Employees

     Not applicable as the Bank only hires employees on a permanent basis.

   - Employees with Disabilities

     Not Applicable.

Principle 4

1. **Has the company mapped its internal and external stakeholders?** Yes/**No**

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders.**

   The Bank views the under-banked and unbanked population in rural and urban India as disadvantaged in integrating into India's mainstream economy. This leaves them vulnerable to economic and social exploitation.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**

   Yes. The Bank has several products that target the base of the pyramid in both urban and rural India. YES MONEY is a domestic remittance service for the urban migrant population, YES SAHAJ is a micro-ATM in under-banked rural India and YES LEAP is a credit and savings service for self-help groups. The Bank has two business units – the "Agri-business & Rural Banking", and "Micro Finance Institutions & Affordable Housing Group", that are active in these markets promoting financial inclusion. Please refer to the Sustainability Disclosures FY 2012-13 within this Annual Report for more information.

Principle 5

1 **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   Yes. The Bank has several policies that cover its response to human rights. The Bank has employee specific policies such as the Code of Conduct, various employment policies, Policy against sexual harassment etc. The Bank has agreements in place with its vendors and suppliers that require them to certify that they adhere to labour laws and rights of their employees.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No human rights violation complaints were received by the Bank from customers or employees during the year. The Bank has an internal portal, My Voice, as a direct link between the employee and her representative in the HCM team. There were no pending queries at the end of the year.

Principle 6

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

   Yes. The Bank has two specific policies that address its response to environmental conservation. The first, Environment & Social Policy, incorporates social and environmental risks and considerations into the Bank's lending decisions. The policy guides the Bank's decisions on projects that may have an adverse impact on the environment.

   The Bank's Environmental Management Policy that guides the Bank's internal actions towards achieving internal natural resource consumption efficiencies and to continuously measure and reduce its carbon footprint.

   Thirdly, the Bank has an active portfolio in debt and advisory in the renewable energy, water, clean technology and waste management space.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes. Please refer to the Sustainability Disclosures FY 2012-13 within this Annual Report. The Bank also reports its risks and strategies to pertinent environmental issues in its response to the Carbon Disclosure Project (CDP). YES BANK was the first signatory in the Indian banking sector to be a signatory to the CDP.

3. **Does the company identify and assess potential environmental risks? Y/N**

   Yes. The Bank has done a comprehensive materiality risk assessment within the Bank's top management which has identified climate change, sustainable finance and the Bank's carbon footprint as some of its key material issues.

   The Bank's Management Committee formulates its response to social and environmental risks through its Chief Sustainability Officer.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Not applicable as the Bank is a service organisation. The Bank has a large portfolio in clean energy, water and waste that is highlighted in the Sustainability Disclosures which are a part of this Annual Report.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes. The Bank has an active portfolio in clean energy, clean technology, waste management and water as well as several initiatives that are being implemented internally to make the Bank's operations more sustainable. These are a part of the Sustainable Disclosures within this Annual Report.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes. The Bank is a service organisation which produces emissions and waste within permissible limits. The Bank uses low noise and low emission diesel generator sets at its branches to lower its emissions. The Bank's primary wastes – paper and electronic waste, are recycled to the maximum extent possible through third party vendors.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   The Bank has not received any notice during the reporting year.

Principle 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   a. CII

   b. ASSOCHAM

   c. FICCI

   d. Indian Banks Association

   For a complete list of the Bank's associations, please refer to the Sustainability Disclosures that are a part of this Annual Report.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   Yes. The Bank has taken a leadership position in influencing public policy and thought through its participation and creation of thought leadership platforms and knowledge research in partnership with various industry associations and institutions of repute. These initiatives focus on pertinent social and environmental issues such as climate change, natural capital and CSR. For more information, please refer to the Sustainability Disclosures FY 2012-13 within this Annual Report.

Principle 8

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Bank has an active portfolio of products that target the base of the pyramid in India. Please refer to the Bank's performance in the Sustainability Disclosures FY 2012-13 within this Annual Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?**

   The Bank's action on social development is driven by its Responsible Banking practice. The Bank has specific business units that focus on key sectors such as micro-finance, agriculture and allied sectors and services such as remittance, rural micro-ATM and others.

   YES FOUNDATION was formed during the reporting period to spearhead the Bank's efforts towards social development in India, with a focus on entrepreneurship and social transformation. Please refer to the Sustainability Disclosures of this Annual Report for more information.

3. **Have you done any impact assessment of your initiative?**

   Yes. The financial impact of the performance of the Bank's business units that are active at the base of the pyramid are a part of the Sustainability Disclosures FY 2012-13 within this Annual Report.

4. **What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken.**

   The Bank does not do direct philanthropy but instead impacts the community by focusing on financial inclusion, employee giving and volunteering and its community engagement program, YES COMMUNITY. During the year, the Bank donated refurbished computers to local communities.

   The Bank has tied up with several NGOs working in specific social sectors to create an impact through employee giving and volunteering. The performance of YES COMMUNITY and employee giving is included in the Sustainability Disclosures FY 2012-13 within this Annual Report.

The Bank has created the Social Deposit Account, India's first philanthropic fixed deposit account that allows the account holder to donate a part of their interest income to charity.

The Bank through its business units, undertakes training and provides credit and savings to self-help groups and offer low cost banking services to the under-banked and the unbanked population in rural and urban India. The financial performance of the specific business units is included in Section E of the Sustainability Disclosures FY 2012-13 within this Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Yes. The Bank has a strong presence in the under-banked and unbanked populations in rural and urban India through its various business units. The Bank's activities focus on creating long term impacts within communities. For example, the Bank trains self-help groups to improve their financial and marketing abilities.

Principle 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Customer Complaints	2012-13
No. of complaints pending at the beginning of the year	14
No. of complaints received during the year	1,452
No. of complaints redressed during the year	1,464
No. of complaints pending at the end of the year	2
Awards passed by the Banking Ombudsman	
No. of unimplemented awards at the beginning of the year	0
No. of awards passed by Banking Ombudsman during the year	0
Number of awards implemented during the year	0
Number of unimplemented awards	0

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

   Yes. The Bank follows the highest standards of product and service responsibility. The Bank is in full compliance of the regulations of the RBI for financial products. The Bank is a member of the Banking Codes and Standards Board of India which is an independent watch dog for quality of service. All notices are displayed at branches as per the requirements of the RBI.

   The Bank trains its staff in client facing roles on its Suitability and Appropriateness Policy.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   There are no such cases against the Bank.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   The Bank has designated a Chief Experience Officer who drives the initiatives for building and maintaining strong customer relationships. The Bank has strong practices to engage with customers directly and frequently to gauge customer satisfaction levels. For more information, please refer to the Sustainability Disclosures FY 2012-13 within this Annual Report.

Management Discussion & Analysis

Macroeconomic and Industry Overview

Global Economic Scenario

In 2012, the world economy weakened considerably. Global growth as per IMF's projection fell to 3.2% from 4.0% in 2011. A growing number of developed economies, especially in Europe, faced recessionary conditions as weak labour and demand conditions were compounded by fiscal austerity amidst high public debt burden and financial fragility continued to plague economic prospects. While the US economic growth improved marginally, concerns on fiscal tightening are likely to keep growth momentum lower in 2013 as compared to 2012. On the emerging markets side, China continued to grow at a moderate rate of 7.8% in 2012, lower than 9.3% of 2011.

In order to stimulate growth amid ongoing fiscal austerity, most central banks in the developed economies expanded their asset purchase program and kept their monetary policies in expansionary mode by maintaining exceptionally low interest rates in FY 2012-13.

In September 2012 the US Federal Reserve expanded the size of its Quantitative Easing Program by adding USD 40 billion worth mortgage debt to its already existing monthly purchases of USD 45 billion of long dated US treasuries. In September 2012, the European Central Bank too announced that it would purchase unlimited amounts of government bonds of Spain and other euro states that face high borrowing costs, provided these countries adhere to the requirements of a formal bailout. Among other central banks, Bank of England and Bank of Japan too expanded their asset purchase programs and continued to keep their policy rates at historically low levels.

Indian Economic Scenario

In the aftermath of the slowdown induced by the global financial crisis in 2008-09, the Indian economy responded strongly to fiscal and monetary stimulus and achieved a GDP growth of 8.6% and 9.3% respectively in 2009-10 and 2010-11. However, with the economy exhibiting inflationary tendencies, the Reserve Bank of India (RBI) started raising policy rates in March 2010. High rates, domestic supply side constraints, and a soft global economic environment adversely impacted investment, and in the subsequent two years viz. 2011-12 and 2012-13, GDP growth slowed to 6.2% and 5.0% respectively.

The moderation in growth can be primarily attributed to weakness in industry, which registered a growth of 3.1% in 2012-13, the lowest in the last eleven years. Growth in agriculture was also weak in 2012-13, on the back of lower rainfall during the south-west monsoon season.

After achieving double-digit growth for five straight years between 2005-06 and 2009-10, services sector growth declined to a twelve year low of 6.6% in 2012-13. Sectors that particularly slowed were Trade & Commerce, and Financing & Insurance related businesses. Towards the second half of 2012-13, government's focus on fiscal consolidation resulted in plan expenditure getting squeezed – this further accentuated the slowdown in the services sector.

After remaining elevated for two consecutive years at 9.6% in 2010-11 and 9.0% in 2011-12, average headline WPI inflation moderated to 7.4% in 2012-13. Core inflation has also declined concomitantly to a 37-month low of 3.4% in March 2013 from its recent peak of 8.4% in November 2011. Besides monetary measures taken by the RBI, the recent softening of global commodity prices along with stability in Rupee contributed towards the moderation in core inflation.

The central government's fiscal deficit was projected at 5.1% of GDP in 2012-13. However, slippages in revenue collection on account of slowdown in growth and an overshooting of the subsidy bill, raised the risk of fiscal deficit coming close to 6.1% of GDP (as per the Kelkar Committee report on the Roadmap for Fiscal Consolidation, September 2012). Since then, the government made commendable progress in curbing expenditure and has projected a revised fiscal deficit target of 5.2% of GDP. For 2013-14, the Union Budget has signalled further fiscal consolidation with a fiscal deficit target of 4.8% of GDP.

The moderation in WPI inflation, deceleration in GDP growth momentum, and government's move towards fiscal consolidation enabled the RBI to gradually ease monetary policy in 2012-13. After cutting the repo rate by 50 basis points in April 2012, the RBI administered further cuts of 25 basis points magnitude in January 2013 and March 2013 respectively, taking the repo rate down to 7.50% by end March 2013 from 8.50% in March 2012.

Liquidity conditions remained in the deficit during 2012-13. The extent of liquidity deficit deteriorated sharply from November 2012 onwards after remaining moderate to the tune of ₹ 52,000 crores on an average basis during May-October 2012-13. Liquidity deficit averaged around ₹ 1,03,000 crores between November-March 2012-13, much above RBI's level of comfort. During the course of 2012-13, CRR was lowered from 4.75% in March 2012 to 4.00% in March 2013, SLR was lowered from 24.00% to 23.00%, and OMOs aggregating ₹ 1,27,180 crores were conducted.

The Rupee started the year 2012-13 on a weak note, depreciating by 10.1% between end March 2012 and end June 2012 on the back of tax related uncertainty (in the form of GAAR) along with deteriorating growth-inflation balance and current account deficit. Thereafter, the trend reversed, with the domestic currency appreciating by 3.5% between end June 2012 and end March 2013. Moderation in inflation and government's efforts towards fiscal consolidation and revival of sentiment provided support to Rupee. Unlimited liquidity injection by central banks in developed economies also supported sentiment by attenuating the tail risks in the global financial markets.

Indian Banking Overview

The focus of commercial banks in India has largely been on meeting the short-term financing needs of industry, trade and agriculture. As of fiscal year 2012, there were 173 commercial banks in the country out of which 169 were scheduled commercial banks. As of fiscal year 2012, commercial banks had a nationwide network of 101,261 offices with 61.3% of the offices in rural and semi-urban areas (Source: RBI). As of fiscal year 2012, scheduled commercial banks, not including regional rural banks, had approximately ₹ 64.5 lakh crores of deposits and approximately ₹ 50.8 lakh crores of loans and advances. Aggregate deposits for all scheduled commercial banks had registered an annual growth rate of 14.9% while the loans and advances for all scheduled commercial banks had increased by 18.1%. The credit deposit ratio for all scheduled commercial banks stood at 78.1% (Source: Report on Trend and Progress of Banking in India 2011-12). According to preliminary information available from RBI's Weekly Statistical Supplement, scheduled commercial banks had approximately ₹ 67.5 lakh crores of deposits and approximately ₹ 52.6 lakh crores of loans and advances as of March 22, 2013, registering a year-on-year growth of 14.3% and 14.1% respectively. The credit-deposit ratio stood at 77.9 as of March 22, 2013.

Scheduled commercial banks had approximately ₹ 67.5 lakh crores of deposits and approximately ₹ 52.6 lakh crores of loans and advances as of March 22, 2013, registering a year-on-year growth of 14.3% and 14.1% respectively.

Key Banking Industry Trends in India Domestic and international economic developments posed challenges to the banking sector during fiscal year 2012. Though asset impairment increased, the resilience of the Indian banking sector was manifested in an improvement in the capital base and maintenance of profitability.

Consumer Credit

The consumer credit market in India has undergone a significant transformation over the last decade and has experienced rapid growth due to consumer credit becoming cheaper, more widely available and increasingly a more acceptable avenue of funding for consumers. The market has changed dramatically due to the following factors:

- increased focus by banks and financial institutions on consumer credit resulting in a market shift towards regulated players from unregulated money lenders/financiers;
- increasing desire by consumers to acquire assets such as cars, goods and houses on credit;
- fast emerging middle class and growing number of households in a bank's target segment;
- improved terms of credit;
- legislative changes that offer greater protection to lenders against fraud and potential default, increasing the incentive to lend; and
- growth in assignment and securitisation arrangements for consumer loans, enabling non-deposit based entities to access wholesale funding and compete in the market, based on the ability to originate, underwrite and service consumer loans.

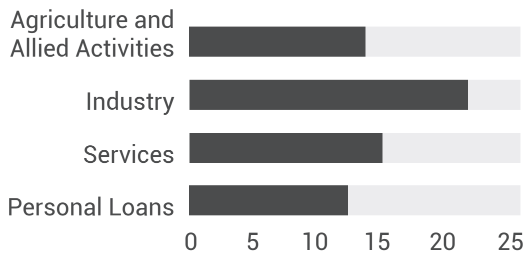
Commercial Banking Trends

Credit

As of fiscal year 2012, the credit-deposit ratio was 78.1% as compared to 75.6% a year ago. The aggregate deposits increased by 14.9% while loans and advances increased by 18.1% in fiscal year 2012. The growth in aggregate non-food bank credit decelerated from 20.6% in fiscal year 2011 to 17.0% in fiscal year 2012. This trend is in line with the overall slowdown observed in the growth of loans and advances in Indian banks' consolidated balance sheets. Sluggish growth performance of the domestic economy due to cyclical and structural factors partly explains the slowdown in credit off-take. The overall slowdown in non-food bank credit during fiscal year 2012 mainly emanated from slower growth in credit to industry, services and personal loans.

Given that a majority of personal loans are long-term in nature, growth in personal loans assumes special significance, especially against the backdrop of the increase in NPAs during fiscal year 2012. On a year-on-year basis, the growth in personal loans decelerated during fiscal year 2012 as compared to the previous year. Within the personal loans segment, housing credit decreased (Source: RBI Report on Trend and Progress of Banking in India 2011-12).

CREDIT GROWTH IN KEY SECTORS 2011-12 (%)



Source: RBI

During fiscal year 2012, public and private sector banks' aggregate advances to priority sectors were less than 40.0% of aggregate adjusted net bank credit or credit equivalent off-balance sheet exposure, whichever is higher. In addition, advances to agriculture and weaker sectors by both public and private sector banks were less than 18.0% and 10.0%, respectively, at the aggregate level (Source: RBI Report on Trend and Progress of Banking in India 2011-12).

Asset Quality

During 2012, the deteriorating asset quality of the banking sector emerged as a major concern, with gross NPAs of banks registering a sharp increase. The rise in NPAs could be attributed to the slowdown prevailing in the domestic economy as well as inadequate appraisal and monitoring of credit proposals.

The deterioration in asset quality was more pronounced in the case of public sector banks. During fiscal year 2012, the gross NPAs of public sector banks increased at a higher rate as compared to the growth rate of NPAs at a system-wide level.

In line with the acceleration in growth of gross NPAs as well as a lower provisioning coverage, net NPAs registered higher growth. Net NPA ratios were on the higher side for public sector banks, as compared with private sector and foreign banks (Source: RBI Report on Trend and Progress of Banking in India 2011-12).

Bank Group-wise NPA Ratios

Bank Group	Fiscal Year	Gross NPAs to Gross Advances	Net NPAs to Net Advances
Public Sector Banks	2010	2.3	1.1
	2011	2.3	1.0
	2012	3.2	1.5
Foreign Banks	2010	4.3	1.8
	2011	2.5	0.7
	2012	2.7	0.6
New Private Sector Banks	2010	3.2	1.2
	2011	2.6	0.6
	2012	2.2	0.4
Old Private Sector Banks	2010	2.3	0.8
	2011	2.0	0.5
	2012	1.8	0.6

Source: RBI Annual Report 2011-12

Income and profitability

Financial performance of banks came under pressure during fiscal year 2012, mainly due to the increased cost of deposits against the backdrop of an elevated interest rate environment. The two main indicators of profitability, return on equity and return on assets, declined marginally during fiscal year 2012, reflecting a deceleration in the net profit of banks.

Despite accelerated growth in total income, the consolidated net profit of the banking sector increased at a slower rate compared to the previous year, mainly due to the steep increase in interest costs. Interest expended on deposits accounted for more than three-fourths of the total interest expenditure of banks. This, along with an increase in the proportion of relatively high-cost term deposits, led to acceleration in the interest cost of banks. In addition, retail deposits became more costly against the backdrop of the high interest rate environment. During fiscal year 2012, the net interest margin of banks dipped marginally compared to the previous year, again, mainly reflecting the steep increase in interest costs (Source: RBI Report on Trend and Progress of Banking in India 2011-12).

Future Developments in the Banking Sector and expected Domestic Reforms

Implementation of the Basel III Capital Regulations

The Basel Committee on Banking Supervision ("BCBS") issued a comprehensive reform package of capital regulations, "Basel III: A global regulatory framework for more resilient banks and banking systems", in December 2010 ("Basel III"). The objective of the reform package is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spillover from the financial sector to the real economy. The RBI issued final guidelines on Basel III implementation on 2 May 2012 (the "RBI Basel III Guidelines") and the guidelines became operational from 1 April 2013. However, the reform package and guidelines will be implemented in a phased manner. The minimum capital requirement, including capital conservation buffers and regulatory deductions, will be fully implemented by fiscal year 2018.

Under Basel III, total capital of a bank in India must be at least 9.0% of risk-weighted assets ("RWAs") (8.0% as specified by the BCBS), Tier I capital must be at least 7.0% of RWAs (6.0% as specified by the BCBS) and Common Equity Tier I capital must be at least 5.5% of RWAs (4.5% as specified by BCBS). In addition to the minimum requirements as indicated above, a capital conservation buffer ("CCB") in the form of common equity of 2.5% of RWAs is required to be maintained by banks. Under Basel III, total capital with CCB has been fixed at 11.5%

Further, under Basel III, a simple, transparent, non-risk based leverage ratio has been introduced. The BCBS will test a minimum Tier I leverage ratio of 3.0% during a parallel run period from 1 January 2013 to 1 January 2017. The RBI has prescribed that during this parallel run period, banks should strive to maintain their existing leverage ratios but in no case should a bank's leverage ratio fall below 4.5%. Banks whose leverage is below 4.5% have been advised to achieve this target as early as possible. (Source: RBI Annual Report 2011-2012)

Grant of new bank licences after the amendment of the Banking Regulation Act 1949 (the "Banking Regulation Act")

The union budget announced on 26 February 2010 stated that the RBI was considering granting additional banking licences to private sector players, and that NBFCs could also be considered if they met the required eligibility criteria. The RBI released a discussion paper relating to this proposal in August 2010 and draft guidelines were prepared and placed in the public domain on 29 August 2011.

The draft guidelines stipulate conditions relating to eligible promoters, minimum capital, foreign shareholding, business models and desirable corporate structures and governance standards of the group applying for the additional banking licences. In January 2013, the Banking Regulation Act was amended by the Government of India, to effect certain changes that the RBI believes are important for the finalisation and implementation of the policy for licensing new banks in the private sector. (Source: RBI Report on Trend and Progress of Banking in India 2011-12)

Subsequently, RBI has released guidelines for licencing of New Banks in the private sector on February 22, 2013.

Business Overview

YES BANK provides a comprehensive range of banking services across retail and corporate customers. Client-focused Corporate Banking and Commercial Banking Services, include Working Capital Finance, specialised Corporate Finance, Trade, Cash Management & Transactional Services, Treasury Services, Investment Banking Solutions and Liquidity Management Solutions to name a few. In addition, Retail Banking Services includes a wide array of both asset and liability / deposit products to cater to needs of customers. YES BANK is committed to provide innovative financial solutions by leveraging on superior product delivery.

Corporate Banking

Corporate & Institutional Banking

Your Bank's Corporate & Institutional Banking (C&IB) division provides comprehensive financial and risk management solutions in the highly competitive market of large corporates with a turnover of generally more than ₹ 1,000 crores. Your Bank's highly qualified professional relationship experts have built strong value based long term relationships with top management and the promoters of almost all large corporate houses in India. C&IB, coupled with the deep rooted knowledge of the underlying market dynamics, strong structuring and distribution capabilities of the Debt Capital Market (DCM) group has been able to establish your Bank as an underwriter/arranger of choice among private issuers including many large corporate houses in India. In a short period of time, Your Bank has been ranked No.2 by Prime Database in the 'Private Issuers Category' for FY2013.

Emerging Corporates Banking

By continuously evolving the sector-specific products and services, YES BANK paves the path for a brighter future for Emerging Corporates. At YES BANK, through the foresight and collective knowledge of many minds, Emerging Corporates Banking (ECB) has been institutionalised nationally to service the needs of today's growth focused, fast-paced enterprises with an annual turnover generally in the range of ₹ 100 crores and ₹ 1,000 crores. ECB focuses on client companies in the "high-octane" middle market segment

Multinational Corporations and Embassies Relationship Management

At YES BANK, we understand the financial needs of Multinational Corporations in their plans to increase their footprint in the Indian market. Our differentiated approach through dedicated Knowledge Banking teams, Indian Market Expertise, World Class Banking solutions and Service Excellence, positions us favourably to become the "Preferred HOST COUNTRY BANK for MNCs". The Bank has also established privileged banking relationships with various Embassies providing them with Foreign Exchange solutions, Cash management and investment management offerings amongst others.

Government Relationship Management

The Government Relationship Management (GRM) team at your Bank understands the financial needs of the Central and State Government undertakings and agencies in their progress and development role towards a growing India through its Knowledge Banking approach.

In a short span of 6 years, the GRM group has developed robust relationships with over 500 entities across India. The GRM Group is committed to the core values of client origination, innovation and a superior service experience that exemplifies all businesses at your Bank.

Indian Financial Institutions

Indian Financial Institutions (IFI) group is your Bank's face to the key domestic financial institutions across the nation including banks (Public and Private), Non-Banking Finance Companies, Housing Finance Companies, Insurance Companies, Mutual Funds, Financial Institutions, Co-operative & Regional Rural Banks (RRBs); and capital market participants including Stock Exchanges, Stock Brokers, Commodity Brokers, Private Equity Funds, Provident Funds, Primary Dealers and Depositories. To ensure long term mutually beneficial relationships we customise solutions that bring greater efficiency of banking service utilisation at clients end. IFI also plays a key role in raising debt capital for your Bank in the form of Tier II Subordinated Bonds and Tier I Perpetual Bonds. During FY 2012-13, IFI successfully raised ₹ 140 crores of Tier I Perpetual Bonds, ₹ 704.1 crores of Upper Tier II and ₹ 1059.7 crores of Lower Tier II capital.

International Banking

YES-International Banking group offers a complete suite of products including Debt, Trade Finance, Treasury Services, Investment Banking Solutions, Financial Advisory and Global Indian Banking to its international customers. Keeping in mind the overseas growth ambitions of its clients, your Bank has created a far reaching network with almost 850 international banks, financial institutions and official bodies across the globe.

YES-International Banking continues to assist in raising large-ticket offshore borrowings for your Bank and has negotiated overseas trade transactions for your Bank's key corporate clientele. The Dual Foreign Currency Syndicated loan availed by your Bank during the year was adjudged the Financial Institution Syndicated Deal of the Year 2012 by Asia Pacific Loan Market Association (APLMA). The loan has been widely distributed, with investment received from 14 banks across 9 countries.

Branch Banking

Your Bank believes in providing a seamless banking experience to all its customers through its high quality, state-of-the-art branch infrastructure backed by cutting-edge technology and a customer-centric approach. Your Bank's branches are highly accessible and facilitate warmth, coherent communication and a consistent customer experience across all locations. In fact, your Bank has been successful in ensuring that its branches have transcended to the next level of serving as Community Centres facilitating community engagement, rather than merely being touch points. Currently, your Bank's customers are being served through an extensive branch network, comprising 430 branches spread over 275 locations across India as well as over 950 ATMs.

Your Bank will continue to expand its branch presence in line with its vision of enabling financially efficient Inclusive Banking through its state-of-the-art technology platform.

Business Banking

Your Bank supports Small and Emerging businesses which are the growth engines of our growing economy through its dedicated Business Banking unit. Driven by Knowledge Banking and backed by a team of professionals, your Bank delivers a customised suite of products, services and resources to meet varied business requirements of Small & Medium Businesses in identified sectors generally with a turnover up to ₹ 100 crores.

To actualise this strategy and improve the flow of credit to Micro & Small Enterprises, your Bank has also institutionalised a separate business sub vertical i.e. Emerging Business Banking (EBB), which focuses on entities with an annual turnover of up to ₹ 20 crores.

Retail Banking

In line with the Version 2.0 key objective of Quality, Granularity and Profitability in Loans portfolio, we have launched a number of retail banking asset products in FY12-13. With this, your Bank has a fairly comprehensive retail product suite including Car Loans, Commercial Vehicle Loans, Inventory Finance, Home Loans, Education Loans, Personal Loans, Salary Overdraft, Loan Against Property (LAP), Loan Against Shares (LAS) among others. These products have been designed keeping in mind the customised needs and requirement of our customers.

A wide array of retail banking products is available in 27 locations across India with presence of dedicated Retail Banking Assets team for support.

Focus on the Retail asset segment would continue in FY2013-14, with further addition to product portfolio to cater to the wider market segment.

Product Capital

Your Bank, since inception has invested in creating comprehensive and full-fledged product solutions to cater to the entire banking requirements of the Bank's target clients/ segments. The Bank's product capital is driven by senior product experts with deep rooted understanding of clients' business, product structuring skills, regulations supported by strong technology & operations platforms and relationships with various counter parties.

Transaction Banking

YES BANK has expanded the scope of customer service right from transaction execution to information facilitation, serving the core objective of optimal management of all operational, administrative and regulatory activities. The Transaction Banking Group at YES BANK is a core product group focused on "Financial Supply Chain Management" of corporates and broadly consists of four specialised product domains namely:

- Cash Management Services
- Liabilities, Cards and Direct Banking Services
- Trade Finance Services
- Capital Markets, Escrow Account and Securities Services

Financial Markets

Backed by experienced professionals, the Financial Markets Group at YES BANK offers a competitive and comprehensive line-up of financial market products and services. Your Bank's Financial Markets (FM) business model provides effective Risk Management solutions relating to foreign currency and interest rate exposures of its corporate clients. FM proactively assists clients in creating a thorough awareness about the risks they face with respect to Capital Raising, Investments, Exports, Imports and other market risks and providing relevant product offerings.

Corporate Finance

YES BANK's Corporate Finance practice offers a combination of advisory services and customised products to assist clients in obtaining superior financial returns and minimising risk based on "Knowledge Arbitrage". YES BANK's Corporate Finance practice focuses on providing diversified product offerings catering to specific industry verticals that meet the precise requirements of customers. YES BANK provides Infrastructure Banking and Project Finance (IBPF), Structured Finance, Realty Banking, Project Advisory & Syndications to its corporate customers.

Investment Banking

YES BANK's Investment Banking division is based on a balanced mix of domestic and cross-border Mergers and Acquisitions, Joint Venture Advisory Services, Private Equity Placement as well as Merchant Banking Services across select industry verticals. The enviable cross-border Mergers and Acquisitions (M&A) practice built by YES BANK over the years, has led to the development of a deep network of relationships with Banks, Investment Banks and Advisory Boutiques in countries across Asia, Europe, Africa and the Americas. As an integral part of the cross border M&A Advisory, YES BANK also plays a pivotal role in assisting clients raise acquisition finance from leading Indian and International financial institutions.

Knowledge Banking

Your Bank has established key knowledge verticals across sunrise sectors of the Indian economy. Your Bank's Product and Relationship Groups leverage Knowledge Capital as one of the key differentiators to develop innovative solutions to reinforce long-term and sustainable partnerships with its stakeholders. A Knowledge driven focus has been institutionalised as a key ingredient in all internal and external processes of your Bank. It helps to facilitate structuring of innovative, superior and sustainable financial solutions, based on efficient product delivery, industry benchmarked service levels and strong client orientation.

Your Bank focuses on developing in-depth knowledge base for the future businesses of India such as Food & Agribusiness, Healthcare & Life Sciences, Education & Social Infrastructure, Media & Entertainment, Communications & Technology, Environment & Renewable Energy, Infrastructure and Retailing amongst others. Your Bank's in-depth knowledge of emerging sectors has enabled it to deliver efficient and customised banking solutions to these core and sunrise sectors, thereby playing a significant part in driving the economic growth of our country. Your Bank also publishes regular reports / newsletters on developments in these sectors to further enhance our Knowledge Banking led approach and serve as a key source of insights to clients, industry associations and policy makers.

Responsible Banking

Your Bank's Environment & Social Policy (ESP), laid down in 2010, has become the prism through which it scrutinises its credit activities. By integrating with your Bank's Credit Risk Policy, the ESP incorporates environmental and social considerations into its overall project assessment and lending decisions.

Your Bank launched its Environment Management Policy during the year to guide its strategy in improving its own environmental and social performance by establishing processes and systems to mitigate emissions and achieving resource consumption optimisation.

The Responsible Banking practice in Thought worked towards establishing YES BANK's leadership position in the sustainability space through participation at several knowledge platforms. Your Bank partnered with the Indian Institute of Corporate Affairs to organise the 3rd National CSR Conclave which focused on the private sector perspective on CSR. Your Bank has launched the YES BANK Saevus Natural Capital Awards, India's first property to showcase responsible practices on natural capital consumption and conservation within industry and civil society.

Your Bank observes highest ethical standards and therefore reporting is a key mandate. As one of the first Indian financial institutions to move towards disclosing its environmental and social performance, your Bank continues to be a signatory to the UN Global Compact and the Carbon Disclosure Project (CDP). It reports on its performance in the 10 UNGC principles and carbon emissions respectively. Your Bank was on the Carbon Disclosure Leadership Index for India for 2012 for the second time in a row and stood a joint 5th among 57 Indian institutions.

In line with the SEBI circular which mandates inclusion of Business Responsibility Reports as part of Annual Reports for listed entities, your Bank has included the Business Responsibility Report in this Annual Report. This Report includes the Bank's Sustainability Disclosures, adhering to the GRI and NVG guidelines, highlighting your Bank's environmental and social performance for the year.

Process, Service & Technology Overview

To transform customer experience in the banking industry, your Bank has leveraged on state-of-the-art technology and Innovative practices. Along with Branches various mission critical back-end functions including, Quality Assurance, Technology Solutions Group, Risk Management, Internal Audit and Human Capital function work seamlessly to deliver a world-class banking experience.

Business Processes - Creating a Quality Organisation

To deliver optimum results, your Bank has seamlessly extended its professional outlook across its business processes with a vision to become the 'Best Quality Bank of the World in India' by 2015. In recognition of the Bank's strategic intent, your Bank imbibes a culture of professional entrepreneurship where every employee plays an important role in the Bank's growth. Your Bank incorporates highly professional practices into its business processes to generate added efficiencies and long-term growth. These processes ensure a culture of continuous improvement through ongoing feedback from employees as well as customers.

Some key Service initiatives implemented towards the same include:

- Two world-class National Operating Centres (NOCs) based out of Mumbai and Gurgaon have been established with a focus on providing consistent and superior customer service as also to provide Business Continuity Planning. The NOCs house the centralised back office functions of various businesses including the YES TOUCH Contact Centre, which is located at NOC, Gurgaon.
- Adherence to Business Excellence frameworks and Quality practices such as Five S, Quality Circle, Six Sigma and ISO 9001 Standard.
- Your Bank's Complaints resolution process is certified for ISO 10002 (Customer Service - Complaints Management system)
- Business processes are supported by superior information technology solutions and platforms with a view to optimise productivity
- Your Bank has a robust Business Continuity Management framework and Information security management framework. Evaluation of all critical quality parameters, including an End to-End (e2e) review/analysis of all critical business processes.
- Your Bank is committed to building a culture of Quality & Innovation. Steps taken in this direction include benchmarking against the best-in-class processes and practices, identification and implementation of Best and Next Innovative Practices, with a view to enhance Customer Experience.

- Framework for measurement of Customer Experience both Internal as well as external customers – with a view to ensure that customer feedback across each touch point (including customer complaint registers, customer satisfaction surveys, telephonic surveys and employee feedback) is collected, analysed and actioned upon in a time bound and consistent manner.
- Leveraging Social Media as a new channel for Customer Service to address queries / complaints, receive feedback, garner inputs on service (VOC), and share relevant content about products & services, brand building and press releases.
- The Customer Query Management System is used as the single touch point for logging, handling, escalating and resolving customer grievances.
- The Query Resolution Unit (QRU) formed as a part of the YES TOUCH Phone Banking Service, ensures effective follow-up and resolution of customer queries and complaints.
- Adherence to Banking Codes and Standards Board of India (BCSBI), Goiporia Committee recommendations, Damodaran Committee recommendations and the Committee on Procedures and Performance Audit of Public Services (CPPAPS) guidelines.

The Service Quality Strategy

Your Bank has a three-pronged structure to bolster customer service – Customer Experience, Innovation and Quality Assurance Units. The Customer Experience unit captures the Voice of the Customer (VOC), and assesses performance on key Service Drivers. The Innovation initiatives are managed through the Innovation Centre which acts as a clearing house for ideas to help your Bank implement Next Practices across products, services and channels. The Quality Assurance unit draws upon quality methodologies practiced by world-class organisations in building institutional excellence.

Specific Quality Goals have been classified into the categories of "Process Management" and "External & Internal Service Delivery", in line with your Bank's Quality Policy and Quality Objectives. Quality improvement drives like Workforce suggestion schemes, Lean Six Sigma, Quality Circles, Five S, ISO 9001 & ISO 10002 are being driven across business units of the Bank.

Process Management (PM) aims to continually monitor current processes, benchmark them against competition, incorporate best practices, knowledge dissemination and introduce robust mechanisms for process improvements, while identifying wastages to drive effective waste management and cost control. PM uses quality tools to facilitate ease of execution of transactions, through automation of manual processes and ensures effectiveness of training for employees.

External & Internal Service Delivery i.e. Customer Satisfaction level at your Bank is measured using Dashboards, Voice of the Customer (VOC), Branch Service Committee Meetings, Sigma Score Cards and External/Internal Customer Satisfaction Surveys. These initiatives not only help build mutually beneficial customer relationships, but also ensure stringent Service Level Agreements (SLAs) with relevant Operations Units across the Bank. Additionally, it provides an efficient Management Information System support platform for effective decision-making at the management level. The Branch & Contact centre Service levels are also gauged by means of Service Quality Audits and Mystery shopping by an independent Quality Function.

The YES SERVICE Program - an Internal Service proposition is disseminated through a well-defined and ongoing Service Marketing program and measured through Mystery Shopping, On-Job Monitoring and in Branch Executive Leadership Team (BELT) programs held periodically across key branches nationally.

Your Bank has received certification for its "Customer Service - Complaints Management System (ISO 10002: 2004)". Your Bank is the first Indian Bank and the third one globally in the banking Industry to achieve this certification, as per British Standard's Institution (BSI) as on August 25, 2010. ISO 10002 provides the standard on the process of handling complaints related to products & services within the Bank.

Your Bank has created a Knowledge Pool of Six Sigma/ Lean Change Agents to build a culture of improvement. Your Bank has undertaken several Improvement Projects both Strategic and Tactical in nature. The former are targeted towards projects that impact the strategic business objectives. The latter are tactical improvements that are carried out by teams on the shop-floor.

Processes have well defined metrics and performance is tracked through dashboards on an ongoing basis and these are shared with all the Top Management Team. The

Leadership of each business unit continuously reviews the existing processes, initiates improvements and works towards instilling process thinking among the workforce.

Quality Assurance and the Service Delivery Units provide a framework, through which your Bank imbibes a culture of continuous improvement. The Quality Policy at your Bank states - "YES BANK will strive to ensure a consistent superior Service Experience through Operational Excellence, Innovation, Cutting-edge Technology and Best-in-class Systems and Processes in its mission to become the Best Quality Bank of the World in India by 2015".

Information Technology

As a new generation Bank, your Bank has deployed "Technology" as a Strategic Business enabler – to build a distinct competitive advantage and to achieve superior standards of Customer Service.

Your Bank's Technology team focuses on enabling innovative, timely, effective and efficient solutions to make your Bank the 'Best Quality Bank of the world in India'. The values are:

- Achieve customer delight through service excellence and futuristic solutions.
- Build a motivated, lean and high performance team.
- Build a culture of risk appreciation, transparency and cost consciousness.
- Be proactively aligned with business and organisational needs.

Your Bank continues to strengthen its strategic partnerships with some of the best known IT majors globally, to develop innovative system features in order to improve process efficiencies and create sector-specific banking solutions. Additionally the development of a robust Business Continuity plan in your Bank addresses risks and secures systems that are vital to business operations.

In the current fiscal, the following initiatives were undertaken:

- Your Bank developed a 'Customer Profitability System' on our award winning Business Intelligence platform that provides our sales teams, online access to customer profitability. This platform is a key differentiator viz. regular market offering and focuses on providing the right information to the right people at the right time via interactive dashboards.
- Leveraging our Business Process Management platform, your Bank rapidly rolled out innovative solutions like host-to- host integration and a cash collection system benefiting our corporate customers on one hand and generating liabilities for the Bank on the other. It has also helped in automation of numerous processes, especially, in domain of cash management, accounts payable, and financial supply chain management.
- Your Bank entered into a partnership with specialised ATM outsourcing vendors for its ATM outsourcing in line with its strategy to partner with best-in-class service providers. This move has given your Bank a substantial cost advantage viz. ATM management on one side, and the ability to scale up much faster at the other end.
- With an aim to make your Bank paper-free and to streamline our operations, we have embarked on the implementation of a document management system. This is a key ingredient to our GO-GREEN initiative that we drive as part of our Responsible Banking philosophy.
- Your Bank has started Virtualising its servers and implementing the Unified Communication Cloud solution to reduce communication related costs, improve staff mobility and optimise network bandwidth. We are also evaluating cutting-edge technologies like Desktop Virtualisation and Social Media to invest in the best-in-class IT systems and practices, and in order to ensure that its technology platform becomes a Strategic Business tool for building a Competitive Advantage.
- Your Bank is leveraging IT as a cost differentiator for our Financial Inclusion business – the entire gamut of branch connectivity, operational connectivity and product adaptability. Our Mobile Banking strategy will involve technology creativity for Banking as well as m- Commerce transactions for both MBA (Mobile Banking Application) and SVA (Stored Value Application) related technologies.

Human Capital Management

The Bank subscribes to a 'Sum-of-Parts' compensation methodology, which is reflective of the Bank's commitment and philosophy of creating and sharing value with its employee partners.

The sum-of-parts compensation comprises:
(i) Fixed Compensation
(ii) Variable Compensation in the form of Performance Bonus
(iii) Employee Stock Option Plans (ESOP)

The Human Capital engagement practices at your Bank are targeted at developing the Bank's brand as a "Preferred Employer of Choice". Some of the key features of your Bank's policies and practices are illustrated below:

YES BANK Participation in Stepathlon Lifestyle

YES BANK in partnership with Stepathlon Lifestyle launched an innovative WELLNESS initiative named 'YES STEPATHLON—a race around a "virtual world". YES STEPATHLON was a unique, pedometer-based event that was useful for all executives irrespective of age, gender, designation, physical ability and fitness levels. This 100 consecutive day initiative aimed at enabling participating executives to walk/jog 10,000 steps a day, which is recommended by global health authorities for a fully fit lifestyle. The backbone of Stepathlon was the highly engaging and interactive online platform which plotted all teams on a dynamic and information rich map of the 'virtual world'. All Executives also got access to a community of like–minded people from across the globe, through an innovative, interactive and insightful interface. Stepathlon, in its first year, had been launched at YES BANK across 12 key locations namely MMR, NCR, Ahmedabad, Bangalore, Chandigarh, Chennai, Hyderabad, Jaipur, Kolkata, Lucknow, Ludhiana & Pune. A total of 143 teams and 715 Stepathletes from YES BANK successfully participated in this virtual race around the world from September 20th 2012 to December 28th 2012. YES STEPATHLON promoted teamwork and fitness by encouraging physical activity via a simple, inclusive and participative format which helped us become a happier, healthier and productive YES BANK family.

Financial and Operating Performance

Your Bank has had robust financial performance since inception in 2004 and has continued the same in FY 2012-2013 by delivering a steady performance. Your Bank has had superior performance on Return on Equity (RoE) and Return on Assets (RoA) by delivering a RoE of 24.8% and RoA of 1.5% for FY 2012-2013.

Key Ratios

Particulars	2012-13	2011-12
Return on Equity	24.8%	23.1%
Return on Annual Average Assets	1.5%	1.5%
Basic Earnings Per Share ₹	36.5	27.9
Diluted Earnings Per Share ₹	35.6	27.1
Book Value Per Share ₹	161.9	132.5
Cost to Income	38.4%	37.7%
Gross NPA Ratio	0.20%	0.22%
Net NPA Ratio	0.01%	0.05%

Your Bank has continued to deliver on all key parameters with robust growth in net income, stable cost to income ratios and stable asset quality. This has helped your Bank generate strong shareholder returns with Basic and Diluted EPS increasing to ₹ 36.5 and ₹ 35.6 respectively taking the book value up to ₹ 161.9 after considering a dividend of ₹ 6 per share.

Balance Sheet

(₹ in crores)

Particulars	March 31, 2013	March 31, 2012	Growth % over March 31, 2012
Assets			
Advances	46,999.6	37,988.6	23.7%
Investments	42,976.0	27,757.3	54.8%
Others	9,128.5	7,879.8	15.8%
Total Assets	**99,104.1**	**73,625.7**	**34.6%**
Liabilities			
Shareholders' Funds	5,807.7	4,676.6	24.2%
Deposits	66,955.6	49,151.7	36.2%
Borrowings	20,922.1	14,156.5	47.8%
Others	5,418.7	5,640.9	(3.9%)
Total Liabilities	**99,104.1**	**73,625.7**	**34.6%**

Your Bank's total balance sheet size increased by 34.6% from ₹ 73,625.7 crores as of March 31, 2012 to ₹ 99,104.1 crores as of March 31, 2013 due to an increase in the size of our advances and investment portfolio owing to the overall growth of our business.

Advances

During this fiscal, your Bank recorded a growth of 23.7% in its loan book with advances increasing to ₹ 46,999.6 crores, on the back of growth in lending in Corporate and Institutional Banking (large corporations, government-owned corporations and institutions, multinational corporations and Indian financial institutions), Commercial Banking (mid-market corporations, operating across various industries), Branch Banking (MSMEs and Retail) and priority sector lending. The Yield on Advances for the year increased by 0.2% from 12.2% in FY 2011-12 to 12.4% in FY 2012-13 due to hardening of interest rates in the economy during the year and the Bank managing to pass through rates effectively to its borrowers.

Investments

Total investments as at March 31, 2013 increased 54.8% to ₹ 42,976.0 crores from ₹ 27,757.3 crores as at March 31, 2012. This growth can be mainly attributed to the increase in Government Securities of ₹ 7,360.7 crores and Non-SLR investments of ₹ 7,858.0 crores.

Deposits

Your Bank's deposits increased by 36.2% to ₹ 66,955.6 crores as at March 31, 2013 which comprised of ₹ 6,664.9 crores of demand deposits, ₹ 6,022.6 crores of savings deposits, ₹ 54,268.0 crores of term deposits. Term Deposits increased by 30.0% as at March 31, 2013 over March 31, 2012. Savings deposits increased by 140.5% and current deposits increased by 36.3% as at March 31, 2013 over March 31, 2012. The Bank has seen an increase in the composition of granular deposits on account of an increasing branch franchise and the customer base of the Bank. Current and Savings Account (CASA) deposits grew by 71.6% to ₹ 12,687.5 crores taking the CASA ratio to 18.9% as at March 31, 2013 up from 15.0% as of March 31, 2012. The Bank continues to witness increased traction in CASA on the back of enhanced Savings Rate offering and improvements in productivity. CASA + Retail Banking term deposits improved from 32.7% of Total Deposits as of March 31, 2012 to 35.5% as of March 31, 2013.

Borrowings

Total borrowings of your Bank increased from ₹ 14,156.5 crores as at March 31, 2012 to ₹ 20,922.1 crores as at March 31, 2013. Your Bank on the back of a Moody's International rating (Baa3, in line with India's sovereign rating) increased its foreign currency borrowing from ₹ 2,917.9 crores as on March 31, 2012 to ₹ 3,693.2 crores as on March 31, 2013. This is in addition to raising ₹ 1,763.8 crores as Tier II borrowings. The Bank also raised ₹ 140.0 crores in form of Innovative Perpetual Debt Instruments (Tier I). The Tier I & Tier II debt bolster the capital adequacy of your Bank while enhancing the liability duration of the Balance Sheet.

Profit and Loss Account

(₹ in crores)

Particulars	2012-13	2011-12	Growth % over FY 2011-12
Net Interest Income	2,218.8	1,615.6	37.3%
Non Interest Income	1,257.4	857.1	46.7%
Total Net Income	3,476.2	2,472.7	40.6%
Operating Expenses	1,334.5	932.5	43.1%
Employee Costs	655.5	475.1	38.0%
Other Costs	679.0	457.4	48.4%
Operating Profit	2,141.7	1,540.2	39.1%
Provisions and Contingencies	215.9	90.2	139.4%
Profit before Tax	1,925.8	1,450.0	32.8%
Provision for Taxes	625.1	473.0	32.2%
Profit after Tax	1,300.7	977.0	33.1%

Interest Income

Your Bank's total interest income increased by 31.5%, from ₹ 6,307.4 crores for the year ended March 31, 2012 to ₹ 8,294.0 crores for the year ended March 31, 2013.Interest income on advances and discounts on bills increased by 21.9%, primarily due to an increase in our gross advances and an increase in average interest rates on the portfolio. The average yield on your Bank's advances portfolio was 12.4% for the year ended March 31, 2013 as compared to 12.2% for the year ended March 31, 2012. Interest income on investments increased by 54.8%, primarily led by expansion of our investment portfolio. These investments were primarily in government securities (including investments held to meet SLR requirements), corporate debentures and bonds, pass-through certificates of mortgage-backed and asset-backed securities, commercial paper and certificate of deposits.

Interest Expense

Your Bank's total interest expense increased by 29.5%, from ₹ 4,691.7 crores for the year ended March 31, 2012 to ₹ 6,075.2 crores for the year ended March 31, 2013. Interest expense on deposits increased only by 18.7%, primarily due to increased contribution from low cost deposits i.e. CASA. Interest expense on RBI / inter-bank borrowings increased by 81.6% mainly due to higher subordinated debt borrowings (eligible as Tier I and II capital).

Net Interest Income

Your Bank's net interest income increased at an impressive rate by 37.3% from ₹ 1,615.6 crores for the year ended March 31, 2012 to ₹ 2,218.8 crores for the year ended March 31, 2013. This was mainly on account of decrease in cost of funds from 8.8% for the year ended March 31, 2012 to 8.6% for the year ended March 31, 2013 driven by increase in percentage of low cost deposits in the form of CASA. This has resulted in net interest margins expanding from 2.8% for the year ended March 31, 2012 to 2.9% for the year ended March 31, 2013.

Other Income

Your Bank also displayed strong growth in non-interest income by 46.7% from ₹ 857.1 crores for the year ended March 31, 2012 to ₹ 1,257.4 crores for the year ended March 31, 2013, primarily due to increases in commission, exchange and brokerage income and sale of investments, partially offset by reduced profit on exchange transactions and miscellaneous income. Commission, exchange and brokerage income comprised mainly of income from opening and negotiating letters of credit, commission charged on financial guarantee and performance guarantee, cash management services, financial advisory services, fees for loan syndication and other retail fees. Income from these increased by 40.2% from ₹ 767.7 crores for the year ended March 31, 2012 to ₹ 1,076.2 crores for the year ended March 31, 2013. Net profit on sale of investments increased substantially from ₹ 37.8 crores for the year ended March 31, 2012 to ₹ 155.7 crores for the year ended March 31, 2013. The substantial increase was primarily due to active management of your Bank's investment portfolio and favourable movement in interest rates.

Operating Expenses

Your Bank continued to make substantial investments towards human capital, information technology and branch expansion to meet its growth targets. As a result, operating expenses increased by 43.1% from ₹ 932.5 crores for the year ended March 31, 2012 to ₹ 1,334.5 crores for the year ended March 31, 2013. Employee costs increased by 38.0% from ₹ 475.1 crores for the year ended March 31, 2012 to ₹ 655.5 crores for the year ended March 31, 2013, primarily due to the expansion of our branch network resulting in head count increasing from 5,642 to 7,024. Employee costs accounted for 49.1% of our non-interest expenses for the year ended March 31, 2013 as compared to 51.0% for the year ended March 31, 2012. Rent, taxes and lighting also increased by 44.3% to ₹ 181.1 crores on account of branch count increase to 430 from 356 and additional headquarters space added at the Indiabulls Financial Centre in Mumbai. Other significant reasons for increase in operating expense were an increase in information technology and asset outsourcing charges, electricity, depreciation, maintenance charges, and deposit insurance charges paid to Deposit Insurance and Credit Guarantee Corporation. Your Bank maintained a very healthy cost to income ratio of 38.4% for the year ended March 31, 2013.

Provisions and Contingencies

Provisions and contingencies increased by 49.3% from ₹ 563.2 crores for the year ended March 31, 2012 to ₹ 841.0 crores for the year ended March 31, 2013, primarily due to an increase in provision for income tax. Provision for taxation increased by 32.1% in line with increase in profits before tax. Provision on account of mark to market of investments decreased from a provision of ₹ 16.0 crores for the year ended March 31, 2012 to a release of ₹ 3.0 crores for the year ended March 31, 2013. Provisions / Write off for NPAs increased from ₹ 11.5 crores for the year ended March 31, 2012 to ₹ 145.5 crores for the year ended March 31, 2013.

Net profit

As a result of the above, your Bank's net profit increased by 33.1% from ₹ 977.0 crores for the year ended March 31, 2012 to ₹ 1,300.7 crores for the year ended March 31, 2013.

Shareholders' Funds and Capital Management

Your Bank's shareholder funds were ₹ 5,807.7 crores as at March 31, 2013 as compared to ₹ 4,676.6 crores as at March 31, 2012. The Book Value per share increased to ₹ 161.9 as at March 31, 2013 from ₹ 132.5 as at March 31, 2012 on the back of strong all-round growth and earnings retention of 80.8%. The total capital funds increased from ₹ 9,326.1 crores as at March 31, 2012 to ₹ 12,295.2 crores as at March 31, 2013.

Tier-I Capital

The increase in Tier-I Capital was on account of (1) Profit after Tax for the FY 2012-13 of ₹ 1,300.7 crores less dividend declared at ₹ 6.00 per share aggregating ₹ 250.1 crores (including dividend distribution tax), (2) Exercise of 5,634,865 stock options by employees aggregating ₹ 81.3 crores and (3) Issuance of Innovative Perpetual Debt Instruments aggregating ₹ 140.0 crores (eligible as Tier-I Capital).

Tier-II Capital

During the financial year 2012-13, your Bank raised ₹ 1,763.8 crores of subordinated debt through private placement issues of unsecured, redeemable, non-convertible, subordinated bonds from various financial institutions.

Your Bank had a capital adequacy ratio of 18.3% (as per Basel II) as at the end of FY 2012-13. As per Basel II, Tier I capital ratio was 9.5% and the Tier II capital ratio was 8.8% as at March 31, 2013.

Capital Adequacy Ratios

(%)

Particulars	March 31, 2013	March 31, 2012
Total Capital Adequacy Ratio (CAR) out of the above	18.3	17.9
- Tier I Capital	9.5	9.9
- Tier II Capital	8.8	8.0

In line with the RBI circular on new capital adequacy framework, currently for computing capital requirement, your Bank has adopted the standardised approach for credit risk, standardised duration approach for market risk and Basic indicator approach for operational risk. Your Bank has also put in place a Board approved policy on Internal Capital Adequacy Assessment Process (ICAAP) which defines and sets processes to review and improve the techniques used for identification, measurement and assessment of all material risks and resultant capital requirements. Further, your Bank has put in place a detailed plan to prepare for transition to Basel III.

Risk Management

The long-term financial security and success of your Bank is built on a robust risk management system. Through proactive and improved risk management practices, your Bank's risk management function continuously works towards achieving financial stability and enhancing stakeholder value. The Risk Management Architecture of your Bank is overseen by the Risk Monitoring Committee (RMC), an independent Board level sub-committee that strives to put in place specific policies, frameworks and systems for effectively managing the various risks. These policies and procedures are reviewed and updated at regular intervals.

Credit Risk

Your Bank's Credit Risk management is governed by a comprehensive and well-defined Credit Policy which is approved by the Board. It encompasses credit approval processes for all business segments along with the guidelines for monitoring and mitigating the risks associated with them. All corporate credit exposures are approved either through the "Three Initial System" (3 approving authorities) or through the Management Credit Committee (5 approving authorities). While exercising their financial powers, these designated committees/functionaries exercise highest level of due diligence and ensure adherence to the Bank's Credit policy and other regulatory guidelines.

The appraisal process encompasses a detailed risk assessment and rating of all obligors using your Bank's rating models. These models have been developed in conjunction with a reputed external credit rating agency and cover all corporate business segments of your Bank. The ratings of customers are assessed based on their financial performance, industry characteristics, business positioning, project risks, operating performance and other non-financial parameters such as quality of management and conduct of account.

The Risk Management function of your Bank works in close coordination with various Business segments to periodically review the individual borrower relationships, identify early warning signals and assess the overall health of borrowers. Your Bank has taken proactive measures to ensure that delinquencies are maintained at a minimum level through robust post sanction monitoring processes. There is a dedicated team which works towards ensuring compliance to the sanctioned terms and conditions through an internal tracking system. There is also an independent

'Portfolio Analytics Unit' which monitors the entire credit portfolio across all segments, carries out detailed sectoral studies, identifies portfolio trends, reviews credit policies and programs and generates portfolio level MIS covering various credit quality indicators like sectoral exposure, credit concentration, ratings distribution and migration, etc. Your Bank also has an active legal department that helps in assessment and management of material legal risks. The department has developed a comprehensive set of standard documents for various types of credit products.

Market Risk

Your Bank's Market Risk management is governed by a comprehensive Market Risk Policy, ALM Policy, Liquidity Policy, Investment Policy, Hedging Policy, Stress Testing Policy, Derivative Policy and a Derivative Appropriateness Policy to ensure that risks underwritten across business activities and on an aggregate basis are within the stipulated risk appetite of the Bank. These policies have been benchmarked with industry best practices and RBI regulations. Your Bank has a state-of-the-art integrated and straight through processing treasury system for enabling better risk management. Your Bank measures liquidity, currency, and interest rate risks through various metrics viz. Liquidity Gap Analysis, Dynamic Cash Flow Analysis, Liquidity Ratios, Value at Risk (VaR), Earnings at Risk (EaR), Duration of Equity, Sensitivity Analysis, etc. using internal risk models. Your Bank regularly conducts stress testing to monitor the Bank's vulnerability towards unfavourable shocks. Your Bank monitors and controls its risk, using various internal and regulatory risk limits for trading book and banking book which are set according to a number of criteria including economic scenario, business strategy, management experience, peer analysis and the Bank's risk appetite. The risk reporting mechanism in the Bank comprises disclosures and reporting to the various management committees viz. Investment Committee, Asset Liability Committee, etc.

Operational Risk

Your Bank in accordance with the regulatory guidelines has implemented a comprehensive operational risk management policy and put in place a framework to identify, assess and monitor risks, strengthen controls, improve customer service, and minimise operating losses. Your Bank has also constituted the Operational Risk Management Committee, which is the primary driver for implementing the best industry practices in Operational Risk Management.

Capital Management

Your Bank also has an enterprise wide risk management unit called 'Capital Compliance Unit'. This unit is responsible for BASEL-II compliance, migration to advanced approaches for capital charge computation, integrated bank-wide stress testing of risks and for ensuring that the Bank maintains sufficient capital buffer against various types of risks which your Bank is exposed to. This unit helps in further strengthening the overall risk architecture of your Bank. This unit is also responsible for constantly monitoring & obtaining credit ratings for your Bank's credit exposures, which help minimise credit risk & enhance capital efficiency. Your Bank has successfully migrated to BASEL-II capital adequacy norms since March 31, 2009 under which it has adopted the 'Standardised Approach' for measurement of Credit Risk., 'Basic Indicator Approach' for Operational Risk and 'The Standardised Duration Approach' for Market Risk. Your Bank has also formulated a comprehensive policy on Internal Capital Adequacy Assessment Process (ICAAP) commensurate with the Bank's size, level of complexity, risk profile and scope of operations. Your Bank has further laid down roadmap for migration to advanced approaches for capital charge computation across credit risk, market risk and operational risk including towards implementing Basel III norms around Liquidity Risk. Your Bank has thus evolved a robust enterprise wide risk management framework which is geared well enough to support the business plan of the Bank

SWOT Analysis

Strengths

Your Bank has displayed strong financial performance since inception including the period of 2008-09 where the global economy witnessed financial turmoil. The capital adequacy ratio of the Bank is well above minimum requirements reflecting the soundness and sustainability of the business over the longer term. Your Bank's had delivered RoA (annualised) at or above 1.5% over last 3 years and RoE (annualised) at or above 20% over last 5 years. Your Bank has always focused on maintaining the best asset quality resulting in one of the lowest Net NPA and Gross NPA Ratios. Further, your Bank has unlocked economies of scale over the last couple of years coupled with better efficiency and eliminating waste to bring maintain cost to income ratios below the industry average and retain high profitability per employee as compared to peers.

Your Bank has also developed a strong standing in the market mainly due to its differentiated knowledge banking approach. This approach coupled with strong risk management practices helped minimise the overall impact of the financial crisis. The crisis has also helped the Bank validate its model and acquire new corporate clients while other banks were inward looking. Your Bank has had a proven track record to raise capital necessary to sustain the high growth witnessed. It has raised capital (both debt and equity) at appropriate times. This ability to augment capital funds will help enhance growth in the future.

Last but not the least, the Bank's performance is attributable to the finest human capital base built in line with its increasing business. The numerous HR awards are a testimony to this fact that the Bank is truly a desired employer to work with. The Bank has initiated many path breaking and innovative ideas to nurture talent such as the YES School of Banking and Yes Professional Entrepreneurship Program. Your Bank has been one of the largest recruiters from B-schools in India.

Weaknesses

Although your Bank has made significant strides over the last few years, it is still a relatively small player in the banking space. It has a low market share as its network of branches is still relatively smaller than its peers in both public and private sector. Being a new bank, brand awareness among retail customers is lower than its peers who have been in the business for a significantly longer time. However, your Bank believes that the above represents a large opportunity for the Bank. Your Bank has been increasing its branch and ATM base at a considerable pace and augmenting its customer base in line with the Version 2.0 objectives.

Furthermore, Your Bank's rural presence has been lower than the larger banking players. Consequently we face challenges in directly reaching out to rural farmers. Your Bank has built a specialised group for Agri& Rural Banking and financial inclusion to create an outreach in this domain.

Opportunities

The global economic environment has improved since the lows of the economic crisis of 2008-09. While there does remain a concern on sovereign risks in several Euro zone economies, the recent upside in the US economic activity and an improvement in labour markets is encouraging. While 2012-13 saw Indian economic growth slipping sharply vis-à-vis 2011-12. India continues to present a significant opportunity over the next few years.

Indian banking continues to experience demographic tailwinds. The large middle class with increasing incomes and banking needs along with a huge unbanked population below the age of 25 offers an enormous retail opportunity for banks in India. Smaller towns and rural India still provide a huge untapped potential for expansion and there are significant opportunities especially in the small and medium enterprise space. Further the ability to use technology to profitably deliver banking solutions to masses is a good opportunity. Additionally, the goal of financial inclusion would benefit immensely from key government initiatives like the UID program. The use of smart cards, mobile based payments, mobile based card transaction facilities would help develop the knowledge infrastructure for enhancing reach of the banking sector.

Savings rate deregulation by the RBI has offered your Bank an opportunity to gain significant savings account market share by offering better rates and services to customers. An International Branch (subject to regulatory permissions) would also enable your Bank to compete more effectively for trade products by accessing low cost funds for the business. Your Bank has been ranked by Financial Times among the top 600 banks in the world, and with Moody's credit rating of Baa3, at par with India's Sovereign rating, an international foray, would be the logical next step. The Bank's entry into new product/ segments viz. retail assets offers significant potential for the Bank to build on its expanding customer base. The ability to cross sell product to retail customers would enhance profitability of the Bank over the long run. Your Bank also has the opportunity to increase brand awareness through focused and adept marketing campaigns and leverage the growing retail footprint.

Threats

The ongoing global economic recovery amidst an environment of extremely accommodative monetary policies adopted by the central banks in most of the developed countries has resulted in a significant pick up in global commodity prices. The recent geopolitical tensions between Iran / North Korea have increased the potential risk of a disruption in global trade. While the risk of a double dip recession in advanced countries has abated over the last year, downside risks to growth remain amidst attempts of fiscal consolidation in Euro zone. Economic growth is expected to be subdued in India given domestic and international challenges.

The tight monetary policy adopted by the RBI with a view to tame inflation could dampen corporate credit offtake. Domestic economic challenges amidst slowing investments and weak demand conditions has resulted in GDP growth falling from 8-9% to 4-5%. Though RBI has recently lowered rates, the monetary policy transmission has been slow.

Changes in RBI regulations requiring banks to set up a higher number of rural branches could result in lower profitability for banks. Further regulatory changes including RBI awarding additional licenses for new banks could potentially result in increasing competition in the banking industry. There may be some erosion in projected growth due to market captured by new entrants and also competition among banks in retaining quality staff.

Expansion may lead to increase in costs and overall reduction in operating profit accompanied by some impact on quality of assets with seasoning of retail assets in the future. Your Bank could also face intense competition from allied firms in financial services (e.g. Broking / investment banking, etc.) who compete for human capital. Further, recent regulatory changes including revised priority sector norms and adoption of BASEL III norms could result in lower profitability for the banking system in general, thereby also impacting your Bank.

Outlook

After a year characterised by below trend economic growth (trend growth estimated to be around 7%), the outlook for FY14 is expected to show mild improvement. Agriculture growth, which suffered from a deficient monsoon in 2012, is expected to recover from 1.8% in FY13 to 3.5% in FY14 assuming a normal monsoon. Industry growth that fell to an 11-year low of 3.1% in FY13 is expected to show an improvement to around 5.5% in FY14 as the impact of past monetary easing unfolds gradually and as the government moves ahead on the path of implementing reforms and takes steps to debottleneck infrastructure investments. The recovery in services growth to 6.7% in FY14 from 6.6% in FY13 will be extremely mild as the services sector responds with a lag to activity in the industrial sector. As a result, we expect overall GDP growth to improve to 5.9% in FY14 from 5.0% in FY13.

Average WPI inflation came at 7.4% in FY13 vis-à-vis 9.0% in FY12. We expect the moderating trend in WPI to continue in FY14 as global commodity prices remain range bound amid dilution of pricing power of domestic manufacturers in an environment of sub trend economic growth. For FY14, we expect average WPI inflation to moderate towards 6.4%.

On the fiscal front, the government has budgeted for a reduction in fiscal deficit to 4.8% of GDP in FY14 from 5.2% of GDP in FY13.

After a record high of close to 5.0% of GDP in FY13 (estimated), we expect current account deficit to moderate towards 4.1% of GDP in FY14 as global commodity prices remain range bound, administrative action on domestic fuel and gold prices lead to some moderation in oil and gold imports, and economic growth shows a mild recovery. The current account gap is expected to be completely financed by capital inflows amid the prevailing global liquidity glut.

Internal Controls

Internal Audit

Your Bank's Internal Audit department performs independent and objective assessment to monitor adequacy, effectiveness and adherence to the internal controls, processes and procedures instituted by the management.

This function supports your Bank's role in safeguarding its assets. The function has adopted a Risk-based approach of Internal Audit (RBIA). The primary focus of the audit is on key risk areas, which are of substantial importance to the Bank. The RBIA approach has been thoughtfully structured taking into account RBI guidelines and International best practices. The Internal Audit function reports to the Managing Director & CEO for day to day activities and to the Audit and Compliance Committee for Audit Planning & Reporting. Additionally, your Bank also subjects its operations to Concurrent Audit by reputed audit firms to complement its internal audit function. The Concurrent Audit covers core activities such as credit portfolio, financial markets, operations, and branches. All audit reports are circulated to the relevant management teams and the Audit and Compliance Committee of the Board.

Your Bank's Internal Audit department is ISO 9001:2008 certified (Quality Management System).

Compliance

Your Bank has institutionalised a strong compliance culture across the organisation, pursuant to its strategic goals of transparency and trust amongst all its stakeholders. Your Bank has a dedicated Compliance Department for ensuring regulatory compliance across all its businesses and operations. The key functions of this department includes dissemination of key regulatory updates affecting the various businesses of your Bank, review of new products and processes from a regulatory compliance perspective, provide guidance on compliance related matters, impart training to employees on compliance aspects, etc. Your Bank has also put in place a "Know Your Customer" & "Anti-Money Laundering Policy" approved by the Board of Directors and transaction monitoring procedures as per RBI guidelines.

Directors' Report

To the Members,

Your Directors are pleased to present the Ninth Annual Report of your Bank, together with the audited Balance Sheet, Profit & Loss Account and the report on business and operations of the Bank for the year ended March 31, 2013.

Financial Performance

(₹ in crore)

Particulars	April 1, 2012 to March 31, 2013	April 1, 2011 to March 31, 2012
Deposits	66,956	49,152
Borrowings	20,922	14,156
Advances	47,000	37,989
Total Assets/Liabilities	99,104	73,626
Net Interest Income	2,219	1,616
Non Interest Income	1,257	857
Operating profit	2,142	1,540
Provisions and Contingencies	216	90
Profit before Tax	1,926	1,450
Provision for taxes	625	473
Net Profit	1,301	977
Add: Surplus/(Deficit) brought forward from last period	1,658	1,115
Amount available for appropriation	2,959	2,092
Appropriations		
Statutory Reserve under section 17 of the Banking Regulation Act, 1949	325	244
Capital Reserve	35	25
Investment Reserve	10	-
Proposed Dividend and Tax thereon	251	164
Surplus carried to Balance Sheet	2,338	1,659
Key Performance Indicators		
Net Interest Margin	2.9%	2.8%
Return on Annual Average Assets	1.5%	1.5%
Return on Equity	24.8%	23.1%
Cost to Income Ratio	38.4%	37.7%
Non Interest Income to Net Revenues	36.2%	34.7%

Your Bank has posted net revenues (Net Interest Income and other income) of ₹ 3,476 crore and Net Profit of ₹ 1,301 crore for the Financial Year 2012-13. Net Revenues and Net Profit for the Financial Year 2011-12 were ₹ 2,473 crore and ₹ 977 crore respectively. Appropriations from the Net Profit have been effected as per the table on the earlier page. Please refer to the section on FINANCIAL AND OPERATING PERFORMANCE in the Management Discussion and Analysis for a detailed analysis of financial data.

Dividend

In view of the steady financial performance of your Bank and encouraging future outlook, the Board of Directors have recommended Dividend at a rate of ₹ 6/- per equity share. This will ensure increasing dividend for the shareholders while at the same time retaining capital to maintain a healthy capital adequacy ratio.

Capital Raising & Capital Adequacy Ratio (CAR)

The paid-up capital of your Bank increased to ₹ 358.62 crore as at March 31, 2013 from ₹ 352.99 crore as at March 31, 2012, post exercise of employee stock options during the Financial Year 2012-13.

Your Bank also raised a sum of ₹ 140 crore by way of Tier I perpetual bonds, ₹ 704.10 crore by way of Upper Tier II capital and ₹ 1059.70 crore by way of Lower Tier II subordinated bonds during the Financial Year 2012-13. Your Bank has utilised the proceeds of the issue of Tier I Perpetual Bonds and Upper & Lower Tier II capital for strengthening the Capital Adequacy Ratio (CAR), for enhancing the long-term capital resources and its regular business activities.

In line with the RBI circular on Capital Adequacy Framework, your Bank has computed capital charge for operational, market and credit risk and its Capital Adequacy Ratio as per Basel II accord as at March 31, 2013.

Your Bank has posted net revenues of ₹ 3,476 crore and Net Profit of ₹ 1,301 crore for the Financial Year 2012-13. Net Revenues and Net Profit for the Financial Year 2011-12 were ₹ 2,473 crore and ₹ 977 crore respectively.

Your Bank is well capitalised with a Capital Adequacy Ratio (as per Basel II) of 18.3% as at March 31, 2013; of which Tier I Capital Ratio was 9.5% and Tier II Capital Ratio was 8.8%.

Employees Stock Option Scheme

Your Bank has instituted Stock Option Plans to hire, reward and retain employees and to enable them to participate in your Bank's future growth and financial success. The Bank has five Employee Stock Option Schemes viz. Joining Stock Option Plan I (JSOP I), Joining Employee Stock Option Plan II (JESOP II), Joining Employee Stock Option Plan III (JESOP III), YBL ESOP (consisting of two sub schemes JESOP IV/PESOP I) and YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/PESOP II/PESOP II -2010).

The Employee Stock Option Plans are administered by the Board Remuneration Committee of the Bank.

The details of the grants under JSOP I, JESOP II, JESOP III, YBL ESOP and YBL JESOP V/PESOP II/PESOP II -2010 respectively are as follows:

	JSOP I	JESOP II	JESOP III	YBL ESOP (JESOP IV)	YBL ESOP (PESOP I)	YBL JESOP V	YBL PESOP II	YBL PESOP II–2010
Total No. of Options granted (during FY 2012-13)	Nil	Nil	Nil	Nil	Nil	13,38,500	Nil	34,35,500
The Pricing Formula	At par	The closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.	The closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.	The closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.	The closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.	The closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.	The closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.	The closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.
Options Vested (during FY 2012-13)	Nil	Nil	42,500	6,81,250	3,84,500	4,61,250	23,89,600	Nil
Options Exercised (during FY 2012-13)	1,500	21,200	3,79,350	6,55,870	8,52,900	4,49,170	32,74,875	Nil
The Total No of shares arising as a result of exercise of option	1,500	21,200	3,79,350	6,55,870	8,52,900	4,49,170	32,74,875	Nil
Options lapsed/ Forfeited (during FY 2012-13)	Nil	Nil	Nil	96,900	26,250	11,52,950	43,300	9,41,000
Variation of terms of options	There is no variation in the terms of the options during the Financial Year ended March 31, 2013.	There is no variation in the terms of the options during the Financial Year ended March 31, 2013.	There is no variation in the terms of the options during the Financial Year ended March 31, 2013.	There is no variation in the terms of the options during the Financial Year ended March 31, 2013.	There is no variation in the terms of the options during the Financial Year ended March 31, 2013.	There is no variation in the terms of the options during the Financial Year ended March 31, 2013.	There is no variation in the terms of the options during the Financial Year ended March 31, 2013.	There is no variation in the terms of the options during the Financial Year ended March 31, 2013.
Money realized by exercise of Options (during FY 2012-13) (in ₹)	15,000	21,31,660	4,60,35,457.50	13,47,89,362.30	14,67,51,925.00	8,27,04,396.00	40,06,94,393.80	Nil
Total No of Options in force	2,60,000	2,83,500	56,300	7,35,025	9,46,250	50,59,330	23,21,200	99,88,000
Total No. of Options granted to after (during FY 2012-13)								
(i) Total No of Options granted to Senior Management Personnel (SMP)	Nil	Nil	Nil	Nil	Nil	Amit Sethi – 80,000 Malcolm Athaide – 40,000 Namita Vikas – 40,000 Pralay Mondal – 3,50,000 Sandeep Baid – 1,75,000	Nil	Ajay Desai – 7,500 Amit Kumar – 75,000 Ashish Agarwal – 1,00,000 Asit Oberoi – 50,000 Deodutta Kurane – 75,000 Devamalya Dey – 50,000 Rajat Monga – 2,00,000 Sanjay Palve – 1,50,000 Saurabh Bhat – 1,00,000

	JSOP I	JESOP II	JESOP III	YBL ESOP (JESOP IV)	YBL ESOP (PESOP I)	YBL JESOP V	YBL PESOP II	YBL PESOP II–2010
(ii) Any other employee who received a grant in any one year of options, amounting to 5% or more of options granted during that year	NA	NA	NA	NA	NA	Chitra Pandeya – 75,000 Jayan Menon – 75,000	NA	NA
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NA	NA	NA	NA	NA	NA	NA	NA
Diluted Earnings Per Share (EPS) of the Bank after considering the effect of potential equity shares on account of exercise of Options	₹ 35.55							
Impact of the difference between the Intrinsic Value of the Options and the Fair Value of the Options on Profits and on EPS	The Bank has charged ₹ Nil, being the intrinsic value of the stock options granted for the year ended March 31, 2013. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹ 2,92,207 thousands, the basic earnings per share would have been ₹ 35.71 Per share instead of ₹ 36.53 per share; diluted earnings per share would have been ₹ 34.75 per shares instead of ₹ 35.55 per share.							
Weighted average price of the shares exercised during the year (in ₹)	10.00	100.55	121.35	205.51	172.06	184.13	122.35	Nil
Weighted average fair values of the outstanding options (in ₹)	5.29	42.42	44.30	91.77	84.79	140.62	62.95	151.09
The price of the underlying share in market at the time of option grant (in ₹)	Not listed	62.45 ~100.55	80.30 ~140.00	114.70 ~249.30	114.70 ~249.30	50.00 ~464.05	50.00 ~266.15	269.30 ~464.05

The Securities and Exchange Board of India ('SEBI') has prescribed two methods to account for stock grants; (i) the intrinsic value method; (ii) the fair value method. The Bank adopts the intrinsic value method to account for the stock options it grants to the employees. The Bank also calculates the fair value of options at the time of grant, using Black-Scholes pricing model with the following assumptions:

i) Risk free interest rate	4.96% - 8.83%
ii) Expected life	1.50 yrs - 7.51 yrs
iii) Expected volatility	29.21% - 82.76%
iv) Expected dividends	1.13% - 1.50%

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Bank, Mrs. Radha Singh and Mr. Ajay Vohra shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. S. L. Kapur has completed the tenure approved by the Reserve Bank of India as Non Executive Chairman of the Board on April 26, 2012. Further, Mr. Wouter Kolff, Independent Director, Mr. Bharat Patel, Independent Director, Mr. S. L. Kapur, Promoter Nominee, Non Independent Director and Mr. Arun K. Mago, Independent Director, have completed the maximum permissible period of eight years prescribed under Section 10A (2A) of the Banking Regulation Act, 1949 and retired from the Board of Directors during the financial year 2012-13. Your Directors place on record their appreciation of the valuable contribution made by the aforesaid Directors in the evolution of the Bank and its growth and development.

The Board at its meeting held on October 23, 2012 appointed Mr. Ravish Chopra, Mr. Diwan Arun Nanda and Mr. M.R. Srinivasan as Additional Director(s) of the Bank. They hold office up to the date of the forthcoming Annual General Meeting and are eligible for appointment.

Corporate Governance

Your Bank is committed to achieving the highest standards of Corporate Governance. Accordingly, your Board functions as trustees of the shareholders and seeks to ensure that the long term economic value for its shareholders is achieved while balancing the interest of all the stakeholders.

A separate section on Corporate Governance standards followed by your Bank, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is enclosed as an Annexure to this report.

Auditors

M/S. S.R. Batliboi & Co., LLP, Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment, subject to the approval of the Reserve Bank of India. Members are requested to consider their re-appointment on a remuneration to be decided by the Board or Committee thereof for the ensuing Financial Year i.e. 2013-14.

Statutory Disclosures

The statement containing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 forms part of this report. In terms of Section 219(1)(b)(iv) of the Act, the same is open for inspection at the Registered Office of your Bank. Copies of this statement may be obtained by the members by writing to the Company Secretary of your Bank.

The provisions of Section 217(1)(e) of the Companies Act, 1956 do not apply to your Bank. Your Bank is constantly pursuing its goal of technological upgradation in a cost efficient manner for delivering quality customer service.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

(i) in the preparation of the accounts for the Financial Year ended March 31, 2013 the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2013 and of the profit of the Bank for the year under review;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities; and

(iv) the Directors have prepared the annual accounts of the Bank on a 'going concern' basis.

Acknowledgement

Your Directors take this opportunity to express their deep and sincere gratitude to the customers of the Bank for their confidence and patronage, as well as to the Reserve Bank of India, Government of India and Regulatory Authorities for their co-operation, support and guidance. Your Directors would like to express a deep sense of appreciation for the commitment shown by the employees in supporting the Bank in its endeavour to create the BEST QUALITY BANK OF THE WORLD IN INDIA. Your Directors would also like to express their gratitude to the members for their trust and support.

For and on behalf of the Board of Directors

Rana Kapoor *Managing Director & CEO*	**Radha Singh** *Independent Director*
Lt. Gen. (Retd.) Mukesh Sabharwal *Independent Director*	**M. R. Srinivasan** *Non Independent Director*

Place: Mumbai
Date: April 17, 2013

Certificate on Corporate Governance

To
The Members of
YES BANK Limited

We have examined all relevant records of YES BANK Limited (the Bank / Company) for the purposes of certifying compliances of the conditions of Corporate Governance under the revised Clause 49 of the Listing Agreement entered into with National Stock Exchange of India Limited and BSE Limited (Stock exchanges) for the Financial Year ended March 31, 2013.

The compliances of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Bank for ensuring compliances of the conditions of the Corporate Governance. This certificate is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

For Mehta and Mehta
Company Secretaries

Dipti Mehta
Partner

Place: Mumbai
Date: April 17, 2013

CP No.: 3202
FCS No.: 3667

Report on Corporate Governance

Company's Philosophy on Code of Governance

YES BANK is committed to set the highest standards of Corporate Governance right from its inception benchmarked with the best class practices across the globe. Effective Corporate Governance is the manifestation of professional beliefs and values, which configures the organisational values, credo and actions of its employees. transparency and accountability are the fundamental principles to sound Corporate Governance, which ensures that the organisation is managed and monitored in a responsible manner for 'creating and sharing value'.

YES BANK believes that there is a need to view Corporate Governance as more than just regulatory requirements as there exists a fundamental link with the organisation of business, corporate responsibility and shareholder wealth maximisation. Therefore, your Bank is articulating a multi-stakeholder model (including shareholder value) of accountability that will manage the symbolic relationship between the various stakeholders. This approach will be central to the day-to-day functioning of your Bank and in implementation of its business strategy.

Code of Ethics

The Board of Directors has approved and implemented a Code of Conduct and Ethics for the Board of Directors and Senior Management. The Confirmation from the Managing Director & CEO regarding compliance with the code by all the Directors and Senior Management is annexed to the Report.

Prevention of Insider Trading

The Bank has instituted a comprehensive code of conduct for prevention of insider trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Whistle Blower Policy

The Whitsleblower Policy of the Bank intends to cover major concerns that may fall outside the scope of other procedures. These include:

- Conduct which is an offence or a breach of law or as stated in the Bank's Code of Conduct
- Disclosures related to miscarriage of justice
- Financial or non-financial mal-administration or malpractice or impropriety or fraud or corruption/ Unauthorized use of funds/Embezzlement of funds
- Code of Conduct & Ethics for the Board of Directors and Senior Management
- Health and safety risks
- Other unethical conduct

The policy also affords protection to employees raising a genuine concern to prevent harassment or victimisation.

Board of Directors

Your Bank has a broad based Board of Directors, constituted in compliance with the Banking Regulation Act, Companies Act, Listing Agreement with the stock exchange(s) and in accordance with best practices in Corporate Governance. The Board functions either as a full Board or through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals and evaluation of performance and control functions vest with the Board. The Committees have oversight of operational issues assigned to them by the Board. In case of Committee meetings in the absence of the Original Director, the Alternate Director can attend the Committee meetings.

Five Board Meetings were held during the Financial Year ended March 31, 2013 on the following dates: April 25, 2012, July 25, 2012, October 9, 2012, October 23, 2012 and January 16, 2013. The names of the members of the

Board, their status, their attendance at the Board Meetings and the last AGM, number of other Directorships and Committee membership/ chairmanship of each Director are as under:

Name of Director	Board Meetings attended during the year	Attendance at last AGM	Number of other Directorships		Number of Committee memberships in other companies (2)
			Of Indian Public Limited Companies	Of other Companies (1)	
Independent Director(s)					
Mrs. Radha Singh	3	Absent	2	0	3(1)
Mr. Ajay Vohra	3	Present	1	2	1
Lt. Gen. (Retd.) Mukesh Sabharwal (from April 25, 2012)	4	Absent	1	1	1
Mr. Diwan Arun Nanda (from October 23, 2012)	1	NA	3	7	1(1)
Mr. Wouter Kolff (Up to May 24, 2012)	1	NA	NA	NA	NA
Mr. Bharat Patel (up to September 13, 2012)	2	Present	NA	NA	NA
Mr. Arun K. Mago (up to March 14, 2013)	5	Present	NA	NA	NA
Wholetime Director(s)					
Mr. Rana Kapoor (Promoter)	5	Present	1	3	Nil
Non Executive Non Independent Director(s)					
Mr. S. L. Kapur (up to January 27, 2013)	5	Absent	NA	NA	NA
Mr. Ravish Chopra (from October 23, 2012)	1	NA	Nil	Nil	Nil
Mr. M. R. Srinivasan (from October 23, 2012)	1	NA	Nil	Nil	Nil

(1) Includes Foreign Companies and Private Limited Companies, Section 25 Companies in India

(2) Includes memberships of Audit, Investor's Grievance Committees of all Public Limited Companies; figures in brackets indicate number of Committee Chairmanships as per Clause 49 of the Listing Agreement

(3) No other Director is related to each other or is a member of an extended family.

None of the Directors of the Bank were members in more than 10 committees nor acted as Chairperson of more than five committees across all Companies in which they were Directors.

Audit & Compliance Committee

Terms of Reference

The terms of reference of the Audit & Compliance Committee include providing direction and oversight to the total audit function in the Bank, creating an avenue for communication between the Board of Directors, Internal and External Auditors and the Independent Auditors, recommending appointment and removal of statutory/internal and concurrent auditors and fixing their remuneration, discussing with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, reviewing of the results/financial statements (quarterly, half yearly, annual) and analyzing performance of the Bank along with the Management before submission to the Board, monitoring the adequacy of internal control environment, checks and balances and internal audit function, its policies, its structure, discussing and reviewing with the Internal and Concurrent Auditors their reports / findings with an objective of reporting any significant / material findings to the Board, reviewing all related party transactions, instituting special investigation teams with complete access to all records, information and personnel of the Bank, if necessary, scrutinizing the reasons for default, if any, in payments to Depositories, Debenture holders, Shareholders, Creditors, etc. and legal matters that could have a significant impact on the financial statements, performing any other act, duty as stipulated by the Companies Act, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges and any other regulatory authority, as prescribed from time to time. The Company Secretary acts as the Secretary to the Committee.

Composition

The Audit & Compliance Committee as on March 31, 2013, comprises of 4 Non - Executive Directors, majority of them are Independent Directors. The Committee is chaired by Mr. Ajay Vohra, Independent Director. 6 meetings were held during the Financial Year ended on March 31, 2013 on the following dates: April 24, 2012, July 24, 2012, August 25, 2012, October 22, 2012, January 15, 2013 and March 16, 2013. The Composition and attendance details are given below:

Name of the members	No. of meetings attended
Mr. Ajay Vohra	6
Mrs. Radha Singh (from April 25, 2012)	5
Lt. Gen. (Retd.) Mukesh Sabharwal (from April 25, 2012)	5
Mr. M. R. Srinivasan (from January 16, 2013)	1
Mr. S. L. Kapur (upto January 27, 2013)	5
Mr. Wouter Kolff (upto May 24, 2012)	1
Mr. Arun K. Mago (upto March 14, 2013)	5

Risk Monitoring Committee

Terms of Reference

The terms of reference of the Risk Monitoring Committee include identification, monitoring and measurement of the risk profile of the Bank (including market risk, operational risk, transactional risk and credit risk), overseeing its integrated risk measurement system and review of the risk models, approval of the risk management policies and structure of risk management systems, overseeing the credit approval process, developing policies and procedures for setting of quantitative prudential limits on various products and segments of the Bank's operations, monitoring compliance of various risk parameters by operating departments, developing an integrated framework for charting/categorising various types of loans, determining implications on quality and review of returns and reports to the Reserve Bank of India pertaining to the Risk Monitoring function.

Composition

The Risk Monitoring Committee as on March 31, 2013, comprises of 5 members. 4 meetings were held during the Financial Year ended on March 31, 2013 on the following dates: April 24, 2012, July 24, 2012, October 22, 2012 and January 15, 2013. The Committee is chaired by Mr. M. R. Srinivasan. The Composition and attendance details are given below:

Name of the members	No. of meetings attended
Mr. M. R. Srinivasan (from January 16, 2013)	NA
Mr. Rana Kapoor	3
Mr. Ajay Vohra	4
Mrs. Radha Singh (from January 16, 2013)	NA
Lt. Gen. (Retd.) Mukesh Sabharwal (from January 16, 2013)	NA
Mr. Arun K. Mago (upto March 14, 2013)	4
Mr. S. L. Kapur (upto January 27, 2013)	4
Mr. Wouter Kolff (upto May 24, 2012)	1

Board Remuneration Committee

Terms of Reference

The terms of reference of the Board Remuneration Committee includes reviewing the Bank's overall compensation structure and related polices with a view to attract, motivate and retain employees and review compensation levels vis-à-vis other Banks and the industry in general, to determine the Bank's policies on remuneration packages payable to the Directors including performance/achievement bonus, perquisites, retirals, sitting fee, etc., consider grant of Stock Options to employees and administer and supervise the Employee Stock Option Plans. The Committee also functions as the Compensation Committee as prescribed under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and is authorised to allot shares pursuant to exercise of Stock Options by employees.

Composition

The Board Remuneration Committee as on March 31, 2013, comprises of 3 members. 2 meetings were held during the Financial Year ended March 31, 2013 on the following dates: April 24, 2012 and January 15, 2013.

The Committee is chaired by Mr. Diwan Arun Nanda. The Composition and attendance details are given below:

Name of the members	No. of meetings attended
Mr. Diwan Arun Nanda (from January 16, 2013)	NA
Mr. Rana Kapoor	2
Lt. Gen. (Retd.) Mukesh Sabharwal (from April 25, 2012)	1
Mr. Arun K. Mago (upto March 14, 2013)	2
Mr. Wouter Kolff (upto May 24, 2012)	1

Remuneration policy

Your Bank's Remuneration Policy is to position its pay structure competitively in relation to the market to be able to attract and retain critical talent. The compensation strategy clearly endeavours to differentiate performance significantly and link the same with quality and quantum of rewards. Your Bank would also strive to create long term wealth creation opportunities through stock option schemes.

Remuneration of Directors:

The Managing Director & CEO is paid remuneration as recommended by the Board Remuneration Committee and approved by the Board of Directors, Shareholders and Reserve Bank of India. The details of remuneration of Mr. Rana Kapoor, Managing Director & CEO are as under:

- Salary and allowances: ₹ 1,79,31,375/-
- Bonus to be paid as decided by the Board Remuneration Committee/Board of Directors in accordance with RBI Guidelines
- Provident Fund: ₹ 13,10,483/-, Super Annuation : ₹ 10,92,069/-
- Perquisites such as benefit of Bank's furnished leased accommodation, gas, electricity, water expenses, at actuals, use of Bank's cars, telephones at residence, medical insurance and life insurance as per Bank's policy, gratuity as per Bank's policy, medical benefits and leave fare concession. No sitting fees are paid to the Managing Director & CEO and there was no grant of stock options.

The Non Executive Chairman is paid remuneration as recommended by the Board Remuneration Committee and approved by the Board of Directors, shareholders and Reserve Bank of India. The Non Executive Chairman (upto April 26, 2012) was paid a remuneration of ₹ 12,00,000/- per annum.

The Non Executive Directors are paid sitting fees of ₹ 20,000/- for attending each meeting of the Board of Directors and any Committee of Directors. During the Financial Year ended March 31, 2013 the Bank paid ₹ 17,60,000/- as sitting fees to the Non Executive Directors.

Nominations & Governance Committee

Terms of Reference

The terms of reference include review of the current Board composition, its governance framework, its Committees, determining future requirements and making recommendations to the Board for approval, scrutinise nominations for Independent/Non Executive Directors with reference to their qualifications and experience and making recommendations to the Board for appointment/filling of vacancies, validate 'fit and proper' status of all Directors on the Board of the Bank, develop and recommend to the Board Corporate Governance guidelines applicable to the Bank for incorporating best practices and implement policies and processes relating to Corporate Governance principles.

Composition

The Nominations & Governance Committee as on March 31, 2013, comprises of 3 members. 3 meetings were held during the Financial Year ended March 31, 2013 on the following dates: April 24, 2012, October 22, 2012 and January 15, 2013. The Committee is chaired by Mr. Rana Kapoor. The Composition and attendance details are given below:

Names of the member	No. of meetings attended
Mr. Rana Kapoor	3
Lt. Gen. (Retd.) Mukesh Sabharwal (from October 23, 2012)	1
Mr. Diwan Arun Nanda (from January 16, 2013)	NA
Mr. Arun K. Mago (upto March 14, 2013)	3
Mr. Wouter Kolff (upto May 24, 2012)	1

Investor Relations Committee

Terms of Reference

The terms of reference include redressal of complaints from shareholders such as non-receipt of dividend, annual report, transfer of shares, issue of duplicate share certificates, etc. and monitor transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of shares and bonds issued by the Bank. The Compliance Officer in terms of the Listing Agreement acts as the Compliance Officer of the Committee.

Composition

The Investor Relations Committee, as on March 31, 2013, comprises of 2 members. The Committee is chaired by Lt. Gen. (Retd.) Mukesh Sabharwal. 2 meetings were held during the Financial Year ended March 31, 2013 on the following dates: September 10, 2012 and March 16, 2013. The composition and attendance details are given below:

Name of the members	No. of meetings attended
Lt. Gen. (Retd.) Mukesh Sabharwal (from October 23, 2012)	1
Mr. Rana Kapoor	2
Mr. Bharat Patel (upto September 13, 2012)	1

Details of Shareholders' Complaints:

Particulars	No . of Complaints
Investor Complaints pending at the beginning	NIL
Investor Complaints received for the period April 2012 to March 2013	140
Investor Complaints disposed during the period April 2012 to March 2013	140
Investor Complaints pending	NIL

Fraud Monitoring Committee

Terms of Reference

The terms of reference include, to monitor and review in detail all frauds in excess of ₹ 1 crore, identify the systematic lacunae if any, that facilitate perpetration of the fraud and put in place measures to plug the same, identify reasons for delay in detection, if any and reporting of frauds to top management of the Bank and the Reserve Bank of India, to monitor progress of Central Bureau of Investigation/ Police investigation, and recovery position thereof, ensure that staff accountability is examined at all levels in all the cases of frauds and action against staff, if required, is completed quickly, with minimum loss of time, review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal control environment.

Composition

The Fraud Monitoring Committee, as on March 31, 2013, comprises of 5 members. The Committee is chaired by Mr. Rana Kapoor. 2 meetings were held during the Financial Year ended March 31, 2013 on the following dates: October 22, 2013 and January 15, 2013. The Composition and attendance details are given below:

Names of the member	No. of meetings attended
Mr. Rana Kapoor	2
Lt. Gen. (Retd.) Mukesh Sabharwal (from April 25, 2012)	2
Mr. Ravish Chopra (from January 16, 2013)	NA
Mrs. Radha Singh (from January 16, 2013)	NA
Mr. Ajay Vohra (from January 16, 2013)	NA
Mr. S. L. Kapur (upto January 27, 2013)	2

Service Excellence Committee

Terms of Reference

The terms of reference include reviewing of the product approval process, formulating comprehensive deposit policy, conducting and reviewing annual survey of depositor satisfaction, taking measures for enhancing the quality of customer service, improving the level of customer satisfaction for all categories of clientele and perform any other act, duty as stipulated by the Companies Act, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges and any other regulatory authority, as prescribed from time to time.

Composition

The Service Excellence Committee, as on March 31, 2013, comprises of 5 members. The Committee is chaired by Mrs. Radha Singh. 3 meetings were held during the Financial Year ended March 31, 2013 on the following dates: August 25, 2012, January 15, 2013 and March 16, 2013. The Composition and attendance details are given below:

Names of the member	No. of meetings attended
Mrs. Radha Singh (from April 25, 2012)	3
Mr. Rana Kapoor	2
Lt. Gen.(Retd.) Mukesh Sabharwal (from April 25, 2012)	3
Mr. Diwan Arun Nanda (from January 16, 2013)	Nil
Mr. Ravish Chopra (from January 16, 2013)	Nil
Mr. Bharat Patel (upto September 13, 2012)	1
Mr. Arun K. Mago (upto March 14, 2013)	2

Special Purpose Committee:

The Bank had constituted one special purpose committee viz. Capital Raising Committee. The Capital Raising Committee was formed for the purpose of looking at various options for infusing of capital, crystallize pricing after negotiation by the management and recommend the same to the shareholders at a general meeting. The Committee consists of Mr. Rana Kapoor, Chairman and Mr. Diwan Arun Nanda. No meeting of the committee was held during the financial year ended March 31, 2013.

General Body Meetings

Location and time of the previous Annual General Meeting(s):

Year	Location	Date	Time
2010	Hall of Culture, Ground Floor, Nehru Centre, Dr. A. B. Road, Worli, Mumbai – 400 018	July 2, 2010	11.00 A.M
2011	Hall of Culture, Ground Floor, Nehru Centre, Dr. A. B. Road, Worli, Mumbai – 400 018	June 28, 2011	11.00 A.M
2012	Hall of Culture, Ground Floor, Nehru Centre, Dr. A. B. Road, Worli, Mumbai – 400 018	July 14, 2012	11.00 A.M

Special Resolutions

General Body Meeting	Day, Date	Special Resolution
Sixth Annual General Meeting	Friday July 2, 2010	No special resolution passed
Seventh Annual General Meeting	Tuesday, June 28, 2011	Approval of partial modification of the earlier resolution passed as Item No. 8 at the Fifth Annual General Meeting of the Bank held on September 3, 2009 for increasing the coverage of stock options from 3 Crore stock options to 4.5 Crore stock options of YES BANK Limited Employee Stock Option Plan (YBL JESOP V / PESOP II)
		Approval for partial modification of the resolution passed as item No 9 at the Fifth Annual General Meeting of the Bank held on September 3, 2009 for extending the enhanced coverage of stock options under YES BANK Limited Employee Stock Option Plan (YBL JESOP V/ PESOP II) to the employees transferred / deputed to subsidiaries or employees of such subsidiaries of the bank
		Approval for authorising the Board or any committee authorised by the Board for raising of additional capital aggregating upto USD 500 million or its Indian Rupee equivalent by way of placement of shares to Qualified Institutional Buyers through Qualified Institutions Placement (QIP) and/or private placement in international markets through ADRs/ GDRs or a Public Issue or any other methods
Eighth Annual General Meeting	Saturday, July 14, 2012	Approval for authorising the Board or any committee authorised by the Board for raising of additional capital aggregating upto USD 500 million or its Indian Rupee equivalent by way of placement of shares to Qualified Institutional Buyers through Qualified Institutions Placement (QIP) and/or private placement in international markets through ADRs/ GDRs or a Public Issue or any other methods

Postal Ballot

No special resolution was passed during the last year through postal ballot. No special resolution is being proposed to be passed through postal ballot at the ensuing Annual General Meeting.

Disclosures

During the Financial Year ended March 31, 2013:

- There was no materially significant related party transactions with the Directors that have a potential conflict with the interests of the Bank
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements
- During the last three years, there were no penalties or strictures imposed on the Bank by the Stock Exchange(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market.
- The Bank has formulated a Whistle Blower Policy duly approved by the Audit & Compliance Committee and the same provides for direct access to the Chairman of the Audit & Compliance Committee in exceptional cases
- The Bank has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by Clause 49 of the Listing Agreement to the extent applicable to the Bank. The CEO/ CFO certificate with respect to internal controls on financial reporting and declaration by the CEO with respect to compliance with the Code of Conduct and Ethics for the Board of Directors and Senior Management were placed before the Board
- The Bank has implemented some of the recommendations given in the 'Corporate Governance - Voluntary Guidelines 2009' by the Ministry of Corporate Affairs and is examining the possibility of implementing the remaining recommendations
- The Bank has also ensured the implementation of the non-mandatory items, like maintenance of office for the Non Executive Chairman, Whistle Blower Mechanism and Constitution of Board Remuneration Committee. Mr Rana Kapoor, MD & CEO, Non Independent Director is a member of Board Remuneration Committee. In terms of Section 10 (2A) of the Banking Regulation Act, 1949 all Directors other than its Chairman and/or Wholetime Directors cannot hold office continuously for a period exceeding eight years. The Bank has constituted the Nominations & Governance Committee which undertakes a process of due diligence and evaluates every year whether the members of the Board adhere to the 'fit and proper' criteria as prescribed by the Reserve Bank of India. The adherence to the 'fit and proper' criteria by the members of the Nominations & Governance Committee is evaluated by the Board of Directors.
- Brief profile of the Directors retiring by rotation and eligible for re-appointment and Directors proposed to be appointed is attached to the notice convening Annual General Meeting.
- The Bank has incorporated a wholly owned broking subsidiary company during the financial year ended March 31, 2013. The aforesaid subsidiary company is yet to commence its operations as on March 31, 2013.

Means of Communication

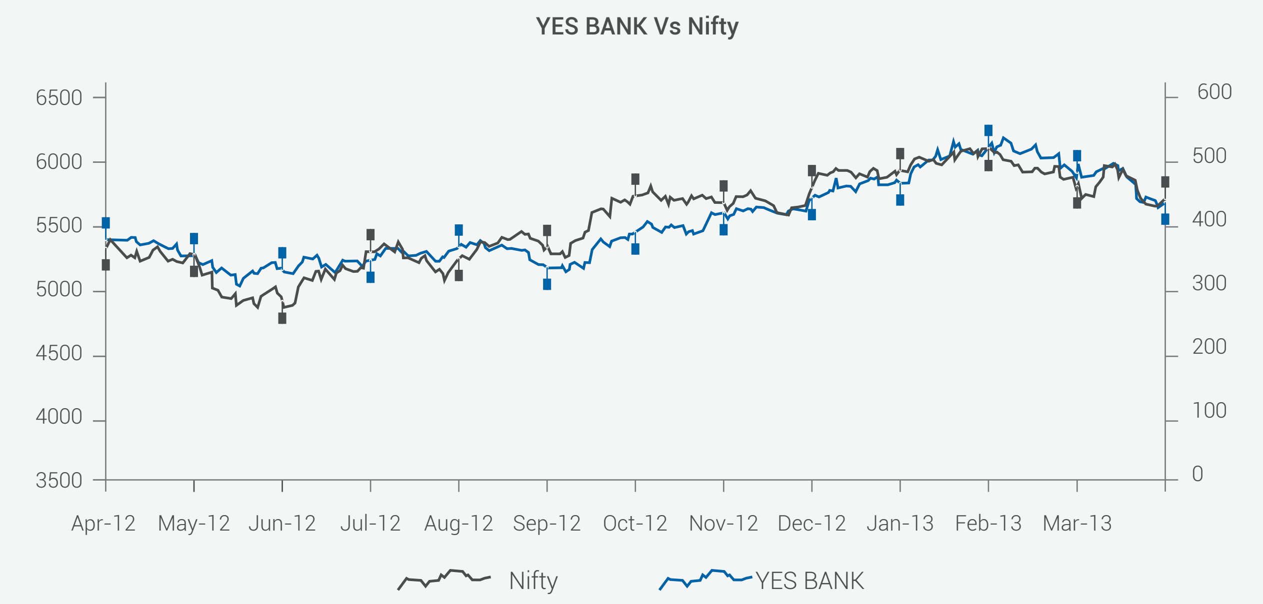
- Quarterly Results are communicated through a Press Release and newspaper advertisements in prominent national and regional dailies like the Economic Times, Business Standard, Mint, Free Press Journal, Navshakti, Financial Express and Hindu Business Line.
- The financial results, official news releases and presentations are also displayed on the website of the Bank (www.yesbank.in)
- The Bank also publishes its Balance Sheet and Profit and Loss Account together with the Auditors' Report in newspaper(s) as required in terms of Section 31 of the Banking Regulation Act, 1949 and Rule 15 of the Banking Regulation (Companies) Rules, 1949

General Shareholders Information

Day, Date, Time and Venue of the Annual General Meeting	Saturday, June 8, 2013 at 11.00 A.M Hall of Culture, Ground Floor, Nehru Centre, Dr. A. B. Road, Worli, Mumbai – 400 018
Financial Year	April 1, 2012 to March 31, 2013
Date of Book Closure	May 27, 2013 to June 8, 2013 (both days inclusive)
Dividend Payment Date	Will be paid during June 10, 2013 to June 14, 2013
Listing on Stock Exchanges	1. Bombay Stock Exchange Limited 2. National Stock Exchange of India Limited The Bank has paid the listing fees to the stock exchanges.
Stock Code	BSE : 532648 NSE : YESBANK

Market Price Data: High, Low during each month in last financial year

Month	NSE			BSE		
	Low (₹)	High(₹)	Volume	Low(₹)	High (₹)	Volume
April 2012	348.30	377.55	4,92,55,273	347.85	377.70	2,21,84,273
May 2012	302.35	348.65	5,26,04,516	303.05	348.35	66,53,132
June 2012	321.05	348.10	6,90,93,774	320.90	348.30	49,28,281
July 2012	339.70	365.20	5,47,52,289	340.85	364.25	55,30,260
August 2012	328.75	370.30	4,02,86,927	329.85	370.50	37,48,726
September 2012	324.10	382.05	6,73,41,940	324.40	382.20	65,08,377
October 2012	382.70	416.20	6,04,69,134	381.45	416.50	2,63,42,672
November 2012	412.55	443.35	3,07,21,825	412.45	443.05	29,79,530
December 2012	447.40	473.00	3,03,78,106	447.55	472.70	32,34,234
January 2013	477.00	527.95	6,51,81,573	477.20	528.15	67,53,700
February 2013	472.00	532.35	4,41,35,047	472.00	531.60	50,62,600
March 2013	425.30	493.75	4,07,54,034	425.50	493.60	46,94,370



Registrar and Transfer Agents	Karvy Computershare Private Limited Plot No. 17 to 24, Vittalrao Nagar Madhapur, Hyderabad - 500 081. Phone No. 040-44655000; Fax No. 040 -23420814 Contact Persons: Mr. S. D. Prabhakar/ Mr. U. S. Singh
Share Transfer System	The Board has delegated the authority for approving transfer, transmission etc. of the Bank's securities to the Managing Director & CEO and the Company Secretary. The Bank's shares are traded under compulsory demat mode. The Bank obtains from a company secretary in practice, half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

Distribution of Shareholding as at March 31, 2013

Category (Amount)	No. of shareholders	%	Total Shares	Amount	% of Amount
Up to 5,000	1,38,767	94.34	1,21,44,332	12,14,43,320	3.39
5,001 – 10,000	4,102	2.79	32,04,687	3,20,46,870	0.89
10,001 – 20,000	1,836	1.25	27,19,636	2,71,96,360	0.76
20,001 – 30,000	627	0.43	16,10,706	1,61,07,060	0.45
30,001 – 40,000	287	0.19	10,31,739	1,03,17,390	0.29
40,001 – 50,000	245	0.17	11,47,538	1,14,75,380	0.32
50,001 – 1,00,000	435	0.29	30,88,225	3,08,82,250	0.86
1,00,001 & Above	794	0.54	33,36,75,426	3,33,67,54,260	93.04
TOTAL	**1,47,093**	**100.00**	**35,86,22,289**	**3,58,62,22,890**	**100.00**

Shareholding Pattern as on March 31, 2013

Category of shareholders	No of shares	%
Rana Kapoor and Promoter Group	9,22,42,450	25.72
Other Institutions		
Mutual Funds /UTI	1,34,37,828	3.75
Financial Institutions /Banks	4,43,485	0.12
Insurance Companies	3,32,45,880	9.27
Foreign Institutional Investors	17,55,47,249	48.95
Qualified Foreign Investor	3,00,000	0.08
Other non-institutions		
Bodies Corporate	56,38,286	1.57
Individuals		
(i) Individuals holding nominal share capital upto ₹ 1 lakh	2,11,68,221	5.90
(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	1,27,05,558	3.54
Trusts	3,41,300	0.10
Non Resident Indians	18,45,974	0.52
H U F	5,78,874	0.16
Clearing Members	11,27,184	0.32
Total	**35,86,22,289**	**100.00**

List of Major Shareholders as on March 31, 2013

Sr No	Name	No of shares	%
1	Rana Kapoor and Promoter Group	9,22,42,450	25.72
2	Life Insurance Corporation of India along with its various schemes	1,69,80,962	4.74
3	American Funds Insurance Series Growth Fund	1,64,65,000	4.59
4	Merrill Lynch Capital Markets Espana S.A. S.V.	94,87,901	2.65
5	Swiss Finance Corporation (Mauritius) Limited	76,05,778	2.12
6	Smallcap World Fund, Inc	75,85,832	2.12
7	Morgan Stanley Asia (Singapore) Pte.	74,81,605	2.09
8	J P Morgan Funds	53,77,098	1.50
9	Goldman Sachs Investments (Mauritius) I Ltd	51,19,289	1.43
10	T. Rowe Price New Asia Fund	46,68,514	1.30
11	Wasatch Small Cap Growth Fund	45,81,117	1.28

Sr No	Name	No of shares	%
12	DB International (Asia) Ltd	45,76,936	1.28
13	Reliance Life Insurance Company Limited	44,46,943	1.24
14	Bajaj Allianz Life Insurance Company Ltd.	40,09,603	1.12
15	Credit Suisee (Singapore) Limited	37,64,762	1.05

Dematerialization of shares and liquidity	As on March 31, 2013 almost the entire equity capital was held in the dematerialized form with NSDL(97.72%) and CDSL(2.27%). Only 20,853 shares were being held in physical form (0.01%).
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	The Bank does not have any Outstanding GDRs / ADRs / Warrants or any other Convertible instrument as on date.
Plant Locations	As the company is engaged in the business of banking/financial services, there is no plant location.
Address for correspondence	Karvy Computershare Private Limited Plot No. 17 to 24, Vittalrao Nagar Madhapur, Hyderabad - 500 081. Phone No. 040-44655000; Fax No. 040 -23420814 Contact Persons: Mr. S. D. Prabhakar / Mr. U S Singh
Address of the Compliance Officer	Mr. Binoj Davies, Compliance Officer 23rd Floor, Tower 2, Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013 Phone No. : 022 -3366 9000 Fax No. : 022 - 24214507 e-mail : shareholders@yesbank.in

For and on behalf of the Board of Directors

Rana Kapoor
Managing Director & CEO

Radha Singh
Independent Director

Lt. Gen. (Retd.) Mukesh Sabharwal
Independent Director

M. R. Srinivasan
Non Independent Director

Place: Mumbai
Date: April 17, 2013

Compliance with the Code of Conduct and Ethics

I confirm that all Directors and members of the Senior Management have affirmed compliance with YES BANK Code of Conduct and Ethics.

Rana Kapoor
Managing Director & CEO

Place: Mumbai
Date: April 17, 2013

INDEPENDENT AUDITOR'S REPORT

To

The Members of Yes Bank Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Yes Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31 March 2013, the Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with guidelines issued by the Reserve Bank of India insofar as they are applicable to the Bank and in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949 as applicable. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March, 2013;

   (ii) in the case of the Profit and Loss Account of the profit for the year ended on that date; and

   (iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956.

8. We report that:

   (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.

(b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

(c) the financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 20 branches for the purpose of our audit;

9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

10. We further report that:

(i) the Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account.

(ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.

(iii) on the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
ICAI Firm's Registration Number: 301003E

per Surekha Gracias
Partner
Membership Number: 105488

Place of Signature: Mumbai
Date: 17 April 2013

Balance Sheet
as at March 31, 2013

(₹ in thousands)

	Schedules	As at March 31, 2013	As at March 31, 2012
CAPITAL AND LIABILITIES			
Capital	1	3,586,223	3,529,874
Reserves and surplus	2	54,490,482	43,236,486
Deposits	3	669,555,852	491,517,050
Borrowings	4	209,221,472	141,564,874
Other liabilities and provisions	5	54,187,245	56,408,508
TOTAL		**991,041,274**	**736,256,792**
ASSETS			
Cash and balances with Reserve Bank of India	6	33,387,586	23,325,440
Balances with banks, money at call and short notice	7	7,270,011	12,529,966
Investments	8	429,760,421	277,573,491
Advances	9	469,995,663	379,886,419
Fixed assets	10	2,295,452	1,771,038
Other assets	11	48,332,141	41,170,438
TOTAL		**991,041,274**	**736,256,792**
Contingent liabilities	12	2,478,043,530	1,614,270,735
Bills for collection		6,773,965	4,020,545
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		

As per our report of even date attached.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

For and on behalf of the Board of Directors
YES BANK Limited

Surekha Gracias
Partner
Membership No: 105488

Rana Kapoor
Managing Director & CEO

Radha Singh
Director

Mukesh Sabharwal
Director

M R Srinivasan
Director

Rajat Monga
Chief Financial Officer

Mumbai
April 17, 2013

Profit and Loss Account

for the year ended March 31, 2013

(₹ in thousands)

	Schedules	Year Ended March 31, 2013	Year Ended March 31, 2012
I. INCOME			
Interest earned	13	82,939,991	63,073,581
Other income	14	12,574,326	8,571,206
TOTAL		**95,514,317**	**71,644,787**
II. EXPENDITURE			
Interest expended	15	60,752,092	46,917,212
Operating expenses	16	13,345,367	9,325,343
Provisions and contingencies	17	8,410,051	5,632,248
TOTAL		**82,507,510**	**61,874,803**
III. PROFIT			
Net profit for the year		13,006,807	9,769,984
Profit brought forward		16,583,936	11,150,578
TOTAL		**29,590,743**	**20,920,562**
IV. APPROPRIATIONS			
Transfer to Capital Reserve		348,646	253,337
Transfer to Statutory Reserve		3,251,702	2,442,496
Transfer to Investment Reserve		97,136	228
Dividend paid for last year and tax thereon		8,786	(439)
Proposed Dividend		2,151,734	1,411,950
Tax (including surcharge and education cess) on Dividend		349,065	229,054
Balance carried over to balance sheet		23,383,674	16,583,936
TOTAL		**29,590,743**	**20,920,562**
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		
Earning per share (Refer Sch.18.7.6)			
Basic (₹)		36.53	27.87
Diluted (₹)		35.55	27.13
(Face Value of Equity Share is ₹ 10/-)			

As per our report of even date attached.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

Surekha Gracias
Partner
Membership No: 105488

For and on behalf of the Board of Directors
YES BANK Limited

Rana Kapoor
Managing Director & CEO

Radha Singh
Director

Mukesh Sabharwal
Director

M R Srinivasan
Director

Rajat Monga
Chief Financial Officer

Mumbai
April 17, 2013

Cash Flow Statement

for the year ended March 31, 2013

(₹ in thousands)

	Year Ended March 31, 2013	Year Ended March 31, 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxes	19,257,317	14,500,152
Adjustment for		
Depreciation for the year	517,070	408,197
Amortisation of premium on investments	295,560	308,137
Provision for investments	(29,910)	160,152
Provision for standard advances	766,399	406,989
Provision/write off of non performing advances	1,516,688	115,677
Other provisions	29,310	219,262
Loss from sale of fixed assets	5,101	14,339
	22,357,535	**16,132,905**
Adjustments for :		
Increase in Deposits	178,038,802	32,127,732
Increase in Other Liabilities	(3,998,530)	24,668,861
Increase in Investments	(86,083,831)	(42,006,422)
Increase in Advances	(91,625,933)	(36,365,710)
Increase in Other Assets	(6,765,222)	(13,624,469)
	(10,434,714)	(35,200,008)
Payment of direct taxes	(6,516,441)	(5,149,891)
Net cash generated from operating activities (A)	**5,406,380**	**(24,216,994)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,038,360)	(904,106)
Proceeds from sale of Fixed Assets	22,310	67,884
Changes in Capital Work- in – Progress	(30,535)	(51,338)
Changes in Held to Maturity Investment	(66,368,749)	(47,746,979)
Net cash used in investing activities (B)	**(67,415,334)**	**(48,634,539)**

(₹ in thousands)

	Year Ended March 31, 2013	Year Ended March 31, 2012
CASH FLOW FROM FINANCING ACTIVITIES		
Tier II Debt raised	17,638,000	12,460,625
Increase in Borrowings	48,618,598	60,101,931
Innovative Perpetual Debt raised	1,400,000	1,500,000
Proceeds from issuance of Equity Shares	56,349	58,403
Share Premium received thereon	756,774	637,787
Dividend paid during the year	(1,428,296)	(870,375)
Tax on dividend	(230,280)	(141,196)
Net cash generated from financing activities (C)	**66,811,145**	**73,747,175**
Net increase in cash and cash equivalents (A+B+C)	**4,802,191**	**895,642**
Cash and cash equivalents as at April 1	35,855,406	34,959,764
Cash and cash equivalents as at March 31	40,657,597	35,855,406
Notes to the Cash flow statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India	33,387,586	23,325,440
Balances with Banks and Money at Call and Short Notice	7,270,011	12,529,966
Cash and cash equivalents as at March 31	**40,657,597**	**35,855,406**

As per our report of even date attached.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

For and on behalf of the Board of Directors
YES BANK Limited

Surekha Gracias
Partner
Membership No: 105488

Rana Kapoor
Managing Director & CEO

Radha Singh
Director

Mukesh Sabharwal
Director

M R Srinivasan
Director

Rajat Monga
Chief Financial Officer

Mumbai
April 17, 2013

Schedules

forming part of the Balance Sheet

(₹ in thousands)

		As at March 31, 2013	As at March 31, 2012
SCHEDULE 1 - CAPITAL			
	Authorised Capital		
	600,000,000 equity shares of ₹ 10/- each	**6,000,000**	**6,000,000**
	(March 31, 2012: 600,000,000equity shares of ₹ 10/- each)		
	Issued, subscribed and paid-up capital		
	358,622,289 equity shares of ₹ 10/- each	3,586,223	3,529,874
	(March 31, 2012 : 352,987,424 equity shares of ₹ 10/- each)		
	[Refer Sch 18.5.1.1]		
	TOTAL	**3,586,223**	**3,529,874**
SCHEDULE 2 - RESERVES AND SURPLUS			
I.	**Statutory Reserves**		
	Opening balance	7,088,579	4,646,083
	Additions during the year	3,251,702	2,442,496
	Closing balance	**10,340,281**	**7,088,579**
II.	**Share Premium**		
	Opening balance	18,168,835	17,531,048
	Additions during the year [Refer Sch 18.5.1.1]	756,774	637,787
	Reduction during the year [Refer Sch 18.5.1.1]	-	-
	Closing balance	**18,925,609**	**18,168,835**
III.	**Capital Reserve**		
	Opening balance	1,394,559	1,141,222
	Additions during the year [Refer Sch 18.5.1.2]	348,646	253,337
	Closing balance	**1,743,205**	**1,394,559**
IV.	**Investment Reserve**		
	Opening balance	577	349
	Additions during the year [Refer Sch 18.5.1.3]	97,136	228
	Closing balance	**97,713**	**577**
V	**Balance in Profit and Loss Account**	23,383,674	16,583,936
	TOTAL	**54,490,482**	**43,236,486**
SCHEDULE 3 - DEPOSITS			
A.	I. **Demand Deposits**		
	i) From banks	1,776,868	3,868,171
	ii) From others	64,871,883	45,015,454
	II. **Savings Bank Deposits**	60,226,502	25,037,833
	III. **Term Deposits**		
	i) From banks	41,593,943	35,066,348
	ii) From others	501,086,656	382,529,244
	TOTAL	**669,555,852**	**491,517,050**
B.	I. **Deposits of branches in India**	669,555,852	491,517,050
	II. **Deposits of branches outside India**	-	-
	TOTAL	**669,555,852**	**491,517,050**

(₹ in thousands)

	As at March 31, 2013	As at March 31, 2012
SCHEDULE 4 - BORROWINGS		
I. Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt		
A. Borrowing in India		
i) IPDI	7,510,000	6,110,000
ii) Upper Tier II Borrowings	19,367,000	12,326,000
iii) Lower Tier II Borrowings	31,255,000	20,658,000
TOTAL (A)	**58,132,000**	**39,094,000**
B. Borrowings outside India		
i) IPDI	271,425	254,375
ii) Upper Tier II Borrowings	9,334,984	8,784,869
iii) Lower Tier II Borrowings	-	-
TOTAL (B)	**9,606,409**	**9,039,244**
TOTAL (A+B)	**67,738,409**	**48,133,244**
II. Other Borrowings*		
A. Borrowing in India		
i) Reserve Bank of India	48,958,900	23,500,000
ii) Other banks	30,832,500	24,294,543
iii) Other institutions and agencies **	24,759,375	16,458,357
TOTAL (A)	**104,550,775**	**64,252,900**
B. Borrowings outside India (B)	36,932,288	29,178,730
TOTAL (A+B)	**141,483,063**	**93,431,630**
TOTAL (I+II)	**209,221,472**	**141,564,874**
* Of the above, secured borrowings are ₹ 49,896,031 thousands (March 31, 2012 : ₹ 23,500,000 thousands). ** Including refinance borrowing.		
SCHEDULE 5 - OTHER LIABILITIES & PROVISIONS		
I. Bills payable	1,325,549	1,948,325
II. Inter-office adjustments (net)	-	-
III. Interest accrued	8,714,189	6,633,416
IV. Others (including provisions)		
- Provision for standard advances	2,655,326	2,107,828
- Others	41,414,538	45,718,940
- Income Tax Provision	77,643	-
TOTAL	**54,187,245**	**56,408,509**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand	1,633,270	1,147,747
II. Balances with Reserve Bank of India		
- In current account	31,754,316	22,177,693
- In other account	-	-
TOTAL	**33,387,586**	**23,325,440**

Schedules

forming part of the Balance Sheet

(₹ in thousands)

			As at March 31, 2013	As at March 31, 2012
SCHEDULE 7 - BALANCES WITH BANKS, MONEY AT CALL AND SHORT NOTICE				
I.	**In India**			
	Balances with banks			
	i)	in current accounts	150,753	101,946
	ii)	in other deposit accounts	55	50
	Money at call and short notice			
	i)	with banks	250,000	-
	ii)	with other institutions	-	3,247,998
	iii)	Lending under Reverse Repo (RBI & Banks) {Refer note 18.4.2(f)}	-	8,842,571
		TOTAL (I)	**400,808**	**12,192,565**
II.	**Outside India**			
	i)	in current accounts	4,978,456	337,401
	ii)	in other deposit accounts	-	-
	iii)	Money at call and short notice	1,890,747	-
		TOTAL (II)	**6,869,203**	**337,401**
		TOTAL (I+II)	**7,270,011**	**12,529,966**
SCHEDULE 8 - INVESTMENTS (NET OF PROVISIONS)				
A.	**Investments in India**			
	i)	Government securities	235,390,801	161,784,354
	ii)	Other approved securities	-	-
	iii)	Shares	1,122,391	512,782
	iv)	Debentures and bonds	103,442,521	74,759,395
	v)	Subsidiaries and/or joint ventures	500	-
	vi)	Others (CPs, CDs, Pass Through Certificates etc.)	89,804,208	40,516,960
		TOTAL	**429,760,421**	**277,573,491**
B.	**Investments outside India**		-	-
		TOTAL	**429,760,421**	**277,573,491**
SCHEDULE 9 - ADVANCES				
A.	i)	Bills purchased and discounted	7,794,913	6,479,039
	ii)	Cash credits, overdrafts and loans repayable on demand	125,790,918	89,657,441
	iii)	Term loans	336,409,832	283,749,939
		TOTAL	**469,995,663**	**379,886,419**
B.	i)	Secured by tangible assets	311,377,367	275,219,367
	ii)	Covered by Bank/Government Guarantees	6,491,807	1,874,568
	iii)	Unsecured(Note 1 & 2)	152,126,489	102,792,484
		TOTAL	**469,995,663**	**379,886,419**
	1	includes advance of ₹ 263,125 thousands (Previous year ₹ 355,755 thousands) for which intangible securities such as charge over the rights, licenses, authority, etc. of ₹ 694,000 thousands (Previous year ₹ 1,141,500 thousands) has been taken.		
	2	includes advances of ₹ 34,827,606 thousands (March 31, 2012 ₹ 30,176,778 thousands) for which security documentation is either being obtained or being registered.		

(₹ in thousands)

			As at March 31, 2013	As at March 31, 2012
C	I.	**Advances in India**		
	i)	Priority sectors	105,212,023	98,453,455
	ii)	Public sector	607,642	839,086
	iii)	Banks	617,055	881,256
	iv)	Others	363,558,943	279,712,622
		TOTAL	**469,995,663**	**379,886,419**
	II.	**Advances outside India**	-	-
		TOTAL	**469,995,663**	**379,886,419**

SCHEDULE 10 - FIXED ASSETS			
I.	**Premises**	-	-
II.	**Other Fixed Assets (including furniture and fixtures)**		
	At cost as on March 31st of preceding financial year	3,310,459	2,553,046
	Additions during the year	1,034,450	839,636
	Deductions during the year	(73,735)	(82,223)
	Accumulated depreciation to date	(2,086,669)	(1,619,833)
		2,184,505	**1,690,626**
	Capital work-in-progress	110,947	80,412
	TOTAL	**2,295,452**	**1,771,038**
SCHEDULE 11 - OTHER ASSETS			
I.	Interest accrued	14,278,348	9,456,513
II.	Advance tax and tax deducted at source[Refer Sch 18.6.1.ii]	-	85,552
III.	Deferred tax asset (net) [Refer Sch 18.7.8]	1,794,222	1,367,098
IV.	Others	32,259,571	30,261,276
	TOTAL	**48,332,141**	**41,170,439**
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the bank not acknowledged as debts	-	379,052
II.	Liability for partly paid investments	-	-
III.	Liability on account of outstanding forward exchange contracts	1,500,302,096	799,971,222
IV.	Liability on account of outstanding derivative contracts		
	- Single currency Interest Rate Swaps	659,577,736	535,443,857
	- Others	48,188,523	87,366,103
V.	Guarantees given on behalf of constituents		
	- In India	118,377,928	91,830,012
	- Outside India	-	-
VI.	Acceptances, endorsements and other obligations	119,953,148	104,493,693
VII.	Other items for which the bank is contingently liable		
	- Value dated purchase of securities	107,240	489,002
	- Capital commitments	255,584	102,189
	- Foreign Exchange Contracts (Tom & Spot)	31,281,275	21,282,105
	TOTAL	**2,478,043,530**	**1,614,270,735**

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		Year Ended March 31, 2013	Year Ended March 31, 2012
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	53,970,675	44,267,932
II.	Income on investments	28,594,640	18,470,394
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	165,062	232,546
IV.	Others	209,614	102,709
	TOTAL	**82,939,991**	**63,073,581**
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	10,762,091	7,676,904
II.	Profit/(Loss) on the sale of investments (net)	1,556,556	378,594
III.	Profit /(Loss) on the revaluation of investments (net)	-	-
IV.	Loss on sale of land, building and other assets	(5,101)	(14,339)
V.	Profit on exchange transactions (net)	666,679	268,200
VI.	Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-	-
VII.	Miscellaneous income	(405,899)	261,847
	TOTAL	**12,574,326**	**8,571,206**
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	45,636,130	38,433,622
II.	Interest on Reserve Bank of India/inter-bank borrowings/ Tier I and Tier II debt instruments	14,935,490	8,224,399
III.	Others	180,472	259,191
	TOTAL	**60,752,092**	**46,917,212**
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	6,555,435	4,751,490
II.	Rent, taxes and lighting	1,811,826	1,255,415
III.	Printing and stationery	112,893	80,768
IV.	Advertisement and publicity	322,083	102,790
V.	Depreciation on Bank's property	517,070	408,197
VI.	Directors' fees, allowances and expenses	5,649	4,519
VII.	Auditors' fees and expenses	6,752	6,205
VIII.	Law charges	19,465	11,002
IX.	Postage, telegrams, telephones, etc.	158,557	123,909
X.	Repairs and maintenance	91,463	76,049
XI.	Insurance	449,041	382,365
XII.	Other expenditure	3,295,133	2,122,634
	TOTAL	**13,345,367**	**9,325,343**
SCHEDULE 17 - PROVISIONS & CONTINGENCIES			
I.	Provision for taxation [Refer Sch 18.6.1]	6,250,510	4,730,168
II.	Provision for investments	(29,910)	160,152
III.	Provision for standard advances	766,399	406,989
IV.	Provision/write off for non performing advances	1,455,215	115,677
V.	Other provisions	(32,163)	219,262
	TOTAL	**8,410,051**	**5,632,248**

18. Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2013

18.1 Background

YES BANK Limited (the 'Bank' or 'YES BANK') is a private sector Bank promoted by the late Mr. Ashok Kapur and Mr. Rana Kapoor. YES BANK Limited is a publicly held bank engaged in providing a wide range of banking and financial services. YES BANK Limited is a banking company governed by the Banking Regulation Act, 1949. The Bank was incorporated as a limited company under the Companies Act, 1956 on November 21, 2003. The Bank received the licence to commence banking operations from the Reserve Bank of India ('RBI') on May 24, 2004. Further, YES BANK was included to the Second Schedule of the Reserve Bank of India Act, 1934 with effect from August 21, 2004.

18.2 Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) issued by Institute of Chartered Accountants of India (ICAI) and notified by Companies (Accounting Standards) Rules, 2006 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the accrual method of accounting and the historical cost convention.

18.3 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

18.4 Significant accounting policies

18.4.1 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

- Interest income is recognised in the profit and loss account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognised upon realisation as per the prudential norms of the RBI.
- Revenue in certain structured transactions where interest income is partially receivable in advance is recognised when due.
- Loan processing fee is accounted for upfront when it becomes due.
- Dividend income is recognised when the right to receive payment is established.
- Commission on guarantees issued by the Bank is recognised as income on yearly basis at each anniversary over the period of the guarantee, except for guarantee commission not exceeding ₹ 100 thousands, which is recognised at the time of issue of the guarantee.
- Commission on Letters of Credit ('LC') issued by the Bank is recognised as income at the time of issue of the LC.
- Income on non-coupon bearing discounted instruments is recognised over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognised over the tenor of the instrument on yield basis.
- In case of Bonds and Pass Through Certificates, premium on redemption, if any, is amortised over the tenure of the instrument on a yield basis.
- Revenue from financial advisory services is recognised in line with milestones achieved as per terms of agreement with clients which is reflective of services rendered.

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- Other fees and commission income are recognised on accrual basis.

18.4.2 Investments

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBOD.No.BP.BC.13/21.04.141/2012-13 dated 2 July 2012 and Fixed Income Money Market and Derivative Association (FIMMDA) guidelines FIMCIR/2012-13/41/March 01, 2013.

a) **Accounting and Classification**

Investments are recognised using the value date basis of accounting. In compliance with RBI guidelines, all investments, are categorised as "Held for trading" ('HFT'), "Available for sale" ('AFS') or "Held to maturity" ('HTM') at the time of its purchase. For the purpose of disclosure in the balance sheet, investments are classified as disclosed in Schedule 8 ('Investments') under six groups (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others.

b) **Cost of acquisition**

Costs such as brokerage pertaining to investments, paid at the time of acquisition are charged to the profit and loss account.

c) **Basis of classification**

Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT category. Investments that the Bank intends to hold till maturity are classified under the HTM category, or as per RBI guidelines. Securities which are not classified in the above categories are classified under the AFS category.

d) **Transfer between categories**

Reclassification of investments from one category to the other, if done, is in accordance with RBI guidelines. Transfer of scrips from AFS / HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS / HFT category, the investments held under HTM at a discount are transferred to AFS / HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS/ HFT at the amortised cost.

Transfer of investments from AFS to HFT or vice-a- versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

e) **Valuation**

Investments categorised under AFS and HFT categories are marked to market (MTM) on a periodical basis as per relevant RBI guidelines. Net depreciation, if any, in the category under the classification mentioned in Schedule 8 ('Investments') is recognised in the profit and loss account. The net appreciation, if any, in the category under each classification is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to periodic valuation of investments.

Investments received in lieu of restructured advances are valued in accordance with RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category.

Investments classified under the HTM category are carried at their acquisition cost and any premium over the face value, paid on acquisition, is amortised on a straight line basis over the remaining period to maturity. Amortisation expense of premia on investments in the HTM category is deducted from interest income. Where in the opinion of management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made.

Treasury Bills, Commercial Paper and Certificates of deposit being discounted instruments, are valued at carrying cost.

The market/ fair value applied for the purpose of periodical valuation of quoted investments included in the AFS and HFT categories is the market price of the scrip as available from the trades/ quotes on the stock exchanges and for Subsidiary General Ledger ('SGL') account transactions, the prices as periodically declared by Primary Dealers Association of India jointly with FIMMDA.

The market/ fair value of unquoted government securities included in the AFS and HFT category is determined as per the prices published by FIMMDA. Further, in the case of unquoted bonds, debentures, pass through certificates and preference shares, valuation is carried out by applying an appropriate mark-up (reflecting associated credit risk) over the Yield to Maturity ('YTM') rates of government securities. Such mark up and YTM rates applied are as per the relevant rates published by FIMMDA.

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Quoted equity shares are valued at their closing price on a recognised stock exchange. Unquoted equity shares are valued at the book value if the latest balance sheet is available, else, at ₹ 1 per company, as per relevant RBI guidelines.

At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction company are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date.

Investments in quoted Mutual Fund (MF) Units are valued as per Stock Exchange quotations. Investments in un-quoted MF Units are valued on the basis of the latest re-purchase price declared by the MF in respect of each particular Scheme.

f) Accounting for repos / reverse repos

Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) including liquidity adjustment facility (LAF) with RBI are treated as collateralised borrowing and lending transactions respectively in accordance with RBI master circular No. DBOD. No.BP.BC.13/21.04.141/2012-13 dated July 2, 2012. The first leg of the repo transaction is contracted at the prevailing market rates. The difference between consideration amounts of first and second (reversal of first) leg reflects interest and is recognised as interest income/ expense over the period of transaction.

g) Profit/Loss on sale of Investments

Profit/Loss on sale of Investments in the HTM category is recognised in the profit and loss account and profit thereafter is appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/ Loss on sale of investments in HFT and AFS categories is recognised in the Profit and Loss account.

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18.4.3 Advances

Advances are classified as performing and non-performing based on the relevant RBI guidelines. Advances are stated net of specific loan loss provisions, interest in suspense, inter-bank participation certificates issued and bills rediscounted. Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of the advances, subject to the minimum provisioning level prescribed in relevant RBI guidelines.

As per the RBI guidelines a general provision is made on all standard advances based on the category of advances as prescribed in the said guidelines. The Bank also maintains additional general provisions on standard exposure based on the internal credit rating matrix. These provisions are included in Schedule 5 - 'Other liabilities & provisions - Others'.

In respect of restructured standard and non performing advances, provision is made for the present value of principal and interest component sacrificed at the time of restructuring the assets, based on the RBI guidelines.

Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognised in the profit and loss account.

18.4.4 Transactions involving foreign exchange

Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). Foreign exchange contracts of original maturities less than 12 months outstanding at the balance sheet date are marked to market at rates notified by FEDAI for specified maturities, suitably interpolated for in-between maturity contracts. Long term foreign exchange contracts (original maturities of over 12 months) are stated at net present value using LIBOR/SWAP curves of the respective currencies. The resulting profits or losses are recognised in the profit and loss account.

Premia/discounts on foreign exchange swaps, that are used to hedge risks arising from foreign currency assets and liabilities, are amortised over the life of the swap.

Income and expenditure in foreign currency are accounted for at exchange rates prevalent on the date of the transaction.

In accordance with AS 11 'The Effects of changes in Foreign Exchange Rates', contingent liabilities in respect of outstanding foreign exchange forward contracts, derivatives, guarantees, endorsements and other obligations are stated at the exchange rates notified by FEDAI corresponding to the balance sheet date.

18.4.5 Earnings per share

The Bank reports basic and diluted earnings per equity share in accordance with (AS) 20, "Earnings per Share" prescribed by the Companies (Accounting Standards) Rules, 2006. Basic earnings per equity share have been computed by dividing net profit after tax for the year by the weighted average number of equity shares outstanding for the period.

Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti dilutive.

18.4.6 Accounting for derivative transactions

Derivative transactions comprises forward rate agreements, swaps and option contracts. The Bank undertakes derivative transactions for market making/trading and hedging on-balance sheet assets and liabilities. All market making/trading transactions are marked to market on a periodic basis and the resultant unrealised gains/losses are recognised in the profit and loss account.

Derivative transactions that are undertaken for hedging are accounted for on accrual basis except for the transaction designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements, which are accounted similar to the underlying asset or liability.

The Bank follows the option premium accounting framework prescribed by FEDAI SPL- circular dated Dec 14, 2007. Premium on option transaction is recognised as income/expense on expiry or early termination of the transaction. Mark to market (MTM) gain/loss (adjusted for premium received/ paid on option contracts) is recorded under 'Other Income'.

The amounts received/paid on cancellation of option contracts are recognised as realised gains/ losses on options. Charges receivable/payable on cancellation/ termination of foreign exchange forward contracts and swaps are recognised as income/ expense on the date of cancellation/ termination under 'Other Income'.

The requirement for collateral and credit risk mitigation on derivative contracts is assessed based on internal credit policy. Overdues if any, on account of derivative transactions are accounted in accordance with extant RBI guidelines.

As per the RBI guidelines on 'Prudential Norms for Off-balance Sheet Exposures of Banks' a general provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions.

18.4.7 Fixed assets

Fixed assets are stated at cost less accumulated depreciation and provision for impairment. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

18.4.8 Depreciation

Depreciation on fixed assets is provided on straight-line method, over estimated useful lives, as determined by the management, at the rates mentioned below (which are higher than or equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956):

Class of asset	Rates of depreciation per annum
Office equipment	16.21%
Computer hardware	33.33%
Computer software	25.00%
Vehicles	20.00%
Furniture and Fixtures	6.33%
Leasehold improvements to premises	Over the lease period or 9 years whichever is less.

Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

For assets purchased/ sold during the year, depreciation is being provided on pro rata basis by the Bank.

18.4.9 Retirement and employee benefits

Leave salary

The employees of the Bank are entitled to carry forward a part of their unavailed/unutilised leave subject to a maximum limit. The employees cannot encash unavailed/unutilised leave. The Bank has computed the compensated absence provision as per revised AS 15 – Employee Benefits.

Gratuity

The Bank provides for gratuity, a defined benefit retirement plan, covering eligible employees. The

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plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent to 15 days' eligible salary payable for each completed year of service if the service is more than 5 years. The Bank accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation.

The Bank recognises the actuarial gains and losses during the year in which the same are incurred.

Provident fund

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre determined rate. The Bank has no liability for future provident fund benefits other than its annual contribution and recognises such contributions as an expense in the year incurred.

18.4.10 Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

18.4.11 Income taxes

Income tax expense comprises current tax provision (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability in the year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets supported by convincing evidence. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

18.4.12 Provisions and contingent assets/ liabilities

The Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

18.4.13 Employee Stock Compensation Cost

Measurement of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI) and SEBI ESOP Guidelines 1999. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

18.4.14 Cash and Cash equivalent

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

18.5.1 Capital

18.5.1.1 Equity Issue

During the financial year ended March 31, 2013, the Bank has issued 5,634,865 shares (previous year: 5,840,300 shares) pursuant to the exercise of stock option aggregating to ₹ 813,123 thousands (previous year: ₹ 696,190 thousands).

18.5.1.2 Capital Reserve

Profit on sale of investments in the HTM category is credited to the profit and loss account and thereafter appropriated to capital reserve (net of applicable taxes and transfer to statutory reserve requirements). During the year ₹ 348,646 thousands (previous year: ₹ 253,337 thousands) was transferred to capital reserve.

18.5.1.3 Investment Reserve

The Bank has transferred ₹ 97,136 thousands (Previous year: ₹ 228 thousands) (net of applicable taxes and transfer to statutory reserve requirements) towards Investment Reserve on provisions for depreciation on investments credited to profit and loss account.

18.5.1.4 Capital Adequacy Ratio

Capital Adequacy Ratio as per RBI guidelines (New Capital Adequacy Framework (NCAF) dated July 02, 2012, generally referred to as Basel II) as at March 31, 2013 is given below:

(₹ in thousands)

	As at March 31, 2013	As at March 31, 2012
Tier-1 capital	63,761,509	51,512,727
Tier-2 capital	59,190,103	41,747,823
Total capital	122,951,612	93,260,550
Credit Risk – Risk Weighted Assets (RWA)	553,470,237	441,425,137
Market Risk – RWA	87,829,562	56,323,972
Operational Risk – RWA	31,023,599	22,077,222
Total risk weighted assets	672,323,398	519,826,331
Tier-1 capital adequacy ratio (%)	9.5%	9.9%
Tier-2 capital adequacy ratio (%)	8.8%	8.0%
Total capital adequacy ratio (%)	18.3%	17.9%
Amount raised by issue of IPDI*	7,724,400	6,324,400
Amount raised by issue of Upper Tier II instruments*	27,540,658	20,499,658

* *Outstanding as at March 31.*

Outstanding borrowings in foreign currency are converted at the rate prevalent on the date of borrowing for the purpose of capital adequacy.

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As at March 31, 2013 the Bank is required to maintain minimum capital which is higher of the minimum capital requirement under Basel II framework or 80% (80% as at March 31, 2012) of the minimum capital requirement under Basel I framework. As at March 31, 2013, the capital funds of the Bank are higher than the minimum capital requirement.

18.5.1.5 Tier I and Tier II Capital

During the financial year 2012-13, the Bank has raised Tier II Debt instruments amounting to ₹ 17,638,000 thousands and Innovative Perpetual Debt Instruments (IPDI) amounting to ₹ 1,400,000 thousands. Details of the same are as follows:

Tier II Debt Instruments

(₹ in thousands)

Particulars	Nature of Security	Date of Issue	Coupon Rate (%)	Tenure	Amount
Unsecured, Redeemable, Non Convertible, Upper Tier II Bonds	Promissory Notes	June 29, 2012	10.25	15	600,000
Lower Tier II Bonds	Debentures	August 23, 2012	10.00	10	3,000,000
Lower Tier II Bonds	Debentures	September 10, 2012	10.00	10	3,000,000
Upper Tier II Bonds	Promissory Notes	September 28, 2012	10.15	15	2,000,000
Unsecured Redeemable Non Convertible Lower Tier II Subordinated Bonds	Promissory Notes	October 16, 2012	10.00	10	2,000,000
Unsecured Redeemable Non Convertible Lower Tier II Subordinated Bonds	Debentures	October 31, 2012	9.90	10	2,597,000
Unsecured Redeemable Non Convertible Upper Tier II Subordinated Bonds	Debentures	November 10, 2012	10.25	15	2,750,000
Unsecured Redeemable Non Convertible Upper Tier II Subordinated Bonds	Promissory Notes	December 27, 2012	10.05	15	1,691,000
				TOTAL	**17,638,000**

Innovative Perpetual Debt Instruments (IPDI)

(₹ in thousands)

Particulars	Nature of Security	Date of Issue	Coupon Rate (%)	Tenure	Amount
Unsecured, Non Convertible, Tier I Subordinated Perpetual Bonds	Promissory Note	June 29, 2012	10.50	Perpetual	1,400,000
				TOTAL	**1,400,000**

During the financial year 2011-12, the Bank has raised Tier II Debt instruments amounting to ₹ 12,460,625 thousands and Innovative Perpetual Debt Instruments (IPDI) amounting to ₹ 1,500,000 thousands. Details of the same are as follows:

Tier II Debt Instruments

(₹ in thousands)

Particulars	Nature of Security	Date of Issue	Coupon Rate (%)	Tenure	Amount
Lower Tier II	Debentures	July 25, 2011	10.30	10 years	3,215,000
Lower Tier II	Debentures	October 28, 2011	10.20	10 years	2,430,000
Lower Tier II	Debentures	March 28, 2012	9.90	10 years	3,000,000
Upper Tier II	Debentures	March 30, 2012	Libor + 482 bps	15 years	3,815,625*
				TOTAL	12,460,625

Innovative Perpetual Debt Instruments (IPDI)

(₹ in thousands)

Particulars	Nature of Security	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tier I Perpetual	Promissory Note	March 19, 2012	10.50	Perpetual	1,500,000**
				TOTAL	1,500,000

**Borrowings in foreign currency converted at the rate prevalent on the date of borrowing for the purpose of capital adequacy.*

***Of which amount qualified for Tier I Capital as of March 31, 2012 was ₹ 1,423,193 thousands.*

18.5.2 Investments

(₹ in thousands)

Particulars (In India)	As at March 31, 2013	As at March 31, 2012
Gross value	430,011,016	277,853,996
Less: Provision for depreciation	250,595	280,505
Net value	**429,760,421**	**277,573,491**

There were no investment outside India as at March 31, 2013 and March 31, 2012.

Provision for depreciation on investments

(₹ in thousands)

Particulars (In India)	As at March 31, 2013	As at March 31, 2012
Opening Balance	280,505	120,353
Add/(Less): Provision during the year	(29,910)	160,152
Closing Balance	**250,595**	**280,505**

There was no provision for depreciation on investments outside India as at March 31, 2013 and March 31, 2012.

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18.5.3 Repo Transactions

a) **The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2013:**

(₹ in thousands)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at March 31, 2013
Securities sold under repos	-	4,350,000	164,658	-
Security purchased under reverse repo	-	10,806,440	748,460	-

b) **The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2012:**

(₹ in thousands)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at March 31, 2012
Securities sold under repos	-	1,800,000	33,452	6,500
Security purchased under reverse repo	-	10,157,400	1,791,147	341,400

The bank has not dealt in any repo or reverse repo transactions in corporate bonds during the financial year ended March 31, 2013 and March 31, 2012.

The above figures excludes securities sold and purchased under LAF with RBI.

18.5.4 Non-SLR Investment Portfolio

a) **Issuer composition of Non SLR investments as at March 31, 2013 is given below:**

(₹ in thousands)

No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities #	Extent of 'unlisted' securities*
i)	PSUs	5,449,000	3,549,000	-	-	-
ii)	Financial Institutions	39,710,282	36,809,758	-	582,300	22,097,218
iii)	Banks	3,194,453	2,734,757	-	-	2,862,453
iv)	Private Corporates	103,531,278	99,204,365	2,378,790	129,803	24,493,824
v)	Subsidiaries/ Joint ventures	500	500	-	-	500
vi)	Others	42,732,810	42,732,810	-	-	42,732,810
vii)	Provision held towards depreciation	(248,703)	-	-	-	-
	TOTAL	**194,369,620**	**185,031,190**	**2,378,790**	**712,103**	**92,186,805**

**Of the investments disclosed ₹ 90,626,805 thousands are exempted from applicability of RBI prudential limit for unlisted Non-SLR securities.*

 # Excludes investment in equity shares and units.

b) **Issuer composition of Non SLR investments as at March 31, 2012 is given below:**

(₹ in thousands)

No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities #	Extent of 'unlisted' securities*
i)	PSUs	3,363,182	750,000	-	-	-
ii)	Financial Institutions	25,093,214	23,924,184	-	582,300	11,250,532
iii)	Banks	7,140,327	4,499,612	-	-	6,773,327
iv)	Private Corporates	69,596,889	68,629,889	50,000	14,410	15,135,878
v)	Subsidiaries/ Joint ventures	-	-	-	-	-
vi)	Others	10,780,048	10,780,048	-	-	10,780,048
vii)	Provision held towards depreciation	(184,523)	-	-	-	-
	TOTAL	**115,789,137**	**108,583,733**	**50,000**	**596,710**	**43,939,785**

**Of the investments disclosed ₹ 41,120,785 thousands are exempted from applicability of RBI prudential limit for unlisted Non-SLR securities.*

 # Excludes investment in equity shares and units.

c) As at March 31, 2013 the Bank had non performing Non SLR investments of ₹ 145,367 thousands against which the Bank carried a provision of ₹ 145,367 thousands as at March 31, 2013 (Previous year - Nil).

d) The Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the year and sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI.

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18. 5.5 Derivatives

18.5.5.1 Forward Rate Agreement/ Interest Rate Swap

The details of Forward Rate Agreements / Interest Rate Swaps outstanding as at March 31, 2013 are provided in accordance with the RBI guidelines on Forward Rate Agreements and Interest Rate Swaps (MPD. BC.187/07.01.279/1999-2000) as applicable to Indian Rupee transactions. These contracts are subject to the risk of changes in market interest rates as well as credit risk with counterparties.

(₹ in thousands)

Sr. No.	Items	As at March 31, 2013	As at March 31, 2012
i)	The notional principal of swap agreements	626,049,000	516,374,000
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements[1]	1,076,497	1,732,290
iii)	Collateral required by the bank upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps [Percentage Exposure to Banks] [1]	29.48%	12.96%
v)	The fair value of the swap book [2]	654,349	1,311,757

1 Losses and Credit risk concentration are measured as net receivable under Swap contracts

2 Fair values represent MTM including accrued interest.

The nature and terms of the IRS as on March 31, 2013 are set out below:

(₹ in thousands)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	6	9,500,000	INBMK	Fixed Payable v/s Floating Receivable
Hedging	14	3,500,000	MIBOR	Fixed Payable v/s Floating Receivable
Hedging	14	3,500,000	MIBOR	Fixed Receivable v/s Floating Payable
Hedging	15	4,050,000	MIFOR	Fixed Payable v/s Floating Receivable
Trading	23	15,760,000	INBMK	Fixed Payable v/s Floating Receivable
Trading	3	1,500,000	INBMK	Fixed Receivable v/s Floating Payable
Trading	609	288,960,000	MIBOR	Fixed Payable v/s Floating Receivable
Trading	603	282,760,000	MIBOR	Fixed Receivable v/s Floating Payable
Trading	17	3,965,000	MIFOR	Fixed Payable v/s Floating Receivable
Trading	36	12,554,000	MIFOR	Fixed Receivable v/s Floating Payable

The nature and terms of the IRS as on March 31, 2012 are set out below:

(₹ in thousands)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	6	9,500,000	INBMK	Fixed Payable v/s Floating Receivable
Hedging	8	2,000,000	MIBOR	Fixed Payable v/s Floating Receivable
Hedging	8	2,000,000	MIBOR	Fixed Receivable v/s Floating Payable
Hedging	15	4,050,000	MIFOR	Fixed Payable v/s Floating Receivable
Trading	14	10,760,000	INBMK	Fixed Payable v/s Floating Receivable
Trading	3	1,500,000	INBMK	Fixed Receivable v/s Floating Payable
Trading	496	234,395,000	MIBOR	Fixed Payable v/s Floating Receivable
Trading	506	238,250,000	MIBOR	Fixed Receivable v/s Floating Payable
Trading	16	3,965,000	MIFOR	Fixed Payable v/s Floating Receivable
Trading	26	9,954,000	MIFOR	Fixed Receivable v/s Floating Payable

18.5.5.2 Unhedged / uncovered foreign currency exposure

The Bank's foreign currency exposures as at March 31, 2013 that are not hedged/covered by either derivative instruments or otherwise are within the Net Overnight Open Position limit (NOOP) and the Aggregate Gap limit, as approved by the RBI. NOOP at March 31, 2013 is ₹ 519,379 thousands (March 31, 2012 ₹ 366,454 thousands).

18.5.5.3 Exchange Traded Interest Rate Derivatives

The Bank has not dealt in exchange traded interest rate derivatives during the financial year ended March 31, 2013 (Previous Year: NIL)

18.5.5.4 Currency Futures

As on March 31, 2013, there were NIL open contracts. As at March 31, 2012 the open contracts on the exchange were USD 403,000 (₹ 20,642,667) for April 2012 expiry.

18.5.5.5 Disclosures on risk exposure in derivatives

As per RBI Master circular DBOD.No.BP.BC.16/21.06.001/2012-13 dated July 2, 2012, the following disclosures are being made with respect to risk exposure in derivatives of the Bank:

a) Purpose: The Bank uses Derivatives including Forwards & swaps for various purposes viz. hedging its currency and interest rate risk in its balance sheet, customer offerings and proprietary trading. The management of these products and businesses is governed by the Market Risk Policy, Investment Policy, Derivatives Policy, Derivatives Appropriateness Policy, Hedging Policy and ALM policy.

b) Structure: The Board of Directors of the Bank have constituted a Board level sub-committee, the Risk Monitoring Committee ('RMC') and delegated to it all functions and responsibilities relating to the risk management policy of the Bank and its supervision thereof.

c) As part of prudent business and risk management practice, the Bank has also instituted a comprehensive limit and control structure encompassing Value-at-Risk (VAR), Stop loss & credit limits for derivative transactions. The Bank has an elaborate internal reporting mechanism providing regular reports to the RMC.

d) The Bank has an independent Middle Office, which is responsible for monitoring, measurement and analysis of derivative related risks, among others. The Bank has a Credit Risk Management unit which is responsible for setting up counterparty limits and also a treasury operation unit which is responsible for managing operational aspects of derivatives control function and settlement of transactions. The Bank is subject to a concurrent audit for all treasury transactions, including derivatives, a monthly report of which is periodically submitted to the Audit & Compliance Committee of the Bank.

e) In addition to the above, the Bank independently evaluates the potential credit exposure on account of all derivative transactions, wherein risk limits are specified separately for each product, in terms of both credit exposure and tenor. As mandated by the Credit Policy of the Bank, the Bank has instituted an approval structure for all treasury/derivative related credit exposures. Wherever necessary, appropriate credit covenants are stipulated as trigger events to call for collaterals or terminate a transaction and contain the risk.

f) The Bank reports all trading positions to the management on a daily basis. The Bank revalues its trading position on a daily basis for Management and Information System ('MIS') and control purposes and records the same in the books of accounts on a monthly basis.

g) For derivative contracts in the banking book designated as hedge, the Bank documents at the inception of the relationship between the hedging instrument and the hedged item, the risk management objective for undertaking the hedge.

h) Refer Note 18.4.6 for accounting policy on derivatives.

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i) **The details of derivative transactions as at March 31, 2013 and March 31, 2012 are given below:**

(₹ in thousands)

Sr. No.	Particular	Currency derivatives[1]		Interest rate derivatives	
		Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012
i)	**Derivatives (Notional Principal Amount)[2]**				
	a) For hedging	47,510,307	17,777,846	20,550,000	17,550,000
	b) For trading	1,496,908,059	842,472,980	639,027,736	517,893,857
ii)	**Marked to market positions[3]**				
	a) Asset (+)	19,864,063	20,520,155	2,395,891	3,636,147
	b) Liability (-)	17,668,243	19,169,394	2,349,306	3,348,155
iii)	**Credit exposure[4]**	26,799,211	24,713,275	8,344,364	9,322,821
iv)	**Likely impact of one percentage change in interest rate (100*PV01)** (Refer Note 1&2 below)				
	a) on hedging derivatives	518,301	337,391	608,681	637,760
	b) on trading derivatives	336,075	296,569	1,010,356	712,047
v)	**Maximum and minimum of 100*PV01 observed during the year** (Refer Note 1&2 below)				
	a) on hedging				
	Maximum	572,035	394,047	658,965	684,029
	Minimum	331,575	294,310	586,280	596,568
	b) on trading				
	Maximum	458,035	431,038	1,091,521	877,112
	Minimum	282,249	239,798	684,188	712,047

1. Forwards, Options, cross currency swaps and currency futures are included in currency derivatives
2. Currency Derivatives excludes notional amount of option sold of ₹ 4,072,253 thousands and ₹ 27,086,499 thousands as on March 31, 2013 and March 31, 2012 respectively.
3. Trading portfolio including accrued interest.
4. Mark to Market for credit exposure includes accrued interest. Does not include Forward exchange contracts of original maturity of 14 days or less, Swap facility entered with RBI under Expansion of Export Credit in Foreign currency and forward contracts settling through CCIL under Forex Forward Segment (however includes 100% of Margin under Settlement Guarantee Fund and Default Fund with CCIL).

Note:

1) Denotes absolute value of loss which the Bank could suffer on account of a change in interest rates by 1% which however doesn't capture the off-setting exposures between interest rate and currency derivatives.

2) PV01 exposures reported above may not necessarily indicate the interest rate risk the bank is exposed to, given that PV01 exposures in Investments (which may offset the PV01 reflected above) do not form part of the above table.

18.5.6 Asset quality

18.5.6.1 Non-Performing Advances

The details of movement of gross NPAs, net NPAs and provisions during the year ended March 31, 2013 and the year ended March 31, 2012 are given below :

(₹ in thousands)

No.	Particulars	March 31, 2013	March 31, 2012
i)	**Net NPA to Net Advances**	0.01%	0.05%
ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	838,589	805,242
	(b) Additions (Fresh NPAs during the year)	2,437,411	643,743
	Subtotal (A)	3,276,000	1,448,985
	Less:		
	(i) Upgradations	172,611	-
	(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,086,141	346,102
	(iii) Write-offs	1,074,012	264,294
	Sub-total (B)	2,332,764	610,396
	Gross NPAs (closing balance) (A-B)	943,236	838,589
iii)	**Movement of Net NPAs**		
	(a) Opening Balance	174,600	91,536
	(b) Additions during the year	835,505	129,391
	(c) Reductions during the year	940,197	46,327
	(d) Closing balance	69,908	174,600
iv)	**Movement of provisions for NPAs**		
	(excluding provision on standard assets)		
	(a) Opening balance	663,989	713,706
	(b) Additions during the year	1,601,906	514,353
	(c) write off / write back of excess provision	1,392,567	564,070
	(d) Closing balance	873,328	663,989

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18.5.6.2 Provision coverage Ratio

The provision coverage ratio of the Bank as at March 31, 2013 computed as per the RBI guidelines is 92.59% (previous year 79.18%) (excluding technical write-offs).

18.5.6.3 Concentration of NPAs

Exposure (Funded + Non Funded) of the Bank to top four NPA is ₹ 558,250 thousands as at March 31, 2013 (previous year ₹ 586,371 thousands) and the Bank has provided for ₹ 558,250 thousands (previous year ₹ 522,545 thousands) for the same.

18.5.6.4 Sector-wise NPAs

The details of Sector-wise NPAs as at March 31, 2013 and March 31, 2012 are given below:

		% of gross NPAs to gross advances in that sector	
No.	Sector	March 31, 2013	March 31, 2012
1	Agriculture & allied activities	0.01	0.16
2	Industry (Micro & Small, Medium and Large)	0.37	0.29
3	Services	0.11	0.13
4	Personal loans	-	0.09

18.5.6.5 Restructured Accounts

(₹ in thousands)

No.	Type of Restructuring / Asset Classification	Restructured Accounts as on April 1 of the FY (opening figures)			Fresh restructuring during the year			Downgradations of restructured accounts during the FY			Write-offs of restructured accounts during the FY			Restructured Accounts as on March 31 of the FY		
		No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding as at March 31,2013	Provision thereon as at March 31,2013	No. of borrowers	Amount outstanding as at March 31,2013	Provision thereon as at March 31,2013	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon
1	**CDR**															
	Standard	10	1,843,909	321,875	1	98,686	28,162	(1)	(182,515)	(182,515)	(1)	(98,025)	(19,795)	8	1,320,080	276,156
	Substandard	1	236,095	212,990	1	31,385	31,385	1	182,515	182,515	(1)	(134,739)	(134,739)	2	213,900	213,900
	Doubtful	1	74,347	74,347	-	-	-	-	-	-	-	-	-	1	97,025	61,049
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**12**	**2,154,351**	**609,212**	**2**	**130,071**	**59,547**	**-**	**-**	**-**	**(2)**	**(232,764)**	**(154,534)**	**11**	**1,631,005**	**551,105**
2	**Others**															
	Standard	3	220,478	28,160	-	-	-	(1)	(105,421)	(105,421)	-	-	-	2	107,684	17,611
	Substandard	-	-	-	-	-	-	1	105,421	105,421	-	-	-	1	105,421	105,421
	Doubtful	10	79,021	66,772	-	-	-	-	-	-	(2)	(27,179)	(27,179)	4	661	661
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**13**	**299,499**	**94,932**	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**(27,179)**	**(27,179)**	**7**	**213,766**	**123,693**
3	**Grand Total**															
	Standard	13	2,064,387	350,035	1	98,686	28,162	(2)	(287,936)	(287,936)	(1)	(98,025)	(19,795)	10	1,427,764	293,767
	Substandard	1	236,095	212,990	1	31,385	31,385	2	287,936	287,936	(1)	(134,739)	(134,739)	3	319,321	319,321
	Doubtful	11	153,368	141,119	-	-	-	-	-	-	(2)	(27,179)	(27,179)	5	97,686	61,710
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**25**	**2,453,850**	**704,144**	**2**	**130,071**	**59,547**	**-**	**-**	**-**	**(4)**	**(259,943)**	**(181,713)**	**18**	**1,844,771**	**674,798**

Notes:-

1. There are no SME cases which have been restructured during the year ended March 31, 2013.
2. There have been no upgradations of restructured advances during the year ended March 31, 2013.
3. There were no restructured standard advances which ceased to attract higher provisioning and/or additional risk weight at the year end.
4. The outstanding amount and number of borrowers as at March 31, 2013 is after considering recoveries and sale of assets during the year.
5. The above table pertains to advances and does not include shares of ₹ 811,099 thousands in the Amount Outstanding.
6. The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.

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18.5.7 Financial assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

Details of Financial assets sold to Securitisation/Reconstruction Company for the year ended March 31, 2013 are as follows

(₹ in thousands)

Particulars		Year Ended March 31, 2013	Year Ended March 31, 2012
(i)	No. of accounts	2	1
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	340,965	14,445
(iii)	Aggregate consideration (includes Security receipts at Face Value)	573,000	55,000
(iv)	Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / (loss) over net book value*	232,035	40,555

**As per the extant RBI guidelines, the Bank has not recognised the gains in the financial statements and has recorded the Security Receipts at Net Book Value (NBV).*

18.5.8 Non-performing financial assets purchased/ sold from/ to other bank

The Bank has not purchased/sold any non performing financial assets from/to bank during the year ended March 31, 2013 and March 31, 2012.

18.5.9 Provisions for Standard Assets

Provision on standard advances is ₹ 2,655,326 thousands and ₹ 2,107,828 thousands as at March 31, 2013 and March 31, 2012 respectively.

18.5.10 Business ratios

Business Ratios		As at March 31, 2013	As at March 31, 2012
i)	Interest income as a percentage to working funds[1]	10.04%	10.14%
ii)	Non interest income as a percentage to working funds[1]	1.52%	1.38%
iii)	Operating profit as a percentage to working funds[1]	2.59%	2.48%
iv)	Return on assets[1]	1.57%	1.57%
v)	Business (deposits + net advances) per employee (₹ '000's)[2]	177,419	174,765
vi)	Profit per employee (₹ '000's)[2]	2,102	2,042

1 Working funds represents the average of total assets as reported in Return Form X to RBI under Section 27 of the Banking Regulation Act, 1949.

2 For the purpose of computation of business per employee (deposits plus advances), interbank deposits have been excluded and average employees have been considered.

18.5.11 Asset Liability Management

In compiling the information of maturity pattern (refer 18.5.11 (a) and (b) below), estimates and assumptions have been made by the management and have been relied upon by the auditors. For Investment Securities, the Bank buckets HFT portfolio and related depreciation in 29-90 days bucket or actual maturity whichever is earlier.

a) **Specified assets and liabilities as at March 31, 2013**

(₹ in thousands)

Maturity Buckets	Loans & Advances*	Investment Securities	Deposits	Borrowings
1 day	2,211,941	-	5,968,491	-
2 days to 7 days	6,687,905	-	45,289,832	62,347,081
8 days to 14 days	6,245,494	368,400	35,097,867	2,671,425
15 days to 28 days	10,089,421	-	34,129,892	12,926,268
29 days to 3 months	43,069,022	43,168,616	128,802,454	15,102,693
Over 3 to 6 months	37,436,803	19,475,685	98,147,190	24,550,604
Over 6 to 12 months	51,190,708	31,694,415	192,640,064	10,020,585
Over 1 year to 3 years	193,093,925	56,155,228	35,536,058	14,750,088
Over 3 years to 5 years	61,576,756	85,004,308	89,478,067	2,463,321
Over 5 years	58,393,688	193,893,769	4,465,937	64,389,407
TOTAL	**469,995,663**	**429,760,421**	**669,555,852**	**209,221,472**

Specified assets and liabilities as at March 31, 2012

(₹ in thousands)

Maturity Buckets	Loans & Advances*	Investment Securities	Deposits	Borrowings
1 day	5,803,898	-	3,018,431	-
2 days to 7 days	3,891,120	101,600	29,822,872	39,868,456
8 days to 14 days	8,013,885	-	34,242,486	4,776,743
15 days to 28 days	5,267,310	-	29,251,570	3,300,000
29 days to 3 months	51,593,394	26,309,315	90,056,222	10,836,844
Over 3 to 6 months	45,471,585	18,680,526	91,222,172	14,289,992
Over 6 to 12 months	39,000,415	19,043,554	136,501,283	8,928,664
Over 1 year to 3 years	129,370,871	36,603,088	24,047,835	10,818,156
Over 3 years to 5 years	51,163,515	48,335,060	52,319,249	3,412,775
Over 5 years	40,310,426	128,500,348	1,034,930	45,333,244
TOTAL	**379,886,419**	**277,573,491**	**491,517,050**	**141,564,874**

**For the purpose of disclosing the maturity pattern, loan and advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') have been classified in the maturity bucket corresponding to the original maturity of such loans and advances gross of any risk participation. Correspondingly, the balances have been reported net of IBPC maturities falling due in the respective buckets.*

b) **Foreign currency denominated assets and liabilities as at March 31, 2013:**

(₹ in thousands)

Maturity Buckets	Assets	Liabilities
1day	5,458,909	34,945
2 days to 7 days	2,236,506	1,699,281
8 days to 14 days	413,248	533,595
15 days to 28 days	2,782,040	1,067,259
29 days to 3 months	8,269,046	6,419,180
Over 3 to 6 months	5,692,386	18,166,360
Over 6 to 12 months	-	1,885,608
Over 1 year to 3 years	-	9,315,766
Over 3 years to 5 years	-	175,213
Over 5 years	94,999	9,606,409
TOTAL	**24,947,134**	**48,903,616**

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Foreign currency denominated assets and liabilities as at March 31, 2012:

(₹ in thousands)

Maturity Buckets	Assets	Liabilities
1day	1,125,845	20,467
2 days to 7 days	100,317	2,131,919
8 days to 14 days	321,056	132,412
15 days to 28 days	1,105,197	63,413
29 days to 3 months	4,975,606	8,122,241
Over 3 to 6 months	3,393,375	9,198,349
Over 6 to 12 months	-	1,479,022
Over 1 year to 3 years	-	7,924,741
Over 3 years to 5 years	-	1,341,383
Over 5 years	89,031	9,039,244
TOTAL	11,110,427	39,453,191

18.5.12 Exposures

The Bank has lending to sectors, which are sensitive to asset price fluctuations. Such sectors include capital market, real estate and commodities.

18.5.12.1 Exposure to Real Estate Sector

The exposure, representing the higher of funded and non-funded limits sanctioned or outstanding to real estate sector, is given in the table below:

(₹ in thousands)

Sr. No.	Particulars	As at March 31, 2013	As at March 31, 2012
i)	**Direct exposure**		
	Residential Mortgages	3,255,066	1,707,657
	Commercial Real Estate*	57,519,843	24,584,819
	of which outstanding as advances	33,592,579	14,863,969
	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	Residential	3,040,056	425,601
	Commercial Real Estate	-	-
ii)	**Indirect exposure**		
	Fund based and non fund based exposures on National Housing Board and Housing Finance Companies	19,958,530	9,191,389
	TOTAL	83,773,495	35,909,466

**Commercial real estate exposure classification is based on RBI circular DBOD.BP.BC.No. 42/08.12.015/2009-10 dated September 9, 2009.*

18.5.12.2 Exposure to Capital Market

The exposure representing the higher of funded and non-funded limits sanctioned or outstanding to capital market sector is given in the table below:

(₹ in thousands)

Sr. No.	Particulars	As at March 31, 2013	As at March 31, 2012
i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1	13,506
ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	26,617	15,081
iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	8,357,122	2,934,179
v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	3,595,750	3,717,934
vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	2,750,000**	550,000*
vii)	bridge loans to companies against expected equity flows / issues;	-	-
viii)	underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix)	financing to stockbrokers for margin trading	-	-
x)	all exposures to Venture Capital Funds (both registered and unregistered)	96,126	60,000
	Total Exposure to Capital Market	**14,825,616**	**7,290,700**

* *Pertains to loans given to Indian Company for onward lending to an overseas subsidiary for acquisition abroad.*

***Pertains to loans given to Indian company for acquisition of shares of an infrastructure company*

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18.5.12.3 Risk Category wise Country Exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. As at March 31, 2013, the Bank's funded exposure to any individual country did not exceed 1% of the total funded assets of the Bank

(₹ in thousands)

Risk Category	Exposure (net) as at March 31, 2013	Provision held as at March 31, 2013	Exposure (net) as at March 31, 2012	Provision held as at March 31, 2012
Insignificant	31,794,676	-	21,861,152	-
Low	4,162,517	-	2,561,478	-
Moderately Low	203,678	-	-	-
Moderate	-	-	-	-
Moderate High	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
TOTAL	**36,160,871**	**-**	**24,422,630**	**-**

18.5.12.4 Details of Single Borrower Limit (SBL) and Group Borrower Limit (GBL)

During the year ended March 31, 2013, the Bank has complied with the Reserve Bank of India guidelines on single borrower and borrower group limit. As per the exposure limits permitted under the extant RBI regulation, the Bank, with the approval of the Board of Directors, can enhance exposure to a single borrower or borrower group by a further 5 percent of capital funds. During the year ended March 31, 2013, with the prior approval of the Board of Directors, the Bank exceeded the single borrower limit of 15% of capital funds to Tata Steel and Hindalco Industries. At March 31, 2013, the exposure to Tata Steel as a percentage of capital funds was 11.68% and exposure to Hindalco Industries as a percentage of capital funds was 5.32%.

18.6 Miscellaneous

18.6.1 Income Taxes

i) Provisions made for Income Tax during the year

(₹ in thousands)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Current income tax expense	6,677,634	5,036,272
Deferred income tax benefit	(427,124)	(306,104)
TOTAL	**6,250,510**	**4,730,168**

ii) The Bank nets off the Income tax provision with Advance and tax deducted at source. This net position is reflected in Other Assets (Schedule 11) as at March 31, 2012 and in Other Liabilities (Schedule 5) as at March 31, 2013.

18.6.2 Disclosure of penalties imposed by RBI

No penalty has been imposed by RBI on the Bank during the financial year ended March 31, 2013.

For the financial year ended March 31, 2012, pursuant to the show cause notice received by the Bank in October 2010 relating to contravention of directions and guidelines on derivative transactions, RBI has levied penalty of ₹ 1,500 thousand under section 47A (1) (b) read with section 46(4) of Banking Regulation Act, 1949.

18.6.3 Fees/ Remuneration received from bancassurance

Bank has earned ₹ 200,049 thousands from bancassurance business during year ended March 31, 2013 (previous year: ₹ 148,458 thousands).

18.6.4 Concentration of Deposits

As at March 31, 2013, the deposits of top 20 depositors aggregated to ₹ 100,431,510 thousands (previous year: ₹ 86,463,978 thousands) (excluding certificate of deposits, which are tradable instruments), representing 15.01% (previous year: 17.59%) of the total deposit base.

18.6.5 Concentration of Advances

As at March 31, 2013 the top 20 advances aggregated to ₹ 140,002,772 thousands (previous year ₹ 116,461,727 thousands), representing 13.38% (previous year 13.02%) of the total advances. For this purpose, advance is computed as per definition of Credit Exposure in RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.3/13.03.00/2012-13 dated July 2, 2012.

18.6.6 Concentration of Exposures

As at March 31, 2013 the top 20 exposures aggregated to ₹ 193,299,611 thousands (previous year ₹ 139,821,108 thousands), representing 15.55% (previous year 13.80%) of the total exposures. Exposure is computed as per definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.3/13.03.00/2012-13 dated July 2, 2012.

18.6.7 Overseas Assets, NPAs and Revenue

For the year ended March 31, 2013 and March 31, 2012, the Bank has not earned any revenue from overseas branches. The Bank does not have any assets or NPA from overseas branches as at March 31, 2013 and March 31, 2012.

18.6.8 Sponsored SPVs

The Bank has not sponsored any SPV and hence there is no consolidation in Bank's books.

18.7.1 Staff retirement benefits

The following table sets out the funded status of the Gratuity Plan and the amounts recognised in the Bank's financial statements as of March 31, 2013 and March 31, 2012:

Changes in present value of Obligations

(₹ in thousands)

	As at March 31, 2013	As at March 31, 2012
Present Value of Obligation at the beginning of the year	180,937	119,859
Interest Cost	14,971	8,617
Current Service Cost	101,120	72,677
Past Service Cost	-	-
Benefits Paid	(13,311)	(7,138)
Actuarial (gain)/loss on Obligation	(19,600)	(13,078)
Present Value of Obligation at the end of the year	264,117	180,937

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Changes in the fair value of planned assets:

(₹ in thousands)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Fair value of plan assets at the beginning of the year	17,591	24,723
Adjustment to Opening Balance	2,069	6
Expected return on plan assets	2,403	1,957
Contributions	25,955	-
Benefits paid	(13,311)	(7,138)
Actuarial gain/(loss) on planned assets	(2,403)	(1,957)
Fair value of planned assets at the end of the period	32,304	17,591

Fair value of planned assets:

(₹ in thousands)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Fair value of plan assets at the beginning of the year	17,591	24,723
Adjustment to Opening Balance	2,069	6
Actual return on plan assets	-	-
Contributions	25,955	-
Benefits paid	(13,311)	(7,138)
Fair value of planned assets at the end of the period	32,304	17,591

Net gratuity cost for the year ended March 31, 2013 and March 31, 2012 comprises the following components:

(₹ in thousands)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Current Service Cost	101,120	72,677
Interest Cost	14,970	8,617
Expected Return on plan assets	(2,403)	(1,957)
Net Actuarial gain recognised in the year	(17,197)	(11,122)
Past Service Cost	-	-
Expenses recognised	96,490	68,215

Experience History:

(₹ in thousands)

	For the year ended March 31, 2013	For the year ended March 31, 2012
(Gain)/Loss on obligation due to change in assumption	11,805	10,033
Experience (Gain)/Loss on obligation	(31,406)	(23,113)
Actuarial Gain/(Loss) on planned assets	(2,403)	(1,957)

The assumptions used in accounting for the gratuity plan are set out below:

	For the year ended March 31, 2013	For the year ended March 31, 2012
Discount Rate	7.83%	8.59%
Expected Return on Plan Assets	9.25%	9.25%
Mortality	L.I.C. (1994-96) Ultimate Table	L.I.C. (1994-96) Ultimate Table
Future Salary Increases	15% p.a.	15% p.a
Disability	-	-
Attrition	20%	20% p.a.
Retirement	60 yrs	60 yrs

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

18.7.3 Segment Reporting

Pursuant to the guidelines issued by RBI on AS-17 (Segment Reporting) - Enhancement of Disclosures dated April 18, 2007, effective from period ending March 31, 2008, the following business segments have been reported.

- Treasury: Includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilisation from other banks and financial institutions.
- Corporate / Wholesale Banking: Includes lending, deposit taking and other services offered to corporate customers.
- Retail Banking: Includes lending, deposit taking and other services offered to retail customers.
- Other Banking Operations: Includes para banking activities like third party product distribution, merchant banking etc.

a) Segmental results for the year ended March 31, 2013 are set out below:

(₹ in thousands)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	30,390,543	59,009,459	4,887,438	310,150	94,597,590
Less: Inter-segment					887,373
Revenue net of inter- segment					95,484,963
Result	**15,096,221**	**15,682,087**	**(846,799)**	**91,112**	**30,022,621**
Unallocated Expenses					(10,765,304)
Operating Profit					19,257,317
Income Taxes					6,250,510
Extra-ordinary Profit/(Loss)					-
Net Profit					**13,006,807**
Other Information:					
Segment assets	**506,159,088**	**433,273,170**	**45,626,250**	**14,641**	**985,073,149**
Unallocated assets					5,968,125
Total assets					**991,041,274**
Segment liabilities	241,678,101	475,229,362	137,800,295	751,763	855,459,521
Unallocated liabilities					135,581,753
Total liabilities					**991,041,274**

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b) **Segmental results for the year ended March 31, 2012 are set out below::**

(₹ in thousands)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	**22,448,067**	**47,550,739**	**3,501,490**	**275,458**	**73,775,754**
Less: Inter-segment					(2,130,967)
Revenue net of inter- segment					71,644,787
Result	**11,214,253**	**11,256,913**	**(904,286)**	**80,408**	**21,647,288**
Unallocated Expenses					7,147,136
Operating Profit					14,500,152
Income Taxes					4,730,168
Extra-ordinary Profit/(Loss)					-
Net Profit					**9,769,984**
Other Information:					
Segment assets	**347,392,164**	**330,189,964**	**53,107,056**	**49,701**	**730,738,885**
Unallocated assets					5,517,907
Total assets					**736,256,792**
Segment liabilities	**162,951,784**	**367,845,377**	**102,565,475**	**641,822**	**634,004,458**
Unallocated liabilities					102,252,334
Total liabilities					**736,256,792**

Notes for segment reporting:

1. The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.

2. In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.

3. Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.

4. Fixed assets and related depreciation on fixed assets, non treasury related bank balances at branches, Bills payable, Tax related accounts, Tier II instruments, IPDI instruments and relevant interest and rent expenses which cannot be allocated to any segments have been classified as unallocated. The unallocated liabilities include Share Capital and Reserves and Surplus.

5. Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

18.7.4 Related Party Disclosures

The Bank has transactions with its related parties comprising of subsidiary, key management personnel and the relative of key management personnel

a) As per AS 18 "Related Party Disclosures", prescribed by the Companies (Accounting Standards) Rules, 2006, the Bank's related parties for the year ended March 31, 2013 are disclosed below:

Subsidiary

- Yes Securities (India) Limited.

Individuals having significant influence:

- Mr. Rana Kapoor, Managing Director & CEO

Key Management Personnel ('KMP') (Whole time Director)

- Mr. Rana Kapoor, Managing Director & CEO

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2013:

(₹ in thousands)

Items / Related Party Category	Subsidiaries	Whole time directors / individual having significant influence	Maximum Balance during the year	Relatives of whole time directors / individual having significant influence	Maximum Balance during the year
Deposits	500	#	#	67,024*	69,952
Investment	500			-	
Interest paid	-	#	#	7,760	
Receiving of services	-	#	#	-	
Dividend paid	-	#	#	-	

** Represents outstanding as of March 31, 2013*

 # In Financial Year 2012-13 there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by the RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks".

b) As per AS 18 "Related Party Disclosures", prescribed by the Companies (Accounting Standards) Rules, 2006, the Bank's related parties for the year ended March 31, 2012 are disclosed below:

Individuals having significant influence:

- Mr. Rana Kapoor, Managing Director & CEO

Key Management Personnel ('KMP') (Whole time Director)

- Mr. Rana Kapoor, Managing Director & CEO

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The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2012:

(₹ in thousands)

Items/Related Party Category	Whole time directors / individual having significant influence	Maximum Balance during the year	Relatives of whole time directors / individual having significant influence	Maximum Balance during the year
Deposits	#	#	69,933*	95,013
Interest paid	#		4,051	-
Receiving of services	#			
Dividend paid	#			

* Represents outstanding as of March 31, 2012

In Financial Year 2011-12 there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by the RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks"

18.7.5 Operating Leases

Lease payments recognised in the profit and loss account for the year ended March 31, 2013 was ₹ 1,550,742 thousands (Previous year: ₹ 1,203,222 thousands).

As at March 31, 2013 and March 31, 2012 the Bank had certain non-cancellable outsourcing contracts for information technology assets and properties on rent. The future minimum lease obligations against the same were as follows:

(₹ in thousands)

Lease obligations	As at March 31, 2013	As at March 31, 2012
Not later than one year	1,509,924	1,015,295
Later than one year and not later than five years	6,239,102	4,097,171
Later than five years	1,875,515	836,099
TOTAL	**9,624,541**	**5,948,565**

The Bank does not have any provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

18.7.6 Earnings Per Share ('EPS')

The Bank reports basic and diluted earnings per equity share in accordance with AS-20, "Earnings Per Share". The dilutive impact is mainly due to stock options granted to employees by the Bank.

The computation of earnings per share is given below:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Basic (annualised)		
Weighted average no. of equity shares outstanding	356,081,726	350,515,649
Net profit / (loss) (₹ ' 000)	13,006,807	9,769,984
Basic earnings per share (₹)	36.53	27.87
Diluted (annualised)		
Weighted average no. of equity shares outstanding	365,850,588	360,106,590
Net profit / (loss) (₹' 000)	13,006,807	9,769,984
Diluted earnings per share (₹)	35.55	27.13
Nominal value per share (₹)	10.00	10.00

18.7.7 ESOP disclosures

Statutory Disclosures Regarding Joining Stock Option Scheme:

The Bank has five Employee Stock Option Schemes viz. Joining Stock Option Plan I (JSOP I) , Joining Employee Stock Option Plan II (JESOP II), Joining Employee Stock Option Plan III (JESOP III), YBL ESOP (consisting of two sub schemes) and YBL JESOP V/ PESOP II (consisting of three sub schemes). The schemes include provisions for grant of options to eligible employees. All the aforesaid schemes have been approved by the Board Remuneration Committee and the Board of Directors and were also approved by the members of the Bank.

JSOP I is administered by the Board Remuneration Committee of the Bank and was in force for employees joining the Bank on or before March 31, 2005. All the grants under JSOP I were made before the IPO of the Bank.

JESOP II and JESOP III are administered by the Board Remuneration Committee of the Bank and were in force for employees joining the Bank up to March 31, 2006 and March 31, 2007 respectively.

YBL ESOP (JESOP IV), a sub scheme of YBL ESOP and YBL JESOP V, a sub scheme of YBL JESOP V/ PESOP II are also administered by the Board Remuneration Committee of the Bank and are in force for employees joining the Bank from time to time.

Under the above Plans, vesting takes place at the end of three years from the grant date for 50% of the options granted and at the end of five years for the balance. Options under all these plans are granted for a term of 10 years (inclusive of the vesting period) and are settled with equity shares being allotted to the beneficiary upon exercise.

YBL ESOP (PESOP I), a sub scheme of YBL ESOP, YBL PESOP II and YBL PESOP II - 2010, sub schemes of YBL JESOP V/ PESOP II are Performance Stock Option Plans and are also administered by the Board Remuneration Committee of the Bank. Under YBL ESOP (PESOP I) vesting takes place at the end of each year from the grant date for 25% of the options granted and are settled with equity shares being allotted to the beneficiary upon exercise. Under YBL PESOP II, 30% of the granted options vest at the end of first year, 30% vest at the end of second year and balance 40% vest at the end of third year. Further grants under PESOP II had been discontinued with effect from January 20, 2010. Under YBL PESOP II – 2010, 30% of the granted options vest at the end of the third year, 30% vest at the end of the fourth year and balance vest at the end of the fifth year.

A summary of the status of the Bank's stock option plans as on March 31, 2013 is set out below:

Particulars	JSOP – I	JESOP – II	JESOP –III	JESOP IV	YBL PESOP I	YBL PESOP II	JESOP V	PESOP II 2010
Opening balance	261,500	304,700	435,650	1,487,795	1,825,400	5,639,375	5,322,950	7,493,500
Add : Option granted during the year	-	-	-	-	-	-	1,338,500	3,435,500
Less : Options exercised during the year	1,500	21,200	379,350	655,870	852,900	3,274,875	449,170	-
Less : Options lapsed during the year	-	-	-	96,900	26,250	43,300	1,152,950	941,000
Closing balance	260,000	283,500	56,300	735,025	946,250	2,321,200	5,059,330	9,988,000
Approved by shareholders on Options granted and exercised during the year	Oct 27, 2004	April 26, 2005	July 24, 2006	August 29,2007	August 29,2007	Sep 18, 2008	Sep 18, 2008	Sep 18, 2008

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Particulars	JSOP – I	JESOP – II	JESOP –III	JESOP IV	YBL PESOP I	YBL PESOP II	JESOP V	PESOP II 2010
Options granted and eligible for exercising and exercised during the year	-	-	-	-	-	-	-	-
Weighted average share price on the date of options exercised during the year	10	100.55	121.35	205.51	172.06	122.35	184.13	-
Weighted average remaining contractual life of options outstanding (days)	-	-	-	54	91	-	766	954

The Bank has charged Nil, being the intrinsic value of the stock options granted for the year ended March 31, 2013. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹ 292,207 thousands, the basic earnings per share would have been ₹ 35.71 per share instead of ₹ 36.53 per share; and diluted earnings per share would have been ₹ 34.75 per share instead of ₹ 35.55 per share.

A summary of the status of the Bank's stock option plans as on March 31, 2012 is set out below:

Particulars	JSOP – I	JESOP – II	JESOP –III	JESOP IV	YBL PESOP I	YBL PESOP II	JESOP V	PESOP II 2010
Opening balance	461,500	1,053,320	1,125,900	2,835,300	2,849,855	8,804,300	3,512,500	4,243,000
Add : Option granted during the year	-	-	-	-	-	-	2,388,800	3,897,500
Less : Options exercised during the year	200,000	748,620	667,750	728,105	780,450	2,540,525	174,850	-
Less : Options lapsed during the year	-	-	22,500	619,400	244,005	624,400	403,500	647,000
Closing balance	261,500	304,700	435,650	1,487,795	1,825,400	5,639,375	5,322,950	7,493,500
Approved by shareholders on Options granted and exercised during the year	October 27, 2004	April 26, 2005	July 24, 2006	August 29,2007	August 29,2007	Sep 18, 2008	Sep 18, 2008	Sep 18, 2008
Options granted and eligible for exercising and exercised during the year	-	-	-	-	-	-	-	-
Weighted average share price on the date of options exercised during the year	10	100.23	97.86	159.72	154.21	117.42	107.87	-
Weighted average remaining contractual life of options outstanding (days)	-	-	1	237	187	68	924	1097

The Bank has charged Nil, being the intrinsic value of the stock options granted for the year ended March 31, 2012. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹ 294,869 thousands, the basic earnings per share would have been ₹ 27.03 per share instead of ₹ 27.87 per share; and diluted earnings per share would have been ₹ 26.31 per share instead of ₹ 27.13 per share.

The following assumptions have been made for computation of the fair value during the year ended March 31, 2013 and March 31, 2012.

	March 31, 2013	March 31, 2012
Risk free interest rate	4.96% - 8.83%	4.96% - 8.83%
Expected life	1.5 yrs - 7.51 yrs	1.5 yrs - 7.51 yrs
Expected volatility	29.21% - 82.76%	32.84% - 82.76%
Expected dividends	1.13% - 1.50%	1.13% - 1.50%

In computing the above information, certain estimates and assumptions have been made by the Management.

18.7.8 Deferred Taxation

The net deferred tax asset of ₹ 1,794,222 thousands as at March 31, 2013 and ₹ 1,367,098 thousands as at March 31, 2012, is included under other assets and the corresponding credits have been taken to the profit and loss account.

The components that give rise to the deferred tax asset included in the balance sheet are as follows:

(₹ in thousands)

Particulars	As at March 31, 2013	As at March 31, 2012
Deferred tax asset		
Depreciation	148,167	121,667
Provision for gratuity and unutilised leave	132,660	88,311
Provision for Non Performing Assets	6,409	61,550
Amortisation of premium on HTM securities	280,978	255,898
Provision for standard advances	871,551	622,893
Other Provisions	354,457	191,634
Securitisation/ Others	-	25,145
Deferred tax asset	**1,794,222**	**1,367,098**

18.7.9 Provisions and Contingencies

The breakup of provisions of the Bank for the year ended March 31, 2013 and March 31, 2012 are given below:

(₹ in thousands)

	March 31, 2013	March 31, 2012
Provision for taxation	6,250,510	4,730,168
Provision for investments	(29,910)	160,152
Provision for standard advances	766,399	406,989
Provision made/write off for non performing advances	1,455,215	115,677
Others Provisions*	(32,163)	219,262
TOTAL	**8,410,051**	**5,632,248**

** Other Provisions includes provision made against other assets and provision for sacrifice of interest on Restructured Assets.*

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18.8 Other Disclosures

18.8.1 Disclosure on Remuneration

a. **Information relating to the composition and mandate of the Remuneration Committee.-**

The Board of Directors of the Bank through its Board Remuneration Committee (BRC) shall exercise oversight & effective governance over the framing and implementing of the Compensation policy. The BRC shall comprise a minimum of 3 Board members, of which two would be independent directors, besides the MD and CEO.

Composition of the Board Remuneration Committee (BRC) of the Bank as on March 31, 2013 is as follows:

- Mr. Arun Mago (Retired)
- Mr. Wouter Kolff (Retired)
- Lt Gen (Retd.) Mukesh Sabharwal
- Mr. Diwan Arun Nanda – Chairman
- Mr. Rana Kapoor

The roles and responsibilities of the Remuneration Committee are as under-

- to review the Bank's overall Compensation Structure and related policies with a view to attract, motivate and retain employees and review compensation levels vis-à-vis other banks and the industry in general;
- to determine the Bank's policies on remuneration packages payable to the Directors including performance/achievement bonus, perquisites, retirals, sitting fee, etc;
- consider grant of stock options to employees and administer and supervise the Employee Stock Option Plans with particular reference to:
    - determination of quantum of options to be granted;
    - determination of grant price, vesting schedule, exercise period, etc
    - procedure for making fair and reasonable adjustments to the number of options granted in case of a corporate action such as rights issues, bonus, share split, mergers, etc.
    - conditions under which options would lapse in case of termination due to mis-conduct;
    - procedure for cashless exercise of options, if any;
    - to frame suitable policies to ensure compliance with all applicable laws, regulations.
- Perform any other act, duty as stipulated by the Companies Act, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges, and any other regulatory authority, as prescribed from time to time.

b. **Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy-**

The Bank has framed Compensation and benefit policy based on the guidelines contained in the RBI circular DBOD No. BC.72/29.67.001/2011-12 dated January 13, 2012 which is approved by the Board Remuneration committee on January 7, 2013. The remuneration of MD&CEO/Wholetime Directors will be in accordance with the above mentioned circular and shall be reviewed basis RBI guidelines issued from time to time and approved by BRC before obtaining Regulatory approvals.

The compensation philosophy of the Bank is aligned to the organisational values aimed at encouraging Professional Entrepreneurship and reinforcing a strong culture promoting meritocracy, performance, potential and prudent risk taking.

The Bank's Remuneration policy is to position its pay structure competitively in relation to the market to be able to attract and retain critical talent. The compensation strategy clearly endeavours to differentiate performance significantly and link the same with quality and quantum of rewards. The Bank also strives to create long term wealth creation opportunities through stock option schemes.

Human Capital Management shall review the policy annually or as required, based on changes in statutory, regulatory requirements and industry practices pertaining to Compensation and Benefits.

c. **Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks**

The broad factors taken into account for the Annual Review /revision of Fixed Compensation (TCC) & Performance Bonus are:

1. Individual performance based on the Annual Performance Review (APR) process of the Bank.
2. Business Unit performance in terms of financial outcomes, productivity, etc.
3. Consideration of all types of risk factors and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk.
4. Profitability of the Bank.
5. Industry Benchmarking and consideration towards cost of living adjustment/inflation

The Bank subscribes to a 'Sum-of-Parts' compensation methodology, which is reflective of the Bank's commitment and philosophy of creating and sharing value with its employee partners.

The sum-of-parts compensation comprises:

Fixed Compensation

Variable Compensation in the form of Performance Bonus
Employee Stock Option Plans (ESOP)

The Board of Directors of the Bank through its Board Remuneration Committee (BRC) shall exercise oversight & effective governance over the framing and implementing of the Compensation policy. Human Capital Management under the guidance of MD & CEO shall administer the Compensation and Benefits structure in line with Industry practices and statutory requirements as applicable from time to time.

d. **Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration and a discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.**

The Bank ensures that the compensation remains adjusted for all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk. Further, the compensation in all forms will be consistent with the risk alignment.

One of the key factors to be considered for the Annual Review /revision of Fixed Compensation (TCC) & Performance Bonus includes individual performance based on the Annual Performance Review (APR) process of the Bank. The evaluation on risk management parameters is an integral part of the Annual Performance Review process, forming part of Key Result Areas of the executives with suitable weightage. The inputs for assessment on these parameters will be independently provided by the Risk Management function of the Bank.

For the services pertaining to financial year 2012-13 where variable pay is 50% or more, 40-60% shall be deferred over minimum period of 3 years. In the event of a negative contribution, deferred compensation shall be subject to appropriate malus/claw back arrangements as decided by the Board Remuneration Committee. Guaranteed bonus shall not be a part of the compensation plan.

The compensation for executives in Risk Control and Compliance functions shall be independent of the business areas they oversee.

The Bank shall not provide any facility or funds or permit employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement.

e. **Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilises and the rationale for using these different forms.**

The Bank subscribes to a 'Sum-of-Parts' compensation methodology, which is reflective of the commitment and philosophy of creating and sharing value with the employee partners. The sum-of-parts compensation for executives comprises:

Schedules

forming part of the Accounts

Fixed Compensation (Total Cost to Company-TCC) - Includes value of perquisites.

Variable compensation in the form of Performance /Deferred Bonus –

Variable pay shall be in the form of Performance Bonus which will be calculated as a percentage of Fixed Pay. The evaluation on risk management parameters is an integral part of the Annual Performance Review process, forming part of Key Result Areas of the executives with suitable weightage. The inputs for assessment on these parameters will be independently provided by the Risk Management function of the Bank.

Employee Stock Options Plans – These are formulated on a mid to long term basis by the Bank in accordance with SEBI and other Regulatory guidelines. The grant of ESOP shall be under approval from MD & CEO, which shall be subsequently ratified by the Board Remuneration Committee.

f. **Quantitative Disclosures on Remuneration for MD & CEO and other risk takers**

There were 2 meetings of the Board remuneration committee held during the year ended March 31, 2013. The Bank had paid a remuneration of ₹ 80 thousands to the members of the remuneration committee.

(₹ in thousands)

			No of employees	For the year ended March 31, 2013
a.	(i)	Number of employees having received a variable remuneration award during the financial year. (refer Note 1)	6	76,086
	(ii)	Number and total amount of sign-on awards made during the financial year.	1	6,000
	(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	-	-
	(iv)	Details of severance pay, in addition to accrued benefits, if any.	-	-
b.	(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.(refer Note 1)	8	-
c.		Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.(refer Note 2)	8	161,612
d.	(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.(refer Note 1)	8	-
	(ii)	Total amount of reductions during the financial year due to ex- post explicit adjustments. .(refer Note 1)	-	-
	(iii)	Total amount of reductions during the financial year due to ex- post implicit adjustments. (change in variable payout due to change in Market Conditions) .(refer Note 1)	-	-

Note:

1. Amounts disclosed represents variable pay paid during the year ended March 31, 2013 for services rendered by the risk takers during the year March 31, 2012, since the bonus pool for the year ended March 31, 2013 has not yet been allocated and accordingly, the deferred component for the risk takers is yet to be determined.
2. Amounts disclosed represents only fixed component paid during the year ended March 31, 2013 to the risk takers since the bonus pool for the year ended March 31, 2013 has not yet been allocated and accordingly, the deferred component for the risk takers is yet to be determined.
3. Compensation for MD & CEO is as approved by the RBI and paid by the Bank to the MD & CEO. Compensation for other risk takers is as approved by the Bank.
4. ESOPs have not been considered as per the extant RBI guidelines.

18.8.1 Movement in Floating Provisions

The bank has not created or utilised any floating provisions during the financial year ended March 31, 2013 and financial year ended March 31, 2012. The floating provision as at March 31, 2013 was ₹ Nil (Previous year: ₹ Nil).

18.8.2 Drawdown on Reserves

During the financial year ended March 31, 2013, the Bank has not drawn down any reserve. (Previous year: ₹ Nil).

18.8.3 Disclosure of complaints

A. Customer Complaints

		Year ended March 31, 2013	Year ended March 31, 2012
i)	No. of Complaints pending at the beginning of the year	14	6
ii)	No. of Complaints received during the year	1,452	1,699
iii)	No. of Complaints redressed during the year	1,464	1,691
iv)	No. of Complaints pending at the end of the year	2	14

B. Awards passed by the Banking Ombudsman

		Year ended March 31, 2013	Year ended March 31, 2012
i)	No. of unimplemented Awards at the beginning of the year	Nil	Nil
ii)	No. of Awards passed by the Banking Ombudsman during the year	Nil	Nil
iii)	No. of Awards implemented during the year	Nil	Nil
iv)	No. of unimplemented Awards at the end of the year	Nil	Nil

18.8.4 Dues to Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of information and records available with the management and confirmation sought by the management from suppliers on their registration with the specified authority under MSMED, there have been no reported cases of delays in payments to micro, small and medium enterprises or of interest payments due to delays in such payments.

18.8.5 Securitisation Transactions

The Bank has not done any securitisation transactions during the year ended March 31, 2013 and March 31, 2012.

18.8.6 Letter of comfort

The Bank has not issued any letter of comfort during the year ended March 31, 2013 and March 31, 2012.

Schedules
forming part of the Accounts

18.8.7 Description of contingent liabilities

Sr. No.	Contingent Liabilities	Brief
1.	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts.	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the bank is contingently liable	- Value dated purchase of securities - Capital commitments - Foreign Exchange Contracts (Tom & Spot)

18.8.8 Fixed Assets

The software capitalised under Fixed Asset was ₹ 261,194 thousands and ₹ 110,866 thousands as at March 31, 2013 and March 31, 2012 respectively.

18.8.9 Prior period comparatives

Previous period's figures have been regrouped where necessary to conform to current year classification.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

For and on behalf of the Board of Directors
YES BANK Limited

Surekha Gracias
Partner
Membership No: 105488

Rana Kapoor
Managing Director & CEO

Radha Singh
Director

Mukesh Sabharwal
Director

M R Srinivasan
Director

Rajat Monga
Chief Financial Officer

Mumbai
April 17, 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Yes Bank Limited

We have audited the accompanying consolidated financial statements of Yes Bank Limited ("the Bank") and its subsidiary, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Bank in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Bank as at March 31, 2013;

(b) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm's Registration Number: 301003E

per Surekha Gracias
Partner
Membership Number: 105488

Place of Signature: Mumbai
Date: 17 April 2013

Consolidated Balance Sheet

as at March 31, 2013

(₹ in thousands)

	Schedules	As at March 31, 2013
CAPITAL AND LIABILITIES		
Capital	1	3,586,223
Reserves and surplus	2	54,490,482
Deposits	3	669,555,352
Borrowings	4	209,221,472
Other liabilities and provisions	5	54,187,245
TOTAL		**991,040,774**
ASSETS		
Cash and balances with Reserve Bank of India	6	33,387,586
Balances with banks, money at call and short notice	7	7,270,011
Investments	8	429,759,921
Advances	9	469,995,663
Fixed assets	10	2,295,452
Other assets	11	48,332,141
TOTAL		**991,040,774**
Contingent liabilities	12	2,478,043,530
Bills for collection		6,773,965
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18	

As per our report of even date attached.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

Surekha Gracias
Partner
Membership No: 105488

Mumbai
April 17, 2013

For and on behalf of the Board of Directors
YES BANK Limited

Rana Kapoor
Managing Director & CEO

Radha Singh
Director

Mukesh Sabharwal
Director

M R Srinivasan
Director

Rajat Monga
Chief Financial Officer

Consolidated Profit and Loss Account

for the year ended March 31, 2013

(₹ in thousands)

	Schedules	Year Ended March 31, 2013
I. INCOME		
Interest earned	13	82,939,991
Other income	14	12,574,326
TOTAL		**95,514,317**
II. EXPENDITURE		
Interest expended	15	60,752,092
Operating expenses	16	13,345,367
Provisions and contingencies	17	8,410,051
TOTAL		**82,507,510**
III. PROFIT		
Net profit for the year		13,006,807
Profit brought forward		16,583,936
TOTAL		**29,590,743**
IV. APPROPRIATIONS		
Transfer to Capital Reserve		348,646
Transfer to Statutory Reserve		3,251,702
Transfer to Investment Reserve		97,136
Dividend paid for last year and tax thereon		8,786
Proposed Dividend		2,151,734
Tax (including surcharge and education cess) on Dividend		349,065
Balance carried over to balance sheet		23,383,674
TOTAL		**29,590,743**
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18	
Earning per share (Refer Sch.18.7.6)		
Basic (₹)		36.53
Diluted (₹)		35.55
(Face Value of Equity Share is ₹ 10/-)		

As per our report of even date attached.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

For and on behalf of the Board of Directors
YES BANK Limited

Surekha Gracias
Partner
Membership No: 105488

Rana Kapoor
Managing Director & CEO

Radha Singh
Director

Mukesh Sabharwal
Director

M R Srinivasan
Director

Rajat Monga
Chief Financial Officer

Mumbai
April 17, 2013

Consolidated Cash Flow Statement

for the year ended March 31, 2013

(₹ in thousands)

	Year Ended March 31, 2013
CASH FLOW FROM OPERATING ACTIVITIES	
Net profit before taxes	19,257,317
Adjustment for	
Depreciation for the year	517,070
Amortisation of premium on investments	295,560
Provision for investments	(29,910)
Provision for standard advances	766,399
Provision/write off of non performing advances	1,516,688
Other provisions	29,310
Loss from sale of fixed assets	5,101
	22,357,535
Adjustments for :	
Increase in Deposits	178,038,302
Increase in Other Liabilities	(3,998,530)
Increase in Investments	(86,083,331)
Increase in Advances	(91,625,933)
Increase in Other Assets	(6,765,222)
	(10,434,714)
Payment of direct taxes	(6,516,441)
Net cash generated from operating activities (A)	**5,406,380**
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(1,038,360)
Proceeds from sale of Fixed Assets	22,310
Changes in Capital Work- in – Progress	(30,535)
Changes in Held to Maturity Investment	(66,368,749)
Net cash used in investing activities (B)	**(67,415,334)**

(₹ in thousands)

	Year Ended March 31, 2013
CASH FLOW FROM FINANCING ACTIVITIES	
Tier II Debt raised	17,638,000
Increase in Borrowings	48,618,598
Innovative Perpetual Debt raised	1,400,000
Proceeds from issuance of Equity Shares	56,349
Share Premium received thereon	756,774
Dividend paid during the year	(1,428,296)
Tax on dividend	(230,280)
Net cash generated from financing activities (C)	66,811,145
Net increase in cash and cash equivalents (A+B+C)	4,802,191
Cash and cash equivalents as at April 1	35,855,406
Cash and cash equivalents as at March 31	40,657,597
Notes to the Cash flow statement:	
Cash and cash equivalents includes the following	
Cash and Balances with Reserve Bank of India	33,387,586
Balances with Banks and Money at Call and Short Notice	7,270,011
Cash and cash equivalents as at March 31	**40,657,597**

As per our report of even date attached.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

Surekha Gracias
Partner
Membership No: 105488

Mumbai
April 17, 2013

For and on behalf of the Board of Directors
YES BANK Limited

Rana Kapoor
Managing Director & CEO

Radha Singh
Director

Mukesh Sabharwal
Director

M R Srinivasan
Director

Rajat Monga
Chief Financial Officer

Schedules

forming part of the Consolidated Balance Sheet

(₹ in thousands)

			As at March 31, 2013
SCHEDULE 1 - CAPITAL			
	Authorised Capital		
	600,000,000 equity shares of ₹ 10/- each		6,000,000
	Issued, subscribed and paid-up capital		
	358,622,289 equity shares of ₹ 10/- each		3,586,223
		TOTAL	**3,586,223**
SCHEDULE 2 - RESERVES AND SURPLUS			
I.	**Statutory Reserves**		
	Opening balance		7,088,579
	Additions during the year		3,251,702
	Closing balance		**10,340,281**
II.	**Share Premium**		
	Opening balance		18,168,835
	Additions during the year		756,774
	Reduction during the year		-
	Closing balance		**18,925,609**
III.	**Capital Reserve**		
	Opening balance		1,394,559
	Additions during the year		348,646
	Closing balance		**1,743,205**
IV.	**Investment Reserve**		
	Opening balance		577
	Additions during the year		97,136
	Closing balance		97,713
V	**Balance in Profit and Loss Account**		23,383,674
		TOTAL	**54,490,482**
SCHEDULE 3 - DEPOSITS			
A.	I. **Demand Deposits**		
	i) From banks		1,776,868
	ii) From others		64,871,383
	II. **Savings Bank Deposits**		60,226,502
	III. **Term Deposits**		
	i) From banks		41,593,943
	ii) From others		501,086,656
		TOTAL	**669,555,352**
B.	I. **Deposits of branches in India**		669,555,352
	II. **Deposits of branches outside India**		-
		TOTAL	**669,555,352**

(₹ in thousands)

	As at March 31, 2013
SCHEDULE 4 - BORROWINGS	
I. Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt	
A. Borrowing in India	
i) IPDI	7,510,000
ii) Upper Tier II Borrowings	19,367,000
iii) Lower Tier II Borrowings	31,255,000
TOTAL (A)	**58,132,000**
B. Borrowings outside India	
i) IPDI	271,425
ii) Upper Tier II Borrowings	9,334,984
iii) Lower Tier II Borrowings	-
TOTAL (B)	**9,606,409**
TOTAL (A+B)	**67,738,409**
II. Other Borrowings*	
A. Borrowing in India	
i) Reserve Bank of India	48,958,900
ii) Other banks	30,832,500
iii) Other institutions and agencies **	24,759,375
TOTAL (A)	**104,550,775**
B. Borrowings outside India (B)	36,932,288
TOTAL (A+B)	**141,483,063**
TOTAL (I+II)	**209,221,472**
*Of the above secured borrowings are ₹ 49,896,031 thousands.	
**Represents refinance borrowing.	
SCHEDULE 5 - OTHER LIABILITIES & PROVISIONS	
I. Bills payable	1,325,549
II. Inter-office adjustments (net)	-
III. Interest accrued	8,714,189
IV. Others (including provisions)	
- Provision for standard advances	2,655,326
- Others	41,414,538
Income Tax Provision	77,643
TOTAL	**54,187,245**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA	
I. Cash in hand	1,633,270
II. Balances with Reserve Bank of India	
- In current account	31,754,316
- In other account	-
TOTAL	**33,387,586**

Schedules

forming part of the Consolidated Balance Sheet

(₹ in thousands)

			As at March 31, 2013
SCHEDULE 7 - BALANCES WITH BANKS, MONEY AT CALL AND SHORT NOTICE			
I.	**In India**		
	Balances with banks		
	i)	in current accounts	150,753
	ii)	in other deposit accounts	55
	Money at call and short notice		
	i)	with banks	250,000
	ii)	with other institutions	-
	iii)	Lending under Reverse Repo (RBI & Banks)	-
		TOTAL (I)	**400,808**
II.	**Outside India**		
	i)	in current accounts	4,978,456
	ii)	in other deposit accounts	-
	iii)	Money at call and short notice	1,890,747
		TOTAL (II)	**6,869,203**
		TOTAL (I+II)	**7,270,011**
SCHEDULE 8 - INVESTMENTS (NET OF PROVISIONS)			
A.	**Investments in India**		
	i)	Government securities	235,390,801
	ii)	Other approved securities	-
	iii)	Shares	1,122,391
	iv)	Debentures and bonds	103,442,521
	v)	Others (CPs, CDs, Pass Through Certificates etc.)	89,804,208
		TOTAL	**429,759,921**
B.	**Investments outside India**		-
		TOTAL	**429,759,921**
SCHEDULE 9 - ADVANCES			
A.	i)	Bills purchased and discounted	7,794,913
	ii)	Cash credits, overdrafts and loans repayable on demand	125,790,918
	iii)	Term loans	336,409,832
		TOTAL	**469,995,663**
B.	i)	Secured by tangible assets	311,377,367
	ii)	Covered by Bank/Government Guarantees	6,491,807
	iii)	Unsecured (Note 1 and 2)	152,126,489
		TOTAL	**469,995,663**

1. Includes advance of ₹ 263,125 thousands for which intangible securities such as charge over the rights, licenses, authority, etc. of ₹ 694,000 thousands has been taken.
2. Includes advances of ₹ 34,827,606 thousands for which security documentation is either being obtained or being registered

(₹ in thousands)

			As at March 31, 2013
C	I.	**Advances in India**	
	i)	Priority sectors	105,212,023
	ii)	Public sector	607,642
	iii)	Banks	617,055
	iv)	Others	363,558,943
		TOTAL	**469,995,663**
	II.	**Advances outside India**	
		TOTAL	**469,995,663**
SCHEDULE 10 - FIXED ASSETS			
I.	**Premises**		-
II.	**Other Fixed Assets (including furniture and fixtures)**		
	At cost as on March 31st of preceding financial year		3,310,459
	Additions during the year		1,034,450
	Deductions during the year		(73,735)
	Accumulated depreciation to date		(2,086,669)
			2,184,505
	Capital work-in-progress		110,947
		TOTAL	**2,295,452**
SCHEDULE 11 - OTHER ASSETS			
I.	Interest accrued		14,278,348
II.	Advance tax and tax deducted at source		-
III.	Deferred tax asset (net)		1,794,222
IV.	Others		32,259,571
		TOTAL	**48,332,141**
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the bank not acknowledged as debts		-
II.	Liability for partly paid investments		-
III.	Liability on account of outstanding forward exchange		1,500,302,096
	Contracts		
IV.	Liability on account of outstanding derivative contracts		
	- Single currency Interest Rate Swaps		659,577,736
	- Others		48,188,523
V.	Guarantees given on behalf of constituents		
	- In India		118,377,928
	- Outside India		-
VI.	Acceptances, endorsements and other obligations		119,953,148
VII.	Other items for which the bank is contingently liable		
	- Value dated purchase of securities		107,240
	- Capital commitments		255,584
	- Foreign Exchange Contracts (Tom & Spot)		31,281,275
		TOTAL	**2,478,043,530**

Schedules

forming part of the Profit and Loss Account

(₹ in thousands)

		As at March 31, 2013
SCHEDULE 13 - INTEREST EARNED		
I.	Interest/discount on advances/bills	53,970,675
II.	Income on investments	28,594,640
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	165,062
IV.	Others	209,614
	TOTAL	**82,939,991**
SCHEDULE 14 - OTHER INCOME		
I.	Commission, exchange and brokerage	10,762,091
II.	Profit / (Loss) on the sale of investments (net)	1,556,556
III.	Profit / (Loss) on the revaluation of investments (net)	-
IV.	Loss on sale of land, building and other assets	(5,101)
V.	Profit on exchange transactions (net)	666,679
VI.	Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-
VII.	Miscellaneous income	(405,899)
	TOTAL	**12,574,326**
SCHEDULE 15 - INTEREST EXPENDED		
I.	Interest on deposits	45,636,130
II.	Interest on Reserve Bank of India/inter-bank borrowings/ Tier I and Tier II debt instruments	14,935,490
III.	Others	180,472
	TOTAL	**60,752,092**
SCHEDULE 16 - OPERATING EXPENSES		
I.	Payments to and provisions for employees	6,555,435
II.	Rent, taxes and lighting	1,811,826
III.	Printing and stationery	112,893
IV.	Advertisement and publicity	322,083
V.	Depreciation on Bank's property	517,070
VI.	Directors' fees, allowances and expenses	5,649
VII.	Auditors' fees and expenses	6,752
VIII.	Law charges	19,465
IX.	Postage, telegrams, telephones, etc.	158,557
X.	Repairs and maintenance	91,463
XI.	Insurance	449,041
XII.	Other expenditure	3,295,133
	TOTAL	**13,345,367**
SCHEDULE 17 - PROVISIONS & CONTINGENCIES		
I.	Provision for taxation	6,250,510
II.	Provision for investments	(29,910)
III.	Provision for standard advances	766,399
IV.	Provision/write off for non performing advances	1,455,215
V.	Other provisions	(32,163)
	TOTAL	**8,410,051**

18. Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2013

18.1 Background

YES BANK Limited ('YES BANK') is a private sector Bank promoted by the late Mr. Ashok Kapur and Mr. Rana Kapoor. YES BANK Limited together with its subsidiary is a publicly held bank engaged in providing a wide range of banking and financial services. YES BANK Limited is a banking company governed by the Banking Regulation Act, 1949. The Bank was incorporated as a limited company under the Companies Act, 1956 on November 21, 2003. The Bank received the licence to commence banking operations from the Reserve Bank of India ('RBI') on May 24, 2004. Further, YES BANK was included to the Second Schedule of the Reserve Bank of India Act, 1934 with effect from August 21, 2004.

YES Securities (India) Limited is a wholly owned subsidiary of the Bank incorporated in India on March 14, 2013 and will have its first fiscal year ending on March 31, 2014.

18.2 Principles of Consolidation

The consolidated financial statements comprise the financial statements of YES BANK Limited, and its subsidiary which together constitute the 'Group'.

The Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India ('ICAI') and notified by the Companies Accounting Standard Rules, 2006 on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure.

18.3 Basis of preparation

The consolidated financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, AS issued by the ICAI and notified by the Companies Accounting Standard Rules, 2006 to the extent applicable and current practices prevailing within the banking industry in India. Suitable adjustments are made to align with the format prescribed under the Banking Regulation Act, 1949.

The consolidated financial statement includes the results of YES Securities (India) Limited in addition to the Bank.

18.4 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

18.5 Significant accounting policies

18.5.1 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

- Interest income is recognised in the profit and loss account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognised upon realisation as per the prudential norms of the RBI.
- Revenue in certain structured transactions where interest income is partially receivable in advance is recognised when due.
- Loan processing fee is accounted for upfront when it becomes due.
- Dividend income is recognised when the right to receive payment is established.

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- Commission on guarantees issued by the Bank is recognised as income on yearly basis at each anniversary over the period of the guarantee, except for guarantee commission not exceeding ₹ 100 thousands, which is recognised at the time of issue of the guarantee.
- Commission on Letters of Credit ('LC') issued by the Bank is recognised as income at the time of issue of the LC.
- Income on non-coupon bearing discounted instruments is recognised over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognised over the tenor of the instrument on yield basis.
- In case of Bonds and Pass Through Certificates, premium on redemption, if any, is amortised over the tenure of the instrument on a yield basis.
- Revenue from financial advisory services is recognised in line with milestones achieved as per terms of agreement with clients which is reflective of services rendered.
- Other fees and commission income are recognised on accrual basis.

18.5.2 Investments

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBOD.No.BP.BC.13/21.04.141/2012-13 dated 2 July 2012 and Fixed Income Money Market and Derivative Association (FIMMDA) guidelines FIMCIR/2012-13/41/March 01, 2013.

a) Accounting and Classification

Investments are recognised using the value date basis of accounting. In compliance with RBI guidelines, all investments, are categorised as "Held for trading" ('HFT'), "Available for sale" ('AFS') or "Held to maturity" ('HTM') at the time of its purchase. For the purpose of disclosure in the balance sheet, investments are classified as disclosed in Schedule 8 ('Investments') under six groups (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others.

b) Cost of acquisition

Costs such as brokerage pertaining to investments, paid at the time of acquisition are charged to the profit and loss account.

c) Basis of classification

Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT category. Investments that the Bank intends to hold till maturity are classified under the HTM category, or as per RBI guidelines. Securities which are not classified in the above categories are classified under the AFS category.

d) Transfer between categories

Reclassification of investments from one category to the other, if done, is in accordance with RBI guidelines. Transfer of scrips from AFS / HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS / HFT category, the investments held under HTM at a discount are transferred to AFS / HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS/ HFT at the amortised cost.

Transfer of investments from AFS to HFT or vice-a- versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

e) Valuation

Investments categorised under AFS and HFT categories are marked to market (MTM) on a periodical basis as per relevant RBI guidelines. Net depreciation, if any, in the category under the classification mentioned in Schedule 8 ('Investments') is recognised in the profit and loss account. The net appreciation, if any, in the category under each classification is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to periodic valuation of investments.

Investments received in lieu of restructured advances are valued in accordance with RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category.

Investments classified under the HTM category are carried at their acquisition cost and any premium over the face value, paid on acquisition, is amortised on a straight line basis over the remaining period to maturity. Amortisation expense of premia on investments in the HTM category is deducted from interest income. Where in the opinion of management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made.

Treasury Bills, Commercial Paper and Certificates of deposit being discounted instruments, are valued at carrying cost.

The market/ fair value applied for the purpose of periodical valuation of quoted investments included in the AFS and HFT categories is the market price of the scrip as available from the trades/ quotes on the stock exchanges and for Subsidiary General Ledger ('SGL') account transactions, the prices as periodically declared by Primary Dealers Association of India jointly with FIMMDA.

The market/ fair value of unquoted government securities included in the AFS and HFT category is determined as per the prices published by FIMMDA. Further, in the case of unquoted bonds, debentures, pass through certificates and preference shares, valuation is carried out by applying an appropriate mark-up (reflecting associated credit risk) over the Yield to Maturity ('YTM') rates of government securities. Such mark up and YTM rates applied are as per the relevant rates published by FIMMDA.

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Quoted equity shares are valued at their closing price on a recognised stock exchange. Unquoted equity shares are valued at the book value if the latest balance sheet is available, else, at ₹ 1 per company, as per relevant RBI guidelines.

At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction company are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date.

Investments in quoted Mutual Fund (MF) Units are valued as per Stock Exchange quotations. Investments in un-quoted MF Units are valued on the basis of the latest re-purchase price declared by the MF in respect of each particular Scheme.

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f) **Accounting for repos / reverse repos**

Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) including liquidity adjustment facility (LAF) with RBI are treated as collateralised borrowing and lending transactions respectively in accordance with RBI master circular No. DBOD. No.BP.BC.13/21.04.141/2012-13 dated July 2, 2012. The first leg of the repo transaction is contracted at the prevailing market rates. The difference between consideration amounts of first and second (reversal of first) leg reflects interest and is recognised as interest income/ expense over the period of transaction.

g) **Profit/Loss on sale of Investments**

Profit/Loss on sale of Investments in the HTM category is recognised in the profit and loss account and profit thereafter is appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/Loss on sale of investments in HFT and AFS categories is recognised in the Profit and Loss account.

18.5.3 Advances

Advances are classified as performing and non-performing based on the relevant RBI guidelines. Advances are stated net of specific loan loss provisions, interest in suspense, inter-bank participation certificates issued and bills rediscounted. Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of the advances, subject to the minimum provisioning level prescribed in relevant RBI guidelines.

As per the RBI guidelines a general provision is made on all standard advances based on the category of advances as prescribed in the said guidelines. The Bank also maintains additional general provisions on standard exposure based on the internal credit rating matrix. These provisions are included in Schedule 5 - 'Other liabilities & provisions - Others'.

In respect of restructured standard and non performing advances, provision is made for the present value of principal and interest component sacrificed at the time of restructuring the assets, based on the RBI guidelines.

Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognised in the profit and loss account.

18.5.4 Transactions involving foreign exchange

Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). Foreign exchange contracts of original maturities less than 12 months outstanding at the balance sheet date are marked to market at rates notified by FEDAI for specified maturities, suitably interpolated for in-between maturity contracts. Long term foreign exchange contracts (original maturities of over 12 months) are stated at net present value using LIBOR/SWAP curves of the respective currencies. The resulting profits or losses are recognised in the profit and loss account.

Premia/discounts on foreign exchange swaps, that are used to hedge risks arising from foreign currency assets and liabilities, are amortised over the life of the swap.

Income and expenditure in foreign currency are accounted for at exchange rates prevalent on the date of the transaction.

In accordance with AS 11 'The Effects of changes in Foreign Exchange Rates', contingent liabilities in respect of outstanding foreign exchange forward contracts, derivatives, guarantees, endorsements and other obligations are stated at the exchange rates notified by FEDAI corresponding to the balance sheet date.

18.5.5 Earnings per share

The Bank reports basic and diluted earnings per equity share in accordance with (AS) 20, "Earnings per Share" prescribed by the Companies (Accounting Standards) Rules, 2006. Basic earnings per equity share have been computed by dividing net profit after tax for the year by the weighted average number of equity shares outstanding for the period.

Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti dilutive.

18.5.6 Accounting for derivative transactions

Derivative transactions comprises forward rate agreements, swaps and option contracts. The Bank undertakes derivative transactions for market making/trading and hedging on-balance sheet assets and liabilities. All market making/trading transactions are marked to market on a periodic basis and the resultant unrealised gains/losses are recognised in the profit and loss account.

Derivative transactions that are undertaken for hedging are accounted for on accrual basis except for the transaction designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements, which are accounted similar to the underlying asset or liability.

The Bank follows the option premium accounting framework prescribed by FEDAI SPL- circular dated Dec 14, 2007. Premium on option transaction is recognised as income/expense on expiry or early termination of the transaction. Mark to market (MTM) gain/loss (adjusted for premium received/ paid on option contracts) is recorded under 'Other Income'.

The amounts received/paid on cancellation of option contracts are recognised as realised gains/ losses on options. Charges receivable/payable on cancellation/ termination of foreign exchange forward contracts and swaps are recognised as income/ expense on the date of cancellation/ termination under 'Other Income'.

The requirement for collateral and credit risk mitigation on derivative contracts is assessed based on internal credit policy. Overdues if any, on account of derivative transactions are accounted in accordance with extant RBI guidelines.

As per the RBI guidelines on 'Prudential Norms for Off-balance Sheet Exposures of Banks' a general provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions.

18.5.7 Fixed assets

Fixed assets are stated at cost less accumulated depreciation and provision for impairment. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

18.5.8 Depreciation

Depreciation on fixed assets is provided on straight-line method, over estimated useful lives, as determined by the management, at the rates mentioned below (which are higher than or equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956):

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Class of asset	Rates of depreciation per annum
Office equipment	16.21%
Computer hardware	33.33%
Computer software	25.00%
Vehicles	20.00%
Furniture and Fixtures	6.33%
Leasehold improvements to premises	Over the lease period or 9 years whichever is less.

Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

For assets purchased/ sold during the year, depreciation is being provided on pro rata basis by the Bank.

18.5.9 Retirement and employee benefits

Leave salary

The employees of the Bank are entitled to carry forward a part of their unavailed/unutilised leave subject to a maximum limit. The employees cannot encash unavailed/unutilised leave. The Bank has computed the compensated absence provision as per revised AS 15 – Employee Benefits.

Gratuity

The Bank provides for gratuity, a defined benefit retirement plan, covering eligible employees. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent to 15 days' eligible salary payable for each completed year of service if the service is more than 5 years. The Bank accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation.

The Bank recognises the actuarial gains and losses during the year in which the same are incurred.

Provident fund

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre determined rate. The Bank has no liability for future provident fund benefits other than its annual contribution and recognises such contributions as an expense in the year incurred.

18.5.10 Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

18.5.11 Income taxes

Income tax expense comprises current tax provision (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability in the year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets supported by convincing evidence. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

18.5.12 Provisions and contingent assets/liabilities

The Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

18.5.13 Employee Stock Compensation Cost

Measurement of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI) and SEBI ESOP Guidelines 1999. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

18.5.14 Cash and Cash equivalent

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

18.6. Equity Issue

During the financial year ended March 31, 2013, the Bank has issued 5,634,865 shares pursuant to the exercise of stock option aggregating to ₹ 813,123 thousands.

18.7.1 Income Taxes

i. Provisions made for Income Tax during the year

(₹ in thousands)

	For the year ended March 31, 2013
Current income tax expense	6,677,634
Deferred income tax benefit	(427,124)
TOTAL	**6,250,510**

ii. The Bank nets off the Income tax provision with Advance and tax deducted at source. This net position is reflected in Other Liabilities (Schedule 5) as at March 31, 2013.

18.7.2 Staff retirement benefits

The following table sets out the funded status of the Gratuity Plan and the amounts recognised in the Bank's financial statements as of March 31, 2013:

Changes in present value of Obligations

(₹ in thousands)

	As at March 31, 2013
Present Value of Obligation at the beginning of the year	180,937
Interest Cost	14,971
Current Service Cost	101,120
Past Service Cost	-
Benefits Paid	(13,311)
Actuarial (gain)/loss on Obligation	(19,600)
Present Value of Obligation at the end of the year	264,117

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Changes in the fair value of planned assets:

(₹ in thousands)

	For the year ended March 31, 2013
Fair value of plan assets at the beginning of the year	17,591
Adjustment to Opening Balance	2,069
Expected return on plan assets	2,403
Contributions	25,955
Benefits paid	(13,311)
Actuarial gain/(loss) on planned assets	(2,403)
Fair value of planned assets at the end of the period	32,304

Fair value of planned assets:

(₹ in thousands)

	For the year ended March 31, 2013
Fair value of plan assets at the beginning of the year	17,591
Adjustment to Opening Balance	2,069
Actual return on plan assets	-
Contributions	25,955
Benefits paid	(13,311)
Fair value of planned assets at the end of the period	32,304

Net gratuity cost for the year ended March 31, 2013 comprises the following components:

(₹ in thousands)

	For the year ended March 31, 2013
Current Service Cost	101,120
Interest Cost	14,970
Expected Return on plan assets	(2,403)
Net Actuarial gain recognised in the year	(17,197)
Past Service Cost	-
Expenses recognised	96,490

Experience History:

(₹ in thousands)

	For the year ended March 31, 2013
(Gain)/Loss on obligation due to change in assumption	11,805
Experience (Gain)/Loss on obligation	(31,406)
Actuarial Gain/(Loss) on planned assets	(2,403)

The assumptions used in accounting for the gratuity plan are set out below:

	For the year ended March 31, 2013
Discount Rate	7.83%
Expected Return on Plan Assets	9.25%
Mortality	L.I.C. (1994-96) Ultimate Table
Future Salary Increases	15% p.a.
Disability	-
Attrition	20%
Retirement	60 yrs

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

18.7.3 Segment Reporting

Pursuant to the guidelines issued by RBI on AS-17 (Segment Reporting) - Enhancement of Disclosures dated April 18, 2007, effective from period ending March 31, 2008, the following business segments have been reported.

- **Treasury:** Includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilisation from other banks and financial institutions.
- **Corporate / Wholesale Banking:** Includes lending, deposit taking and other services offered to corporate customers.
- **Retail Banking:** Includes lending, deposit taking and other services offered to retail customers.
- **Other Banking Operations:** Includes para banking activities like third party product distribution, merchant banking etc.

a) **Segmental results for the year ended March 31, 2013 are set out below:**

(₹ in thousands)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	30,390,543	59,009,459	4,887,438	310,150	94,597,590
Less: Inter-segment					887,373
Revenue net of inter- segment					95,484,963
Result	15,096,221	15,682,087	(846,799)	91,112	30,022,621
Unallocated Expenses					(10,765,304)
Operating Profit					19,257,317
Income Taxes					6,250,510
Extra-ordinary Profit/(Loss)					-
Net Profit					13,006,807
Other Information:					
Segment assets	506,158,588	433,273,170	45,626,250	14,641	985,072,649
Unallocated assets					5,968,125
Total assets					991,040,774
Segment liabilities	241,678,101	475,228,862	137,800,295	751,763	855,459,021
Unallocated liabilities					135,581,753
Total liabilities					991,040,774

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Notes for Segment Reporting

1. The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.

2. In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.

3. Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.

4. Fixed assets and related depreciation on fixed assets, non treasury related bank balances at branches, Bills payable, Tax related accounts, Tier II instruments, IPDI instruments and relevant interest and rent expenses which cannot be allocated to any segments have been classified as unallocated. The unallocated liabilities include Share Capital and Reserves and Surplus.

5. Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

18.7.4 Related Party Disclosures

The Bank has transactions with its related parties comprising key management personnel and the relative of key management personnel

a) As per AS 18 "Related Party Disclosures", prescribed by the Companies (Accounting Standards) Rules, 2006, the Bank's related parties for the year ended March 31, 2013 are disclosed below:

Individuals having significant influence:

- Mr. Rana Kapoor, Managing Director & CEO

Key Management Personnel ('KMP')
(Whole time Director)

- Mr. Rana Kapoor, Managing Director & CEO

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2013:

(₹ in thousands)

Items / Related Party Category	Whole time directors / individual having significant influence	Maximum Balance during the year	Relatives of whole time directors / individual having significant influence	Maximum Balance during the year
Deposits	#	#	67,024*	69,952
Interest paid	#	#	7,760	
Receiving of services	#	#	-	
Dividend paid	#	#	-	

** Represents outstanding as of March 31, 2013*

 # In Financial Year 2012-13 there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by the RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks".

18.7.5 Operating Leases

Lease payments recognised in the profit and loss account for the year ended March 31, 2013 was ₹ 1,550,742 thousands.

As at March 31, 2013 the Bank had certain non-cancellable outsourcing contracts for information technology assets and properties on rent. The future minimum lease obligations against the same were as follows:

(₹ in thousands)

Lease obligations	As at March 31, 2013
Not later than one year	1,509,924
Later than one year and not later than five years	6,239,102
Later than five years	1,875,515
TOTAL	**9,624,541**

The Bank does not have any provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

18.7.6 Earnings Per Share ('EPS')

The Bank reports basic and diluted earnings per equity share in accordance with AS-20, "Earnings Per Share". The dilutive impact is mainly due to stock options granted to employees by the Bank.

The computation of earnings per share is given below:

Particulars	Year ended March 31, 2013
Basic (annualised)	
Weighted average no. of equity shares outstanding	356,081,726
Net profit / (loss) (₹ ' 000)	13,006,807
Basic earnings per share (₹)	36.53
Diluted (annualised)	
Weighted average no. of equity shares outstanding	365,850,588
Net profit / (loss) (₹' 000)	13,006,807
Diluted earnings per share (₹)	35.55
Nominal value per share (₹)	10.00

18.7.7 ESOP disclosures

Statutory Disclosures Regarding Joining Stock Option Scheme:

The Bank has five Employee Stock Option Schemes viz. Joining Stock Option Plan I (JSOP I) , Joining Employee Stock Option Plan II (JESOP II), Joining Employee Stock Option Plan III (JESOP III), YBL ESOP (consisting of two sub schemes) and YBL JESOP V/ PESOP II (consisting of three sub schemes). The schemes include provisions for grant of options to eligible employees. All the aforesaid schemes have been approved by the Board Remuneration Committee and the Board of Directors and were also approved by the members of the Bank.

JSOP I is administered by the Board Remuneration Committee of the Bank and was in force for employees joining the Bank on or before March 31, 2005. All the grants under JSOP I were made before the IPO of the Bank.

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JESOP II and JESOP III are administered by the Board Remuneration Committee of the Bank and were in force for employees joining the Bank up to March 31, 2006 and March 31, 2007 respectively.

YBL ESOP (JESOP IV), a sub scheme of YBL ESOP and YBL JESOP V, a sub scheme of YBL JESOP V/ PESOP II are also administered by the Board Remuneration Committee of the Bank and are in force for employees joining the Bank from time to time.

Under the above Plans, vesting takes place at the end of three years from the grant date for 50% of the options granted and at the end of five years for the balance. Options under all these plans are granted for a term of 10 years (inclusive of the vesting period) and are settled with equity shares being allotted to the beneficiary upon exercise.

YBL ESOP (PESOP I), a sub scheme of YBL ESOP, YBL PESOP II and YBL PESOP II - 2010, sub schemes of YBL JESOP V/ PESOP II are Performance Stock Option Plans and are also administered by the Board Remuneration Committee of the Bank. Under YBL ESOP (PESOP I) vesting takes place at the end of each year from the grant date for 25% of the options granted and are settled with equity shares being allotted to the beneficiary upon exercise. Under YBL PESOP II, 30% of the granted options vest at the end of first year, 30% vest at the end of second year and balance 40% vest at the end of third year. Further grants under PESOP II had been discontinued with effect from January 20, 2010. Under YBL PESOP II – 2010, 30% of the granted options vest at the end of the third year, 30% vest at the end of the fourth year and balance vest at the end of the fifth year.

A summary of the status of the Bank's stock option plans as on March 31, 2013 is set out below:

Particulars	JSOP – I	JESOP – II	JESOP –III	JESOP IV	YBL PESOP I	YBL PESOP II	JESOP V	PESOP II 2010
Opening balance	261,500	304,700	435,650	1,487,795	1,825,400	5,639,375	5,322,950	7,493,500
Add : Option granted during the year	-	-	-	-	-	-	1,338,500	3,435,500
Less : Options exercised during the year	1,500	21,200	379,350	655,870	852,900	3,274,875	449,170	-
Less : Options lapsed during the year	-	-	-	96,900	26,250	43,300	1,152,950	941,000
Closing balance	260,000	283,500	56,300	735,025	946,250	2,321,200	5,059,330	9,988,000
Approved by shareholders on Options granted and exercised during the year	Oct 27, 2004	April 26, 2005	July 24, 2006	August 29, 2007	August 29, 2007	Sep 18, 2008	Sep 18, 2008	Sep 18, 2008
Options granted and eligible for exercising and exercised during the year	-	-	-	-	-	-	-	-
Weighted average share price on the date of options exercised during the year	10	100.55	121.35	205.51	172.06	122.35	184.13	-
Weighted average remaining contractual life of options outstanding (days)	-	-	-	54	91	-	766	954

The Bank has charged Nil, being the intrinsic value of the stock options granted for the year ended March 31, 2013. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹ 292,207 thousands, the basic earnings per share would have been ₹ 35.71 per share instead of ₹ 36.53 per share; and diluted earnings per share would have been ₹ 34.75 per share instead of ₹ 35.55 per share.

The following assumptions have been made for computation of the fair value during the year ended March 31, 2013.

	March 31, 2013
Risk free interest rate	4.96% - 8.83%
Expected life	1.5 yrs - 7.51 yrs
Expected volatility	29.21% - 82.76%
Expected dividends	1.13% - 1.50%

In computing the above information, certain estimates and assumptions have been made by the Management.

18.7.8 Deferred Taxation

The net deferred tax asset of ₹ 1,794,222 thousands as at March 31, 2013 is included under other assets and the corresponding credits have been taken to the profit and loss account.

The components that give rise to the deferred tax asset included in the balance sheet are as follows:

(₹ in thousands)

Particulars	As at March 31, 2013
Deferred tax asset	
Depreciation	148,167
Provision for gratuity and unutilised leave	132,660
Provision for Non Performing Assets	6,409
Amortisation of premium on HTM securities	280,978
Provision for standard advances	871,551
Other Provisions	354,457
Securitisation/ Others	-
Deferred tax asset	**1,794,222**

18.7.9 Provisions and Contingencies

The breakup of provisions of the Bank for the year ended March 31, 2013 is given below:

(₹ in thousands)

	March 31, 2013
Provision for taxation	6,250,510
Provision for investments	(29,910)
Provision for standard advances	766,399
Provision made/write off for non performing advances	1,455,215
Others Provisions*	(32,163)
TOTAL	**8,410,051**

* Other Provisions includes provision made against other assets and provision for sacrifice of interest on Restructured Assets.

Schedules

forming part of the Accounts

18.8.1 Dues to Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of information and records available with the management and confirmation sought by the management from suppliers on their registration with the specified authority under MSMED, there have been no reported cases of delays in payments to micro, small and medium enterprises or of interest payments due to delays in such payments.

18.8.2 Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statement.

18.8.3 Description of contingent liabilities

Sr. No.	Contingent Liabilities	Brief
1.	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts.	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.

Sr. No.	Contingent Liabilities	Brief
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the bank is contingently liable	- Value dated purchase of securities - Capital commitments - Foreign Exchange Contracts (Tom & Spot)

18.8.4 Fixed Assets

The software capitalised under Fixed Asset as at March 31, 2013 was ₹ 261,194 thousands.

As per our report of even date attached.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

Surekha Gracias
Partner
Membership No: 105488

Mumbai
April 17, 2013

For and on behalf of the Board of Directors
YES BANK Limited

Rana Kapoor
Managing Director & CEO

Radha Singh
Director

Mukesh Sabharwal
Director

M R Srinivasan
Director

Rajat Monga
Chief Financial Officer

Disclosures under the New Capital Adequacy Framework Pillar III (Basel II) (Standalone)

YES BANK is subject to the Basel II framework with effect from March 31, 2009 as stipulated by the Reserve Bank of India (RBI). The Basel II framework consists of three-mutually reinforcing pillars:

- Pillar 1 - Minimum capital requirements for credit risk, market risk and operational risk
- Pillar 2 - Supervisory review of capital adequacy
- Pillar 3 - Market discipline

Market discipline (Pillar 3) comprises a set of disclosures on the capital adequacy and risk management framework of the Bank. These disclosures have been set out in the following sections.

1. Scope of Application

YES BANK Limited is a publicly held bank; which was incorporated as a limited company under the Companies Act, 1956, on November 21, 2003. The Bank received the licence to commence banking operations from the Reserve Bank of India ('RBI') on May 24, 2004. Further, YES BANK was included to the Second Schedule of the Reserve Bank of India Act, 1934 with effect from August 21, 2004. The Bank has incorporated a wholly owned subsidiary named YES Securities (India) Limited during the financial year ended March 31, 2013 and will have its first fiscal year ending on March 31, 2014.

The Bank does not have any interest in any insurance entity.

2. Capital Structure

Equity Capital

The Bank has authorised share capital of ₹ 6,000,000 thousands comprising 600,000,000 shares of ₹ 10/- each. As at March 31, 2013, the Bank has issued, subscribed and paid up equity shares 358,622,289 of ₹ 10 each amounting to ₹ 3,586,223 thousands. The Bank's shares are listed on the National stock exchange (NSE) and Bombay stock Exchange (BSE). During the year 2012-13, the Bank has allotted 5,634,865 equity shares of ₹ 10 each for cash pursuant to exercise of employee stock options. The Bank accreted ₹ 756,774 thousands as premium on account of stock options exercised.

The provisions of the Banking Regulation Act, 1949, the Companies Act, 1956 and other applicable laws and regulations govern the rights and obligations of the equity share holders of the Bank.

Innovative Perpetual Debt Instruments/ Tier II Instruments

In line with the RBI circular on capital adequacy, the Tier I capital of the Bank comprises of paid up equity share capital, statutory reserves, capital reserves, other disclosed free reserves and eligible Innovative Perpetual Debt Instruments (IPDI). The Tier II capital of the Bank includes provision for standard advances, Upper Tier II Instruments and Lower Tier II instruments. The terms and conditions that are applicable for IPDI and Upper and Lower Tier II instruments comply with the stipulated regulatory requirements.

IPDI are non cumulative, unsecured, perpetual instruments with call options. Interest on IPDI is payable either annually or semi-annually. The Upper Tier II instruments are non convertible, unsecured and have a minimum tenor of fifteen years. Interest on Upper Tier II debt is payable either annually or semi-annually

Lower Tier II debt is unsecured and non-convertible. Interest on Lower Tier II is payable annually.

The details of IPDI and Tier II instruments are given below.

Innovative Perpetual Debt Instruments (IPDI)

The Bank has raised IPDI, eligible as Tier I Capital to the tune of ₹ 1,400,000 thousands during the year ended March 31, 2013.

The details of IPDI outstanding as at March 31, 2013 are given below:

Nature of security	Date of Issue	Coupon Rate (%)	Tenure	₹ in thousands
Bonds*	27-Jun-08	450 BPS over applicable LIBOR	Perpetual	214,400
Promissory Notes	21-Feb-09	10.25%	Perpetual	1,150,000
Promissory Notes	9-Mar-09	10.25%	Perpetual	390,000
Promissory Notes	5-Mar-10	10.25%	Perpetual	820,000
Promissory Notes	21-Aug-10	9.90%	Perpetual	2,250,000
Promissory Notes	19-March-12	10.50%	Perpetual	1,500,000
Promissory Notes	29-June-12	10.50%	Perpetual	1,400,000
TOTAL				**7,724,400**

** issue has been made of USD 5,000,000 converted at foreign exchange rate on date of borrowing 1$ = ₹ 42.88*

Upper Tier II Instruments

The Bank has raised Upper Tier II Capital to the tune of ₹ 7,041,000 thousands during the year ended March 31, 2013. The details of Upper Tier II instruments outstanding as at March 31, 2013 are given below:

Nature of security	Tranche	Date of Issue	Coupon Rate (%)	Tenure	₹ in thousands
Debentures	Tranche 1	2-Jan-07	9.73%	15 years	800,000
Debentures	Tranche 2	7-Feb-07	9.60%	15 years	336,000
Promissory Notes	Tranche 3	15-Mar-07	10.10%	15 years	100,000
Debentures	Tranche 4	14-Mar-07	10.00%	15 years	100,000
Debentures	Tranche 5	23-Mar-07	10.40%	15 years	600,000
Promissory Notes	Tranche 6	31-Mar-07	10.40%	15 years	50,000
Debentures	Tranche 7	20-Apr-07	10.40%	15 years	20,000
Debentures	Tranche I	29-Sep-07	10.70%	15 years	1,820,000
Debentures	Tranche II	8-Nov-07	10.70%	15 years	100,000
Bonds*	Not Applicable	27-Jun-08	300 BPS over applicable LIBOR	15 Years	3,430,400
Debentures	Not Applicable	15-Sep-08	11.75%	15 Years	2,000,000
Bonds**	Not Applicable	30-Sep-09	380 BPS over applicable EURIBOR	15 Years	927,633
Debentures	Not Applicable	14-Aug-10	9.65%	15 Years	4,400,000
Debentures	Not Applicable	8-Sep-10	9.50%	15 Years	2,000,000
Debentures***	Not Applicable	30-Mar-12	482 bps over applicable LIBOR	15 Years	3,815,625
Promissory Notes	Not Applicable	29-Jun-12	10.25%	15 Years	600,000
Promissory Notes	Not Applicable	28-Sep-12	10.15%	15 Years	2,000,000
Debentures	Not Applicable	10-Nov-12	10.25%	15 Years	2,750,000
Promissory Notes	Not Applicable	27-Dec-12	10.05%	15 Years	1,691,000
TOTAL					**27,540,658**

** Issue has been made of USD 80,000,000 converted at foreign exchange rate on date of borrowing 1$ = ₹ 42.88*

*** Issue has been made of EUR 13,250,000 converted at foreign exchange rate on date of borrowing 1 EUR = ₹ 70.01*

**** Issue has been made of USD 75,000,000 converted at foreign exchange rate on date of borrowing1$ = ₹ 50.87*

Lower Tier II Instruments

The Bank has raised Lower Tier II Capital to the tune of ₹ 10,597,000 thousands during the year ended March 31, 2013. The details of Lower Tier II instruments outstanding as at March 31, 2013 are given below:

Nature of security	Tranche	Date of Issue	Coupon Rate (%)	Tenure	₹ in thousands
Debentures	Not Applicable	2-Mar-06	One year commercial Paper benchmark rate plus 55 basis points, reset annually	7 years and 6 months	1,000,000
Promissory Notes	Not Applicable	7-Nov-06	9.10%	9 years and 6 months	1,800,000
Debentures	Tranche I	29-Sep-07	10.00%	9 years and 7 months	100,000
Debentures	Tranche II	30-Nov-07	10.15%	9 years and 6 months	71,000
Debentures	Tranche III	12-Dec-07	10.15%	9 years and 6 months	10,000
Debentures	Tranche IV	7-Feb-08	10.00%	9 years and 3 months	368,000
Debentures	Not Applicable	30-Sep-09	9.65%	10 years and 7 months	2,600,000
Debentures	Not Applicable	22-Jan-10	9.65%	10 years	3,000,000
Debentures	Not Applicable	30-Sep-10	9.30%	9 Years and 7 months	3,064,000
Debentures	Not Applicable	25-Jul-11	10.30%	10 Years	3,215,000
Debentures	Not Applicable	28-Oct-11	10.20%	10 Years	2,430,000
Debentures	Not Applicable	28-Mar-12	9.90%	10 Years	3,000,000
Debentures	Not Applicable	23-Aug-12	10.00%	10 Years	3,000,000
Debentures	Not Applicable	10-Sep-12	10.00%	10 Years	3,000,000
Promissory Notes	Not Applicable	16-Oct-12	10.00%	10 Years	2,000,000
Debentures	Not Applicable	31-Oct-12	9.90%	10 Years	2,597,000
TOTAL					**31,255,000**

Capital Funds

The composition of Capital funds of the Bank as at March 31, 2013 is as below:

A. Tier I Capital	₹ in thousands
i. Paid up Share Capital	3,586,223
ii. Reserves	54,392,769
iii. Innovative Perpetual Debt Instruments*	7,724,400
iv. Amounts deducted from Tier I capital (Deferred tax asset, Illiquidity adjustment and other deductions)	(1,941,883)
Tier I Capital	**63,761,509**
* includes USD 5,000,000 converted at foreign exchange rate on date of borrowing 1$ = ₹ 42.88	
B. Tier II Capital	**59,190,103**
C. Debt capital instruments eligible for inclusion in Upper Tier II Capital	
i. Total amount outstanding	28,701,984
ii. Of which amount raised during the current year	7,041,000
iii. Amount eligible to be reckoned as capital funds	27,540,658

The amount eligible to be reckoned as capital funds includes

(a) Issue of USD 80,000,000 converted at foreign exchange rate on date of borrowing 1$ = ₹ 42.88

(b) Issue has been made of EURO 13,250,000 converted at foreign exchange rate on date of borrowing 1 Euro = ₹ 70.01

(c) Issue has been made of USD 75,000,000 converted at foreign exchange rate on date of borrowing 1$ = ₹ 50.875

D. Subordinated Debt eligible for inclusion in Lower Tier II Capital	
i. Total amount outstanding	31,255,000
ii. Of which amount raised during the current year	10,597,000
iii. Amount eligible to be reckoned as capital funds	29,425,200
E. Other deductions from capital	-
F. Total eligible Capital (A + B)	**122,951,612**

3. Capital Adequacy

The Bank is subject to the Capital adequacy norms on Basel II as stipulated by the Reserve Bank of India ('RBI'). The Bank currently follows standardised approach for credit risk, standardised duration approach for market risk and basic indicator approach for operational risk for computing capital requirements.

As at March 31, 2013, the Bank is required to maintain minimum capital which is higher of the capital requirement under Basel II or 80.0% (80% as at March 31, 2012) of the capital requirement under Basel I. As at March 31,2013, the capital of the Bank is higher than the minimum capital requirement mentioned above. The capital adequacy ratio maintained and reported as at March 31, 2013 and March 31, 2012 is as per RBI guidelines (New Capital Adequacy Framework (NCAF) dated July 01, 2012, generally referred to as Basel II).

The Bank has put in place a Board approved policy on Internal Capital Adequacy Assessment Process (ICAAP) as stipulated by RBI. The main components of the ICAAP Policy are the Bank's historical and projected financial and capital position, risk appetite of the Bank, identification and assessment of material risks the bank is exposed to, control framework to mitigate those risks, adequacy of capital, capital raising plans and bank wide stress testing.

The Bank also conducts standalone and integrated stress testing covering all quantifiable risks to assess the adequacy of capital under the extreme but plausible scenarios on periodical basis.

The integration of risk assessment with business activities and strategies facilitated by a robust risk management framework under ICAAP enables the Bank to take informed decisions and effectively manage risk-return trade off.

The Bank under the ICAAP has also formalised capital planning process on periodical basis. This includes assessment of capital adequacy, desired level of capital based on internal thresholds, anticipated capital requirements based on business projections and availability of various sources of capital. The same is also reported and analysed in its Board of Directors meeting on quarterly basis.

Capital adequacy	₹ in thousands
A. Capital requirements for credit risk	**55,347,024**
i. Portfolios subject to standardised approach	55,347,024
ii. Securitisation exposures	-
B. Capital requirements for market risk	**8,782,957**
Standardised duration approach	
Interest rate risk	8,539,695
Foreign exchange risk (including gold)	150,000
Equity risk	93,262
C. Capital requirements for operational risk	**3,102,360**
Basic Indicator approach	3,102,360
D. Total and Tier I Capital Adequacy ratio	
Tier I Capital Adequacy ratio	9.5%
Total Capital Adequacy ratio	18.3%

Risk Management Framework

The risk management framework at YES BANK is driven by a well informed and knowledgeable Board, (comprising of independent directors) and Senior Management.

The Board has the overall responsibility for risk management in the Bank. There are two Board level sub-committees (Risk Monitoring Committee and Audit & Compliance Committee) to deal with risk management related specific matters and delegated powers for different functional areas.

Risk Monitoring Committee is a board level sub-committee and is an independent body that puts in place specific policies and procedures for managing enterprise wide risk framework of the Bank, as per RBI's Guidance Note on the same.

Audit & Compliance Committee is also a Board level sub-committee which oversees the internal audit and compliance function. The Internal audit function is responsible for the independent review of risk management and the control environment.

Senior Management Oversight

For an effective day to day risk management including risk assessment, measurement, control and reporting at YES BANK, a pro-active risk management department reporting to the Chief Risk Officer of the Bank has been structured.

The Bank is structured across different business verticals with product teams supporting each of the businesses. The Risk department is structured with separate Risk Units for each of the business verticals. The various units within Risk Management Unit are as below:

- **Credit Risk**: This unit is responsible for approving credits. There are separate risk heads for each of the business segments – viz. Corporate & Institutional Banking/Government Relationship Banking/Indian Financial Institutions/Multi National Corporates/ International Banking, Corporate Finance, Emerging Corporates Banking, Business Banking and Retail Banking.
- **Credit Administration:** Responsible for all post sanction monitoring including setting up of limits, compliance with sanction conditions, monitoring of documentation, covenants, etc.
- **Portfolio Analytics:** Responsible for monitoring the credit portfolio across all segments including monitoring of early warning signals, conducting industry review and formulating industry outlook, identifying portfolio trends, reviewing credit policies and programs, generating portfolio level MIS covering various credit quality indicators like sectoral exposure, credit concentration, ratings distribution and migration
- **Market Risk:** Responsible for monitoring the market risk in the Bank's portfolio. The market risk unit consists of exposure management/derivative appropriateness, trading book and ALM/banking book functions.
- **Capital Compliance:** Responsible for BASEL II compliance, ICAAP, Bankwide Stress testing and ensuring that the Bank maintains sufficient capital against the various risks that are identified.
- **Operational Risk:** Responsible for assessing and monitoring Operational Risk, Outsourcing Risk and Business Continuity of the Bank.
- **CISO:** Responsible for assessing and monitoring Information Security of the Bank, security testing of various Information Technology components, collation of Information Security events and highlighting the risks to the appropriate stakeholders.
- **General Counsel (Legal)**: Responsible for managing the entire legal function

In addition to the above, the following Committees comprising top and senior management personnel are a part of the risk framework:

- **Management Credit Committee (MCC)**: The committee comprises the MD & CEO, CRO, Deputy CRO, risk heads and business heads and is responsible for all credit approvals for exposures beyond a certain threshold. The committee also oversees the overall credit risk management for the Bank.
- **Asset Liability Committee (ALCO)**: The ALCO is responsible for adherence to the policies and limits set by the RMC as well as for deciding the business strategy on the assets and liabilities sides in line with the bank's business and risk management objectives. ALCO also reviews the capital position of the Bank in its periodical meetings.
- **Investment Committee**: The ALCO has set up an Investment Committee as its sub-committee comprising representatives from Financial Markets, Market risk, Credit risk and Finance. The Investment committee is responsible for overall investment strategy in Financial Markets.
- **Operational Risk Management Committee (ORMC)**: This committee is chaired by the CRO and is responsible for operational risk management.
- **Fraud and Suspicious Transaction Monitoring Committee (FASCOM)** : This committee is chaired by the MD & CEO and is responsible for reviewing all frauds and suspicious transactions
- **Security Council**: This committee is chaired by the CRO and is responsible for reviewing the physical and information security aspects of the Bank.
- **Outsourcing Management Committee (OMC)** : This committee is chaired by the CRO and is responsible for management of risk arising out of outsourcing activities.

4. Credit Risk

Credit Risk Management Objectives, Processes and Structure (CRM):

Credit Risk is the risk of loss that may occur from the failure of any counterparty to abide by the terms and conditions of any financial contract with the Bank, principally the failure to make required payments as per the terms and conditions of the contracts. The Bank is exposed to credit risk through funded and non funded products.

The Board sets the overall risk appetite and risk philosophy for the Bank. The RMC and the Audit & Compliance Committee of the Board review various aspects of risk arising from the business.

The Bank's risk management processes are guided by well defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through Risk Monitoring Committee (RMC).

Policies & Processes

The Bank's Credit Policy, approved by the Board, outlines the credit risk governance framework. The objective of the Bank's Credit Policy is to build and maintain a quality portfolio with sound and well-diversified credit risk distribution. Credit Risk Management is an important tool for achieving this objective, as it helps the Bank to:

- Take informed credit decisions based on an adequate assessment of the relevant risk factors
- Screen credit proposals and assume only such credit risk that is acceptable to the Bank to ensure better credit quality
- Optimise the risk return trade-off by providing guidelines for securing return commensurate with the risk involved in the credit
- Ensure diversification of the credit portfolio, by avoiding concentration in credit exposures to individual/ group borrowers, industry/ sector, credit rating etc

Risk identification and assessment is the first step in the credit risk management system. In case of wholesale segment, credit risk inherent in credit proposal is assessed by evaluating the below mentioned risk factors among others:

- Financial Risk: This would include an assessment of the entity's overall financial strength based on performance and financial indicators, as derived from its financial statements -historical and projected
- Business Risk: This entails an analysis of the fundamentals of the business unit, its competitive market position in the industry and its operational efficiency
- Industry Risk: This would include an evaluation of the competition/ entry barriers, industry cyclicality/ outlook, regulatory risk/government policies and other contemporary issues
- Management Risk: This involves evaluation of the management of the enterprise, their risk philosophy, competence and past track record
- Project Risk: This involves evaluation of any significant project being undertaken by the company and its impact on the financials of the company.
- Conduct of Account: This involves evaluation of the credit behavior of the client with the bank

The credit proposals are examined in depth by the sanctioning authorities, under the "three initial system" of sanction. This system establishes line accountability for credit decisions and combines credit approval authorities and Discretionary Powers. The creditworthiness and assessment of credit requirement are evaluated and determined in line with the risk rating of the borrower and the credit facilities are sanctioned accordingly.

Credit Proposals beyond a certain threshold are sanctioned by a Management Credit Committee which comprises the MD & CEO, Chief Risk Officer, Heads of Business & Risk.

For the retail assets business, the Bank has various products programs in line with the relevant product needs of customers. The product programs generally address areas such as customer segmentation, exposure ceilings, approval authorities, exception reporting and risk assessment parameters like acceptable loan-to-value, maximum tenor & financial parameters. The product programs are cognizant of relevant regulatory guidelines, internal credit policy, market dynamics, bank's activities etc.

Structure and Organisation of the Credit Risk Management Function

The Credit Risk Management Department (CRMD) is delegated with specific responsibilities of managing the credit risk in the Bank by the RMC.

The CRMD is headed by the Chief Risk Officer who is assisted by Country Head (Corporate & Institutional Banking Risk), Country Head (Corporate Finance Risk), Country Head (Emerging Corporates Banking Risk), Country Head (Business Banking Risk), Country Head (Retail Banking Risk), Country Head – (Market Risk), Country Head (Credit Mid Office), Country Head-Operational Risk, Head Portfolio Analytics Unit, Capital Compliance Unit, CISO and General Counsel. The CRMD is accountable for protecting the quality of the entire loan/ investment portfolio and undertakes portfolio evaluation & conducts comprehensive studies on the environment to test the resilience of the loan portfolio.

Credit Monitoring, Reporting and Measurement:

The credit risk management function is largely centralised for both credit approvals and disbursements. It is well structured and staffed to ensure that the credit policy and regulatory requirements are adhered to and implemented. Post sanction, an independent Credit Administration unit is responsible for ensuring that the credit policy guidelines and terms of sanction are adhered to.

For wholesale segment, the Bank has a risk rating system comprising multiple models that assign credit ratings to customers based on their financial data, industry characteristics, business positioning and other non financial parameters. The core banking system is used to control and monitor utilisation of limits under various products by customer and is also the repository for information on past dues and excesses. There is also a post disbursal tracking system that is used for monitoring appraisal conditions, financial covenants, documentation status etc.

All borrower accounts are reviewed at least on an annual basis. The analysis carried out during annual review would reflect not only the performance of the company but also the conduct of the account.

Credit Monitoring involves follow-up and supervision of the Bank's individual loans as well as the entire loan portfolio with a view to maintain the asset quality at the desirable level, through proactive and corrective actions, aimed at controlling and mitigating the risks to the Bank. The main objectives of Credit Monitoring are:

(a) To ensure compliance with the terms and conditions of the credit sanctioned

(b) To ensure the end-use of the Bank funds by the borrowers as per the approved purposes and prevent diversion of the funds for unauthorised purposes

(c) To assess the health of the obligor at periodic intervals with reference to the key indicators of performance such as activity level, profitability, management standards

(d) To identify early warning signals, if any, in individual accounts and initiate effective steps to mitigate the risk to the Bank, in consultation with the Segment Head and Risk Management Department

(e) To periodically review the loan portfolio of the Bank or of its specified segment to assess the overall asset quality/ risk and compliance with the prudential norms

Policies for Mitigating Credit Risk:

Security management is instrumental in mitigating credit risk. It involves creation of enforceable charge over the borrower/third party assets in favour of the Bank, proper valuation/storage/maintenance and insurance of the securities so charged at regular intervals, in order that the Bank's advances/loans remain fully covered by the realizable value of the securities charged to it. Further, the charged securities are valued at periodic intervals and stipulated margins are maintained at all times.

Definition and Classification of Non Performing Assets (NPA)

The Bank classifies its outstanding into performing and non performing in accordance with the extant RBI guidelines.

A Non Performing Advance (NPA) is defined as a loan or an advance where:

i. interest and/ or installment of principal remains overdue for more than 90 days in respect of a term loan. Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank

ii. a bill purchased/discounted by the Bank remains overdue for a period of more than 90 days

iii. interest and/or installment of principal in respect of an agricultural loan remains overdue for two crop seasons for short duration crops and one crop season for long duration crops

iv. the regular/ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction

v. the account remains 'out of order' in respect of an overdraft/ cash credit (OD/CC). An account is treated as 'out of order' if:

a) the outstanding balance remains continuously in excess of the sanctioned limit/drawing power, or

b) where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of the balance sheet or credits are not enough to cover the interest debited during the same period,

vi. Drawings have been permitted in working account for a continuous period of 90 days based on drawing power computed on the basis of stock statements that are more than three months old even though the unit may be working or the borrower's financial position is satisfactory,

vii. An account would be classified as NPA if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter,

viii. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006

ix. In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

The Bank's loan portfolio is classified into 4 categories of assets as per extant RBI guidelines as follows:

- Standard Assets: These are Performing assets (or Non- NPAs)
- Non-Performing Assets (NPAs):
  - Sub-standard Assets: i.e. an asset which remains irregular/out of order /overdue for more than 90 days and is classified as NPA for a period of 12 months from the date of such classification.
  - Doubtful Assets: i.e. an NPA that remains Sub-standard Asset for a period of >12 months,
  - Loss Assets: An asset that is identified as uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

The Bank has established appropriate internal mechanism for prompt identification of NPA(s).

Total Gross Credit Risk Exposure* Including Geographic Distribution of Exposure*

₹ in thousands

	Domestic		
Type of exposure	**Exposure***	**Lien Marked Term Deposits against Exposures**	**Exposure backed by Eligible Guarantees**
Fund Based	899,756,084	15,085,450	698,821
Non Fund Based**	269,296,624	29,478,213	-
TOTAL	**1,169,052,708**	**44,563,663**	**698,821**

**Represents book value as at March 31, 2013*

***Non-fund based exposures are guarantees given on behalf of the constituents and acceptances and endorsements.*

*The Bank has no direct overseas credit exposure (Fund or Non fund**) as at March 31, 2013.*

Industry type distribution of Exposure* as at March 31, 2013

₹ in thousands

Industry	Sub Industry	Fund Based Exposure	Lien marked Term Deposits against Exposures	Fund Based Exposure backed by Eligible Guarantee	Non Fund Based** Exposure	Lien marked Term Deposits against Exposures	Non Fund Based Exposure backed by Eligible Guarantee	Total Exposure
All Engineering	Electronics	2,132,528	50,350	-	3,337,777	62,789	-	5,470,305
	Others (All Engineering)	10,657,680	215,004	288,509	15,775,995	643,690	-	26,433,675
Basic Metal and Metal Products	Iron & Steel	33,536,429	11,939	-	14,568,852	520,649	-	48,105,281
	Other Metal & Metal Products	9,009,600	161,455	-	10,008,678	447,747	-	19,018,278
Beverages (excluding Tea & Coffee)	Beverages (excluding Tea & Coffee)	7,731,473	138,000	-	197,332	1,864	-	7,928,805
Cement & Cement Products	Cement & Cement Products	7,182,794	9,420	-	2,616,140	53,384	-	9,798,934
Chemicals and Chemical Products (Dyes, Paints, etc.)	Drugs & Pharmaceuticals	5,198,024	76,311	-	5,498,894	89,481	-	10,696,918
	Fertilisers	6,177,401	35,898	-	3,736,427	257	-	9,913,828
	Others (Chemical & Chemical Products)	4,685,006	127,201	-	4,694,272	753,289	-	9,379,278
	Petro-chemicals (excluding under Infrastructure)	339,000	-	-	1,058,189	54,938	-	1,397,189
Construction	Construction	18,885,306	482,914	-	38,144,384	783,064	-	57,029,690
Food Processing	Coffee	3,189,800	-	-	35,833	100	-	3,225,633
	Edible Oils and Vanaspati	1,268,720	204,025	-	11,142,826	7,616,637	-	12,411,546
	Others (Food Processing)	15,895,124	537,058	-	1,464,389	49,687	-	17,359,513
	Sugar	4,047,247	1,940	-	254,468	43,448	-	4,301,715
	Tea	3,489,770	-	-	191,511	79	-	3,681,281
Gems and Jewellery	Gems and Jewellery	5,462,457	69,657	-	2,264,570	1,212,934	-	7,727,027
Glass & Glassware	Glass & Glassware	1,814,539	-	-	330,091	2,693	-	2,144,630
Infrastructure	Airports	1,817,800	-	-	743,127	63,270	-	2,560,927
	Electricity (generation-transportation and distribution)#	39,716,464	116,648	-	20,284,315	1,442,912	-	60,000,779
	Gas/LNG (storage and pipeline)	1,000,000	-	-	557,000	55,700	-	1,557,000
	Railways	1,095,406	15,000	-	693,739	101,723	-	1,789,145
	Roadways	7,007,554	-	-	537,729	5,123	-	7,545,283

₹ in thousands

Industry	Sub Industry	Fund Based Exposure	Lien marked Term Deposits against Exposures	Fund Based Exposure backed by Eligible Guarantee	Non Fund Based** Exposure	Lien marked Term Deposits against Exposures	Non Fund Based Exposure backed by Eligible Guarantee	Total Exposure
	Social & Commercial Infrastructure	16,917,005	108,668	-	1,056,061	58,185	-	17,973,066
	Telecommunication	59,904	40,191	-	782,794	42,962	-	842,698
	Water Sanitation	1,430,290	7,187	-	1,518,718	-	-	2,949,008
	Waterways	2,412,800	664,141	-	1,614,955	94,536	-	4,027,755
Leather & Leather Products	Leather & Leather Products	128,863	1,000	-	216	216	-	129,079
Mining & Quarrying	Coal (Mining & Quarrying)	1,455,040	-	-	477,428	25,224	-	1,932,468
	Others (Mining & Quarrying)	10,145,740	11,241	-	2,085,829	26,081	-	12,231,569
Other Industries	Other Industries	334,323,602	10,617,175	410,312	69,479,646	10,580,587	-	403,803,248
Paper & Paper Products	Paper & Paper Products	5,087,140	43,170	-	1,379,840	57,328	-	6,466,980
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	Coal Products (non-mining)	2,096,927	48,012	-	660,620	50,763	-	2,757,547
	Petroleum (non-infra) and Nuclear Fuels	860,893	4,034	-	31,049,844	55,662	-	31,910,737
Residuary	Aviation	499,521	-	-	6,043,807	1,496,792	-	6,543,328
	Residuary	308,544,182	1,031,359	-	1,733,965	1,137,098	-	310,278,147
Rubber, Plastic and their Products	Plastics & Plastic Products	3,086,262	9,972	-	2,278,106	78,894	-	5,364,368
	Rubber & Rubber Products	167,280	54,031	-	303,406	6,741	-	470,686
Textiles	Cotton	657,583	-	-	344,455	-	-	1,002,038
	Jute	38,995	-	-	73,693	6,809	-	112,688
	Other Textiles	2,808,165	17,641	-	1,629,983	680,763	-	4,438,148
	Silk	202,047	16	-	75,542	18,427	-	277,589
	Woolen	6,754	-	-	-	-	-	6,754
Vehicles, Vehicle Parts and Transport Equipments	Vehicles, Vehicle Parts and Transport Equipments	17,264,520	174,792	-	8,249,210	1,053,727	-	25,513,730
Wood and Wood Products	Wood and Wood Products	222,449	-	-	321,968	1,960	-	544,417
	TOTAL	**899,756,084**	**15,085,450**	**698,821**	**269,296,624**	**29,478,213**	**-**	**1,169,052,708**

*Represents book value as at March 31, 2013

**Non-fund based exposures are guarantees given on behalf of the constituents and acceptances and endorsements

#exceeds 5% of the gross credit exposure (before FD lien netting)

.Residual Contractual maturity breakdown of assets

₹ in thousands

Maturity Bucket	Cash, Balances with RBI and other banks	Investments	Advances	Other assets including Fixed assets
1 day	276,139	-	2,211,941	44,318
2 days to 7 days	4,979,940	-	6,687,905	1,149,001
8 days to 14 days	1,747,438	368,400	6,245,494	576,518
15 days to 28 days	2,177,105	-	10,089,421	3,229,441
29 days to 3 months	6,657,929	43,168,616	43,069,022	2,279,798
Over 3 to 6 months	5,676,748	19,475,685	37,436,803	1,806,713
Over 6 to 12 months	9,376,317	31,694,415	51,190,708	1,649,334
Over 1 year to 3 years	2,326,544	56,155,228	193,093,925	5,456,683
Over 3 years to 5 years	4,253,769	85,004,308	61,576,756	1,391,401
Over 5 years	3,185,668	193,893,769	58,393,688	33,044,386
TOTAL	**40,657,597**	**429,760,421**	**469,995,663**	**50,627,593**

Movement of NPA (Gross) and Provision for NPAs - March 31, 2013

Particulars	₹ in Thousands
A. Amount of NPAs (Gross)	**943,236**
Substandard	420,357
Doubtful 1	249,147
Doubtful 2	178,120
Doubtful 3	661
Loss	94,951
B. Net NPAs	**69,908**
C. NPA Ratios	
i. Gross NPAs to Gross Advances	0.20%
ii. Net NPAs to Net Advances	0.01%
D. Movement of NPAs (Gross)	
Opening Balance as at April 1, 2012	838,589
Additions during the year	2,437,411
Reductions during the year	2,332,764
Closing Balance as at March 31, 2013	943,236
E. Movement of Provisions for NPAs	
Opening Balance as at April 1, 2012	663,989
Provisions made during the year	1,601,906
Write- offs of NPA provision	1,074,003
Write backs of excess provisions	318,564
Closing Balance as at March 31, 2013	873,328

NPI (Gross), Provision for NPI and Movement in Provision for Depreciation on investments – March 31, 2013

Particulars	₹ in thousands
A. Amount of Non - Performing Investment (NPI)	145,367
B. Amount of provisions held for NPI	145,367
C.Movement of provisions for depreciation on investments	
Opening Balance as at April 1, 2012	280,505
Add/(Less): Provisions made during the year	(29,910)
Closing Balance as at March 31, 2013	250,595

5. Credit Risk: Portfolios subject to the Standardised approach

Ratings used under standardised approach

The Bank makes use of ratings assigned by specified External Credit Assessment Agencies (ECAIs) namely CRISIL, CARE, ICRA, India Ratings, Brickworks & SMERA for domestic counterparties and Standard & Poor's, Moody's and Fitch for foreign counterparties.

While arriving at risk-weighted assets for credit risk under the standardised approach 'bank loan' ratings of the counterparty have been used. This would include fund-based and non-fund based facilities. In case of treasury facilities, the Bank has also used 'Issuer' ratings of the counterparties, wherever available. In case the Bank does not have exposure in a rated issue, the Bank would use the issue rating for its comparable unrated exposures to the same borrower, provided that the

Bank's exposures are pari-passu or senior and of similar or shorter maturity as compared to the rated issue. Further the lower rating, where there are two ratings and the second-lowest rating where there are three or more ratings are used in cases where multiple ratings for a given facility are considered.

Details of credit exposures* (funded and non funded**) classified by risk buckets

The table below provides the break-up of the Bank's exposures* (rated and unrated) into three major risk buckets.

(₹ in thousands)

Risk Weight Bands	Fund Based Exposure	Non Fund Based**	Total exposure	Lien Marked Term Deposits against Exposures	Total other eligible financial collateral used as credit risk mitigants	Total amount of exposure (Fund + Non Fund) covered by Eligible Guarantees
Below 100% risk weight	525,948,765	148,550,456	674,499,221	8,080,485	-	698,821
100% risk weight	321,890,173	109,403,289	431,293,462	32,696,518	-	-
Above 100% risk weight	51,917,146	11,342,879	63,260,025	3,786,660	-	-
Deducted	-	-	-	-	-	-
TOTAL	**899,756,084**	**269,296,624**	**1,169,052,708**	**44,563,663**	**-**	**698,821**

**Represents book value as at March 31 ,2013*

***Non-fund based exposures are guarantees given on behalf of the constituents and acceptances and endorsements*

6. Credit Risk Mitigation- Disclosures for standardised Approaches

The Bank's credit policy outlines the type of collateral that can be taken for different facilities and the process for its valuation. Currently, eligible financial collateral in the form of fixed deposits under lien and guarantees issued by eligible guarantor as specified in RBI guidelines have been used as credit risk mitigants.

In the case of fixed deposits under lien, the Bank reduces its credit exposure to counterparty by the value of the fixed deposits. In case of exposures backed by guarantees, the guaranteed portion is assigned the risk weight of the guarantor when the conditions outlined by extant RBI guidelines are fulfilled.

The total exposure that is covered by guarantees and eligible financial collateral has been disclosed for each industry sector separately in the earlier section.

7. Concentration Risk

Concentration Risk is defined as a risk arising from any single exposure or a group of exposures with the potential to produce losses large enough (relative to a bank's capital, total assets, or overall risk level) to threaten a bank's health or ability to maintain its core operations.

Types of Concentration Risks

There are three main types of concentration risks:

Single name – Large exposure

The risk here is that of a potential default by large customers which may adversely impact the profitability and capital adequacy of the Bank.

Sector Risk – Large exposure

This concentration risk arises from a group of exposures that share a common underlying characteristic (e.g. sector). The risk here is that of a business downturn in the sector or potential default by companies of the same sector thereby impacting the profitability and capital adequacy of the Bank.

Concentration in Deposits – Large exposure

This concentration risk arises by premature termination of deposits by large depositors (single name) or a group of depositor (sectoral, business group).

Monitoring, mitigation and control of Concentration Risk

"Managing concentration involves prescribing internal limits for exposures across industries, ratings, maturities or as basic as restricting lending to potential large borrowers at the portfolio level. Such limits require proper monitoring and internal controls such that specific events do not trigger large losses that will eventually undermine YES BANK's financial position."

Measurement of Concentration Risk in the Bank

The Bank uses percentage analysis and heuristic statistical measure HHI (Hefindahl Hischman Index) to assess whether the Bank is concentrated towards few sectors or obligors / depositors.

The Bank controls & limits concentration risk amongst its borrowers at the portfolio level by:

- Assessing rating-wise distribution of its borrowers to ensure that Bank is not highly concentrated towards lower rated customers
- Prescribing Single Borrower Limit (SBL) and Group Borrower Limit (GBL) to ensure that Bank is not lending to few large customer / companies or few companies under the same parent company
- Prescribing differential industry/Sectoral Caps, depending on perceived risk profile of different sectors, as a percentage of total portfolio to ensure that stress on a particular sector has a limited impact on the Banks profitability or CRAR
- The ALM and Liquidity & Contingency Funding Policy lays down the various limits on funding sources and deposits.
- Prescribing internal rating wise caps on exposure to ensure diversified risk profile of portfolio and to cap high exposure to lower rated borrowers
- Prescribing maximum limit on percentage of unsecured exposures to total exposures.
- Prescribing specific limits for sensitive sectors such as Real Estate & Capital Market.
- Monitoring of risk concentration through active portfolio management.

Bank also conducts stress testing of sector / obligors / depositor to identify the potential impact of Concentration Risk on Bank's CRAR.

8. Securitisation: Disclosure for Standardised Approach

During the year ended March 31, 2013, the Bank did not securitise any of its assets.

The Bank however, acquires investment grade securitised debt instruments backed by financial assets originating from diverse sectors for regulatory /investment purposes. The Bank has processes in place to monitor the purchased securitisation exposures by way of monthly review of servicer reports. Further, for managing the interest rate risk in the purchased securitised assets, the Bank uses PVBP as a sensitivity measure and Banking Book VaR which is monitored on a periodical basis.

With respect to the securitised exposures purchased, the valuation is carried out by applying an appropriate mark-up (reflecting associated credit risk) over the Yield To Maturity (YTM) rates of government securities. Such mark up and YTM rates applied are as per the relevant rates published by FIMMDA. There are no changes in the methods and key assumptions used in the current year as compared to the previous year.

Banking Book- Securitisation Exposures

During the year ended March 31, 2013, the Bank did not undertake any securitisation transaction in its Banking Book.

The Bank does not have any securitisation exposure (retained or purchased) in its Banking book as at March 31, 2013.

Trading Book- Securitisation Exposures

In its Trading Book, the Bank has no retained exposures for exposures securitised by the Bank as at March 31, 2013.

The details of on- balance sheet and off balance sheet securitisation exposures purchased and outstanding as at March 31, 2013 is given below.

(₹ in thousands)

Particulars	Agri & Auto Finance	Agri Finance	Auto Finance	Commercial Equipment Finance	Corporate	Housing Finance	Micro Finance	Reconstruction Fund	SME Mortgage Backed	Grand Total
Below 100% risk weight	9,129,082	647,821	16,006,545	1,297,946	4,350,000	7,971,940	1,719,728	-	1,023,568	42,146,630
100% risk weight	-	-	-	-	-	-	-	-	-	-
Above 100% risk weight	-	-	-	-	-	-	-	490,054	-	490,054
Deducted	-	-	-	-	-	-	-	-	-	-
Total	**9,129,082**	**647,821**	**16,006,545**	**1,297,946**	**4,350,000**	**7,971,940**	**1,719,728**	**490,054**	**1,023,568**	**42,636,684**

The capital requirements for the securitisation exposures (Specific + General Market Risk charge) broken down into different risk weight bands is shown below.

(₹ in thousands)

Particulars	Agri & Auto Finance	Agri Finance	Auto Finance	Commercial Equipment Finance	Corporate	Housing Finance	Micro Finance	Reconstruction Fund	SME Mortgage Backed	Grand Total
Below 100% risk weight	230,746	19,435	369,504	32,542	217,500	236,096	85,986	-	30,707	1,222,516
100% risk weight	-	-	-	-	-	-	-	-	-	-
Above 100% risk weight	-	-	-	-	-	-	-	65,576	-	65,576
Deducted	-	-	-	-	-	-	-	-	-	-
TOTAL	**230,746**	**19,435**	**369,504**	**32,542**	**217,500**	**236,096**	**85,986**	**65,576**	**30,707**	**1,288,092**

Market Risk in Trading Book

Trading Book Market risk is the possibility of loss arising in Trading Book from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

The market risk for the Trading Book of the Bank is managed in accordance to the Board approved Investment Policy, Market Risk Policy and Derivative Policy. These policies provide guidelines to the operations, Valuations, and various limits and controls pertaining to various securities, foreign exchange and derivatives. These policies enhance Bank's ability to transact in various instruments in accordance with the extant regulatory guidelines. Bank also has a Stress Testing Policy and Framework which enables Bank to capture impact of various stress scenarios on Trading Book Portfolio. The policies are reviewed periodically to incorporate changed economic, business and regulatory environment.

The Asset Liability Management Committee (ALCO) and the Investment Committee of the Bank are responsible for monitoring of Market Risk under the overall guidance of the Risk Monitoring Committee (RMC) of the Bank. The Bank has independent Market Risk and Middle Office which measure Market Risk and highlights the exceptions, if any.

- Risk management and reporting is based on globally accepted parameters such as Modified Duration, PVO1, Exposure and Gap Limits, VaR, etc. As per the Market Risk Policy, limits have been set for Forex Open Position limits (Daylight / Overnight), stop-loss limit, Sensitivities and VaR and the same are monitored on a daily basis
- Back testing of the current VaR model carried out on a monthly basis.
- Bank has adopted the Standardised Duration Approach as prescribed by RBI for computation of capital charge for market risk and is already fully compliant with such RBI guidelines. Standardised Duration Approach is applied for calculation of Market Risk for:

- Securities under HFT category
- Securities under AFS category
- All Derivatives except those entered into for Hedging Balance Sheet
- Open foreign exchange position
- Equity positions.

Amount of Capital required for Market Risk as at March 31,2013	₹ in thousands
Interest rate risk	8,539,695
Foreign Exchange risk	150,000
Equity position risk	93,262
Total capital required for Market Risk	**8,782,957**

9. Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational Risk includes legal risk but excludes strategic risk and reputation risk.

Operational Risk Management Governance & Framework

The Bank has in accordance with the regulatory guidelines, implemented a comprehensive board approved Operational Risk Management Policy to put in place an operational risk management process as an integral part of its overall Risk Management Architecture. The overall objective of the policy is:

- Determine Bank's appetite for Operational Risk
- Framework to identify, assess and monitor operational risk for effective mitigation
- Strengthen overall control environment at the Bank
- Improvement in customer service and minimise operational losses

The bank has also put in place a comprehensive Operational Risk Events and Loss Data Policy detailing types of Operational Risk Events and Losses, Process for Management of Operational Risk Events and Losses, Categorisation of Operational Risk Events.

For the effective management of Operational Risk, the Bank has constituted the Operational Risk Management Committee (ORMC) consisting of senior management personnel. The ORMC which supports the Risk Monitoring Committee (RMC) of the Board of Directors is responsible for implementing the Operational Risk Management Policy and adopting the best practices. The key functions of the ORMC are:

- Establish clear lines of management responsibility, accountability, and reporting in such a manner that they are distinct to avoid conflict of interest
- Vetting of new products and processes from the operational risk perspective
- Implement operational risk framework
- Review all significant operational risk events and suggest process improvements and mitigants

Additionally, with a view to ensure sound practices in respect of governance of the overall operational risk, the Bank has outlined policies and processes in respect of Information & Physical Security; Outsourcing; Business Continuity Planning & IT Disaster Recovery; Records Management, Fraud Control and Customer Service.

For effective implementation of the above policies Bank has also put in place various committees such as:

- Security Council committee (Physical & Information)
- Outsourcing Management committee
- Fraud Monitoring and Suspicious Transaction Monitoring Committee
- Standing Committee on Customer Service & Service Excellence Committee
- Product Program Approval Committee (PPAC)

These committees meet on a predefined frequency to discuss the implementation of best practices/risk management frameworks, various related events within the Bank, recent development and key actions steps required if any. The minutes of these meetings are reported and discussed in Risk Monitoring Committee as well as to the Board of Directors.

Identification, Assessment, Mitigating, Reporting and Measurement

The Bank has implemented a systematic process for identifying, assessing and recording operational risk events with or without financial impact on a periodical basis. These events are then analysed for root cause and corrective actions are implemented.

The Bank has adopted best practices in mitigating operational risk in transaction processing, adherence to defined policies & laws, customer documentation and business continuity through:

- Well defined, documented and updated process manuals and policies
- Centralised processing at National Operating Centres

- Segregation of duties, maker checker concept, automated processes
- Transaction monitoring and analysis
- Additional checks for high value transactions, reconciliation of accounts & data, control MIS for various limits, periodical trainings, standardised documentations, authorisation matrix, regular process reviews and Business Continuity /Disaster Recovery testing

The Bank has also taken insurance for certain types of operational risk including bankers indemnity, cash movement, electronic and cyber crimes and fixed assets.

Approach for Computation of Capital Charge for Operational Risk

In accordance with Reserve Bank of India guidelines, the Bank has adopted the Basic Indicator Approach (BIA) for measurement of Operational Risk. The Bank is also undertaking analysis for migration to advanced approaches for computation of Capital Charge for Operational Risk. The Bank has also initiated various activities for migration to advanced approaches.

10. Interest rate risk in the Banking Book (IRRBB)

IRRBB is the framework to monitor and measure the adverse impact of interest rates on the Bank's financial condition. This impact is calculated from following perspectives:

a) **Earnings perspective:** Indicates the impact on Bank's Net Interest Income (NII) in the short term.

b) **Economic perspective:** Indicates the impact on the net-worth of bank due to re-pricing of assets, liabilities and off-balance sheet items.

The Asset - Liability Management Committee (ALCO) is responsible for evaluating and institutionalising appropriate systems and procedures for monitoring and managing the IRRBB. The Risk Monitoring Committee (RMC) reviews various decisions taken by the ALCO for managing IRRBB. The ALM & Market Risk Policies define the framework for managing IRRBB through measures such as:

1. **Interest Rate Sensitivity Report**: Measures mismatches between rate sensitive liabilities and rate sensitive assets (including off-balance sheet positions) in various tenor buckets based on re-pricing or maturity, as applicable.
2. **Duration Gap Analysis**: Measures the mismatch in duration of assets & liabilities and the resultant impact on economic value of bank's capital.
3. **Banking Book Value at Risk (VaR)**: Estimates the maximum possible loss, at a predefined confidence level, on the market value of banking-book over a certain time horizon under normal conditions.
4. **Earnings at Risk (EaR)**: Estimates the impact on net interest income over one year horizon due to 1% changes in interest rates.
5. **Sensitivity Analysis**: Evaluates the impact on both trading and banking book due to parallel and non parallel shifts in interest rates.
6. **Stress Testing**: Evaluates the impact on duration of capital of banking book under various stress scenarios.

All the above risk metrics are measured on regular basis and reported to ALCO/RMC periodically as guided by the ALM policy of the Bank.

Impact of Interest rate Risk

1. Impact on Net Interest Income (with 1% change in interest rates for both assets and liabilities pertaining to Banking Book only) ₹ 470,216 thousands.

2. Impact on Economic value of Equity (EVE) (with 1% change in interest rates for both assets and liabilities) ₹ 2,785,743 thousands.

Note:

(i) The above impact is for 100 bps parallel shift in the interest rates for both assets and liabilities.

(ii) The Bank's turnover in any foreign currency is not more than 5% of the total turnover (bank's balance sheet size) in the Banking Book. The impact on EVE includes the Bank's exposure in INR, USD, JPY, CHF, GBP and EURO.

(iii) The above computation doesn't include Non SLR AFS investments (which already form part of Trading Book for capital computation) which are contracted on account of relationship / steady income and generally with a long term holding horizon.

Notes

Notes

Notes

BRANCH LOCATIONS

YES BANK

PUNJAB (45)

Ajnala, Amritsar, Banga, Banur, Barnala, Begowal, Bhatinda, Bishanpura, Dasuya, Derabassi, Dhuri, Firozpur, Goraya, Jalandhar, Jandiala, Kapurthala, Kartarpur, Kharar (2), Kurali, Lohian Khas, Ludhiana(2), Mahilpur, Mandi Gobindgarh, Mohali, Morinda, Mukerian, Muktsar, Nakodar, Nangal, Nawanshahr, Nurmahal, Pathankot, Patiala, Phullanwala, Rajpura, Rayya, Rupnagar (Ropar), Sahnewal, Sohana, Sultanpur Lodhi, Urmar Tanda, Zirakpur (2)

HARYANA (14)

Ambala Cantt, Cheeka, Dhand, Fatehabad, Jind, Kaithal, Kalka, Karnal, Narwana, Panchkula, Pinjore, Safidon, Tohana, Yamuna Nagar

NCR (107)

New Delhi - Ashok Vihar, Bhikaji Cama Place, Chandni Chowk, Chattarpur, Connaught Place, Darya Ganj, Dwarka - Delhi, Greater Kailash 2, Green Park, Janakpuri, Jangpura, Jasola, Jhandewala, Kamla Nagar, Kapashera, Karol Bagh, Kashmere Gate, Kirti Nagar, Krishna Nagar, Lajpat Nagar, Malcha Market, Malviya Nagar, Meera Bagh, Model Town, Naraina Industrial Estate, Nehru Place, New Friends Colony, Okhla, Okhla Phase 3, Pitampura, Preet Vihar, Punjabi Bagh, Rajendra Place, Rajouri Garden, Ram Vihar, Rohini (2), Sadar Bazaar, Saket, Shalimar Bagh, South Extension, Vasant Kunj, Vasant Vihar, Vikaspuri

Haryana - Alipur, Badli, Badshahpur, Bahadurgarh, Bawal, Bhang Rola, Damdama, Daula, Dharuhera, Dundahera, Faridabad, Ganaur, Garhi Harsaru, Hayatpur, Gohana, Gurgaon (6), Haileymandi, Jhajjar, Karola, Khandewla, Khandsa, Kherla, Kundli, Manesar, Nawada Fatehpur, Narnaul, Panipat, Rai, Rehtoj, Samalkha, Sankhol, Sonepat, Taoru, Wazirabad

UP - Anupshahr, Baghpat, Dasna, Debai, Ghaziabad (2), Greater Noida, Gulaothi, Kasana, Khekra, Meerut, Modinagar, Noida (2), Sardhana, Shakarpur, Shikarpur, Siana

Rajasthan - Alwar, Behror, Bhiwadi, Khairthal, Kisangarh, Neemrana,

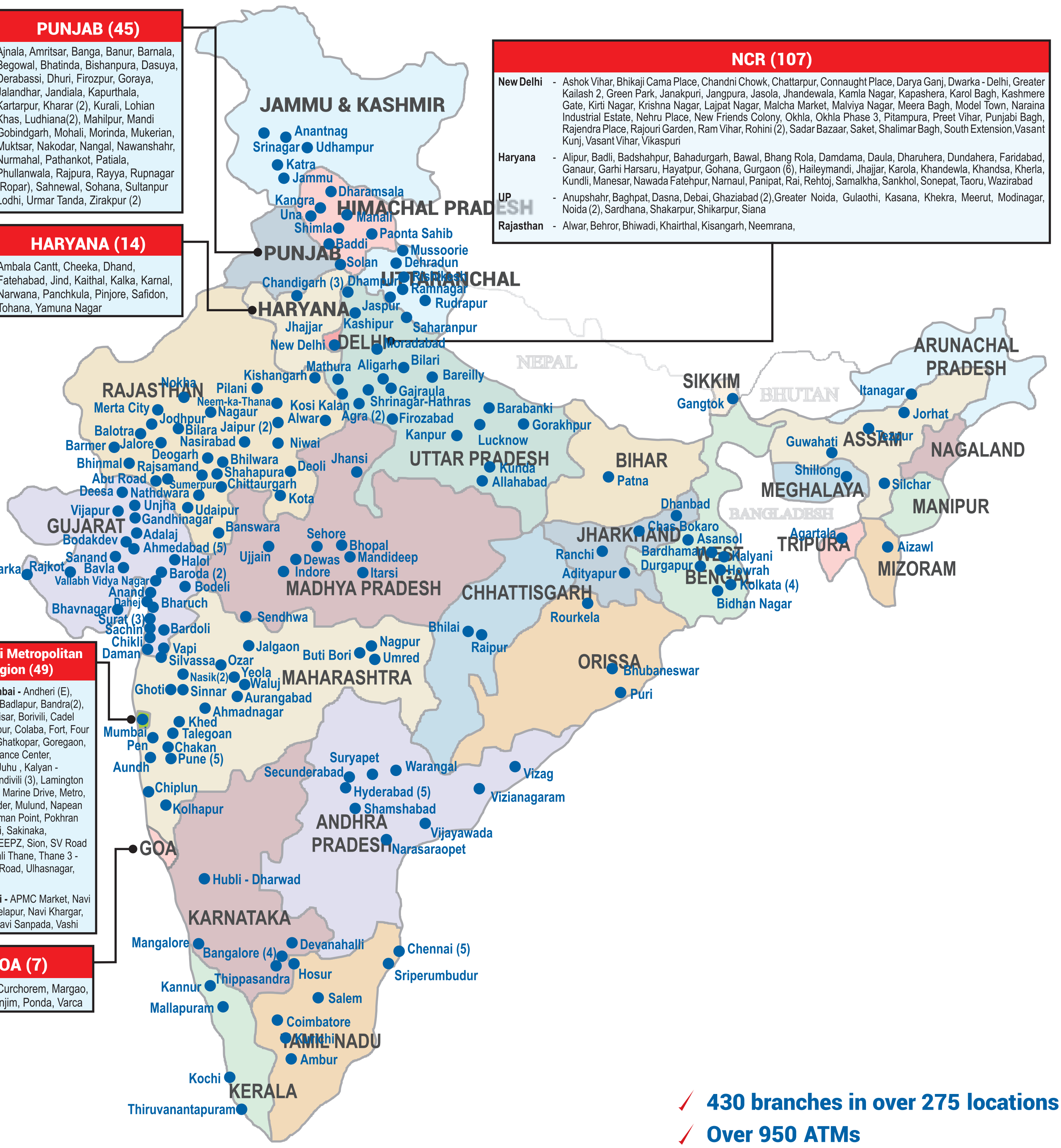
Mumbai Metropolitan Region (49)

Greater Mumbai - Andheri (E), Andheri (W), Badlapur, Bandra(2), Bhiwandi, Boisar, Borivili, Cadel Road, Chembur, Colaba, Fort, Four Bungalows, Ghatkopar, Goregaon, Indiabulls Finance Center, Jogeshwari, Juhu , Kalyan - Dombivili, Kandivili (3), Lamington Road, Malad, Marine Drive, Metro, Mira-Bhayander, Mulund, Napean Sea Rd, Nariman Point, Pokhran Thane, Powai, Sakinaka, Santacruz, SEEPZ, Sion, SV Road Khar, Talaupali Thane, Thane 3 - Ghodbunder Road, Ulhasnagar, Vasai, Worli,

Navi Mumbai - APMC Market, Navi Airoli, Navi Belapur, Navi Khargar, Navi Nerul, Navi Sanpada, Vashi

GOA (7)

Calangute, Curchorem, Margao, Mapusa, Panjim, Ponda, Varca



✓ **430 branches in over 275 locations**

✓ **Over 950 ATMs**

YES BANK Branch Network - 430 branches in over 275 locations

NORTH : Agra, Ajnala, Aligarh, Allahabad, Alipur, Alwar, Ambala Cantt, Amritsar, Anantnag, Anupshahr, Baddi, Badli, Badshahpur, Baghpat, Bahadurgarh, Banga, Banur, Bara Banki, Bareilly, Barnala, Bawal, Begowal, Behror, BhangRola, Bhatinda, Bhiwadi, Bilari, Bishanpura, Chandigarh (3), Cheeka, Damdama, Daula, Dasna, Dasuya, Dayalbagh, Debai, Dehradun, Derabassi, Dhampur, Dhand, Dharamsala, Dharuhera, Dhuri, Dundahera, Faridabad, Fatehabad, Firozabad, Firozpur, Gajraula, Ganaur, Garhi Harsaru, Ghaziabad(2), Gohana, Gorakhpur, Goraya, Greater Noida, Gulaothi, Gurgaon (6), Haileymandi, Hayatpur, Jalandhar, Jammu, Jandiala, Jaspur, Jhajjar, Jhansi, Jind, Kaithal, Kalka, Kangra, Kanpur, Kapurthala, Karnal, Karola, Kartarpur, Kasana, Kashipur, Katra, Khairthal, Khandewla, Khandsa, Kharar (2), Khekra, Kherla, Kisangarh, Kosi Kalan, Kunda, Kundli, Kurali, Lohian Khas, Lucknow, Ludhiana (2), Mahilpur, Manali, Mandi Gobindgarh, Manesar, Mathura, Meerut, Modinagar, Mohali, Moradabad, Morinda, Mukerian, Muktsar, Mussoorie, Nakodar, Nangal, Narnaul, Narwana, Nawada Fatehpur, Nawanshahr, Neemrana, New Delhi(44), Noida (2), Nurmahal, Panchkula, Panipat, Paonta Sahib, Pathankot, Patiala, Phullanwala, Pinjore, Rai, Rajpura, Ramnagar, Rayya, Rehtoj, Rishikesh, Rudrapur, Rupnagar (Ropar), Safidon, Saharanpur, Sahnewal, Samalkha, Sankhol, Sardhana, Shakarpur, Shikarpur, Shimla, Shrinagar (Hathras), Siana, Sohana, Solan, Sonepat, Srinagar, Sultanpur Lodhi, Taoru, Tohana, Udhampur, Una, Urmar Tanda, Wazirabad, Yamuna Nagar, Zirakpur (2)

WEST : Abu Road, Adalaj, Ahmadnagar, Ahmedabad (5), Anand, Aurangabad, Balotra, Banswara, Bardoli, Barmer, Baroda, Bavla, Bharuch, Bhavnagar, Bhorwadi, Bhilwara, Bhinmal, Bhopal, Bilara, Bodakdev, Bodeli, Butibori , Calangute, Chakan, Chikhli, Chimbhali, Chiplun, Chittaurgarh, Curchorem, Dahej, Daman, Deesa (M), Deogarh, Deoli, Dewas, Dwarka, Gandhinagar, Halol, Igatpuri, Indore, Itrasi, Jaipur (2), Jalgaon, Jalor, Jodhpur, Kolhapur, Kota, Mandideep, Mapusa, Margao, Merta City, Mumbai Metropolitan Region (49), Nagaur, Nagpur, Nashik (2), Nasirabad, Nathdwara, Neem-Ka-Thana, Niwai, Nokha, Ozar, Padra, Panjim, Pen, Pilani, Ponda, Por, Pune (6), Rajgurunagar (Khed), Rajkot, Rajsamand, Roha, Sachin, Sanand, Sehore, Sendhwa, Shahpura, Sihorli, Silvassa, Sinnar, Sumerpur, Surat (3), Udaipur, Ujjain, Umred, Unjha, Vallabh Vidyanagar, Vapi, Varca, Vijapur, Waluj, Warulwadi, Yeola

SOUTH : Ambur, Bangalore (7), Chennai (5), Coimbatore, Devanahalli, Hosur, Hubli -Dharwad, Hyderabad (6), Kannur, Kochi, Kurichi, Malapuram, Mangalore, Narasaraopet, Salem, Shamshabad, Sriperumbudur, Suryapet, Thiruvanantapuram, Vijayawada, Vizag, Vizianagaram, Warangal

EAST : Adityapur, Agartala, Aizwal, Asansol, Bardhaman, Bhubhaneshwar, Bidhan Nagar, Chas - Bokaro, Dhanbad, Durg Bhilai, Durgapur, Gangtok, Guwahati, Howrah, Itanagar, Jorhat, Kalyani, Kolkata (4), Patna, Puri, Raipur, Ranchi, Rourkela, Shillong, Silchar, Tezpur,