



DEEPENING
MIND SHARE

growing
market
share

ANNUAL REPORT
2015-16

Awards & Recognitions



Bank of the Year - India

THE BANKER, LONDON - 2015



Strongest Bank in India by Balance Sheet

THE ASIAN BANKER AWARDS, SINGAPORE - 2015



Best Mid-Sized Bank - Overall, Growth & Asset Quality 2015

Consistent Performer and Best Asset Quality - Large Sized Banks 2014

Best Mid-Sized Bank, 2013, 2012, 2010, 2009 & 2008

BUSINESS TODAY - KPMG BEST BANKS ANNUAL SURVEY



Fastest Growing Mid-Sized Bank 2015

Best Mid-Sized Bank, 2012

Fastest Growing Bank (balance sheet >30,000 Cr) - 2011, 2010

Fastest Growing Bank (balance sheet <30,000 Cr) - 2009

INDIA'S BEST BANKS : A BUSINESSWORLD - PWC SURVEY



Best Information Security Initiatives - Global Winner

Best Corporate/Institutional Digital Bank - India

GLOBAL FINANCE BEST DIGITAL BANK AWARD, NEW YORK - 2015



Best Retail Bank India 2015

Best New Representative Office for NRIs UAE 2015

GLOBAL BANKING AND FINANCE REVIEW AWARDS 2015



India Domestic Cash Management Bank of the Year

India Domestic Trade Finance Bank of the Year

ASIAN BANKING & FINANCE WHOLESALE BANKING AWARDS SINGAPORE



Best Trade Finance Bank in India - 2015

Best Corporate Trade Finance Deal in India - 2015

Best Cash Management Project in India - 2015

The Enterprise Risk Technology Implementation - 2015

THE ASIAN BANKER ACHIEVEMENT AWARDS, HONG KONG



Innovation Award for 'API Banking' and 'Bank in a Box'

INDIA - 2016



First and Only Indian Bank included in

DOW JONES SUSTAINABILITY INDEX, NEW YORK - 2015



First Indian Company to be on the Carbon Disclosure Leadership Index for five consecutive years 2015, 2014, 2013, 2012 and 2011

FIRST INDIAN COMPANY TO BE A SIGNATORY - SINCE 2007



Outstanding Business Sustainability Achievement, 2015 & 2013

Outstanding Sustainable Project Financing, 2014

KARLSRUHE SUSTAINABLE FINANCE AWARDS, GERMANY



Renewable Energy deal of the Year

THE ASSET TRIPLE A INFRASTRUCTURE AWARDS, HONG KONG - 2015



Golden Peacock

Corporate Social Responsibility, 2015 & 2013

Sustainability Award, London, 2015 & 2012

Environment Management Award, 2015 & 2014

Global Business Excellence Award, Dubai, 2013

Innovative Product / Service Award, 2012

GOLDEN PEACOCK GLOBAL CONVENTION



Pioneer in Emerging Markets - India

CLIMATE BONDS INITIATIVE AT LONDON STOCK EXCHANGE, LONDON - 2016



Sustainable Environmental Initiatives

BOMBAY CHAMBERS CIVIC AWARDS MUMBAI - 2015



Top 10 Brands Headquartered in Mumbai

PAUL WRITER - MUMBAI HOT 50 AWARDS, MUMBAI - 2015



Pioneer in Banking and Financial Services

ASSOCHAM AFRICA-INDIA CHAMPION IN BIZ AWARDS, 2015



Recognized as ET Best Corporate Brand

THE ECONOMIC TIMES BEST CORPORATE BRANDS, MUMBAI - 2016



Winner - Inspiring Place to Work - Private Sector Banking

BANKING FRONTIERS IWP CONFERENCE & AWARDS CEREMONY

**MESSAGE FROM THE
NON EXECUTIVE
CHAIRPERSON**

Ms. Radha Singh

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COMMUNIQUÉ**

Mr. Rana Kapoor

Page 08**INDIA BOLE
YES! - CREATING
A RESONATING
BRAND****Page 18****VIEW OUR ANNUAL
REPORT 2015-16 ONLINE**

We provide our annual report online, which allows us to reduce the amount of paper we print and distribute.

<https://www.yesbank.in/investor-relations/annual-reports.html>



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About Us

**AT YES BANK, OUR
DIFFERENTIATION BEGINS
WITH A SINGLE WORD**

YES

YES BANK, India's 5th largest private sector bank is a high quality, customer centric, service driven, private Indian Bank catering to the Future Businesses of India. Since inception in 2004, YES BANK has fructified into a 'Full Service Commercial Bank' that has steadily built Corporate Banking, Financial Markets, Investment Banking, Corporate Finance, Branch Banking, Business and Transaction Banking, and Wealth Management business lines across the country, and is well equipped to offer a range of comprehensive products and services to Corporate and Retail customers.

YES BANK is headquartered in the Lower Parel Innovation District (LPID) of Mumbai, and now has a pan-India presence with a footprint of over 860 branches and 1600+ ATMs across all 29 states and 7 Union Territories in India.

VISION

YES BANK is committed to its vision of 'Building the Finest Quality Bank of the World in India by 2020' having evolved its organizational ethos into the 'Professionals' Bank of India'

Deepening Mind Share Growing Market Share

YES BANK was founded in 2004 on the ethos of Professional Entrepreneurship and a differentiated approach of Knowledge Banking to provide comprehensive sector specific and customized financial solutions to sunrise sectors of the economy. The **1st phase of YES BANK's lifecycle from 2004-2010** was characterized by 'entrepreneurship' and involved building strong capabilities in the wholesale banking segment with a comprehensive product suite, which leveraged the 'Knowledge Banking' approach while building a strong human capital team on the 'Owner-Manager-Partner' philosophy. By 2010, YES BANK was recognized as one of India's fastest growing banks in the previous 5 years and emerged as the **Largest 'Small' Bank** in our country, India.

From 2010-2015, YES BANK lived the '**Version 2.0**' phase during which the focus was on expanding the Retail Banking capabilities by drawing upon the Wholesale Banking franchise through a B2B2C approach for client acquisition and business generation. While the previous version was about 'entrepreneurship', in Version 2.0, YES BANK focused on further institutionalizing its systems, processes and controls gearing itself for orbit shifting expansion. The Bank built a strong platform in terms of its Brand, Distribution via Branch and ATM footprint, Technology, Human Capital as well as Risk Management. This well calibrated growth strategy resulted in YES BANK establishing itself as the **Largest 'Medium' Sized Bank** in the country with a balance sheet size of over ₹ 100,000 Crore.

FY 2015-16, marked the 1st year of the next phase of YES BANK's growth cycle of 2015 to 2020. The vision for YES BANK is to establish itself as a meaningful 'LARGE HIGH QUALITY' Bank by employing a focused 2-pronged strategy of '**Deepening Mind Share**' and '**Growing Market Share**'.

DEEPENING MIND SHARE

At YES BANK, our corporate credo has been built on a foundation of trust, reinforced by knowledge, backed by cutting-edge technology, governed by transparency and a strong commitment to Responsible Banking. In FY 2015-16, we extended this ethos to capture 'Mind Share' of all our stakeholders including our Corporate and Retail Customers, Regulators, Policy Makers, Industry Associations, and our valued Shareholders. We grew our Mind Share by undertaking multiple 'first-in-the-industry' initiatives to differentiate YES BANK in the minds of our stakeholders. Our dedicated Knowledge Teams focused on generating in depth research and insights on key sectors including Food

& Agri Business, Life Sciences & Information Technology, Tourism, Hospitality, Media & Entertainment, Renewable Energy, Education and Social Infrastructure among others. YES BANK's 'Mind Share' and expertise enables the Bank to offer Knowledge Partner services to marquee initiatives like the 1st Renewable Energy Global Investment Promotion Meet (RE-INVEST), and more recently, provided support to the 1st Maritime India Summit 2016, hosted by the Ministry of Shipping.

For our Retail Banking customers, we leveraged our brand campaign – 'INDIA *bole* YES!' supplementing it with an extensive digital and social media strategy to boost brand awareness, recall and consideration.

GROWING MARKET SHARE

At YES BANK, our success results from the translation of increasing 'Mind Share' to a corresponding increase in 'Market Share' of our businesses across various Corporate and Retail Segments. This increase in Market Share is also evident in our consistent Financial and Business performance over the last several years. YES BANK's growth was also an outcome of an increased branch footprint of 860 branches as of March 31, 2016, an increase of 229 branches in the last 12 months.

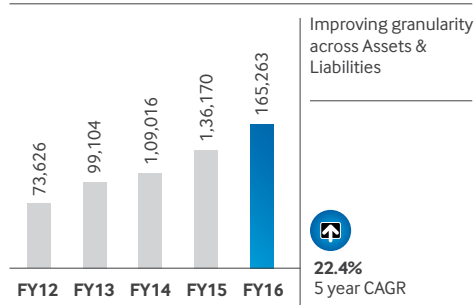
Retail Banking will play a major role in the next version of YES BANK's growth and the Bank has all the growth engines in place for a significant SCALE up of the Retail franchise. The Bank has also invested in dedicated branches for MSMEs, emphasizing on addressing the specialized needs of the companies in these segments and providing impetus to the Government's Make in India mission. YES BANK's Retail Assets product portfolio is also now complete with the launch of Credit Cards in the upcoming fiscal year 2016-17. YES BANK has adopted an innovative ART – Alliances, Relationships and Technology driven approach to Digitized Banking to partner with financial technology companies and acquire customers in both the Corporate and Retail segments.

YES BANK currently has a Market Share of close to 1% in the Indian Banking industry and with a planned, steady growth rate of approximately 25% over the next 5 years, the Bank aims to garner a 2.5% Market Share in India. This growth will be built on the back of a consistently deepening 'Mind Share' and YES BANK's reinforced commitment towards the vision of '**Building the Finest Quality Bank of the World in India by 2020**'.

Financial Highlights

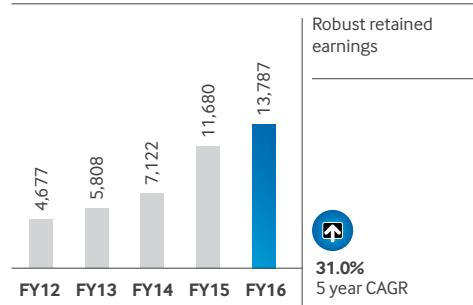
Total Assets

(₹ in Crores)



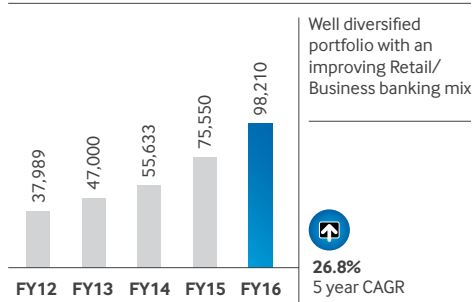
Shareholders Funds

(₹ in Crores)



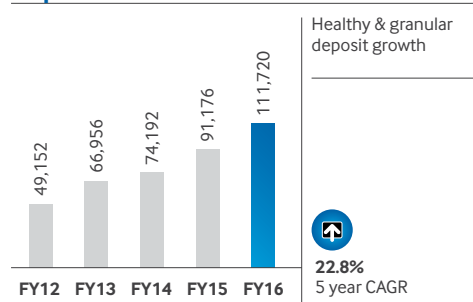
Advances

(₹ in Crores)



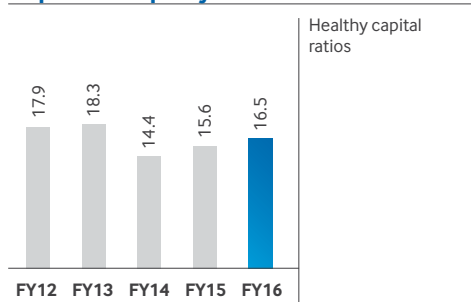
Deposits

(₹ in Crores)



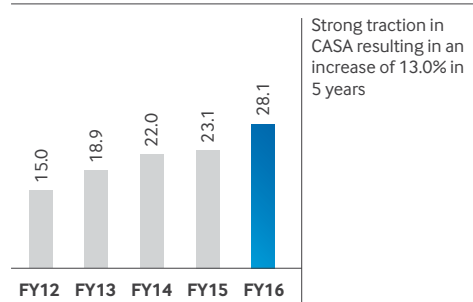
Capital Adequacy Ratio

(%)



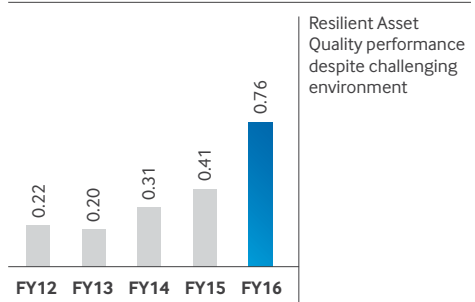
CASA Ratio

(%)



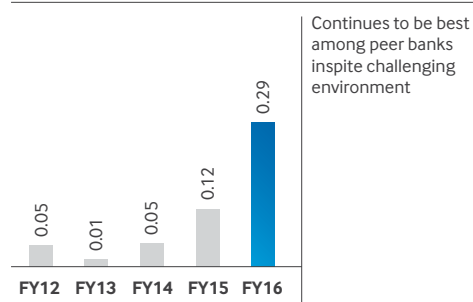
Gross NPA

(%)



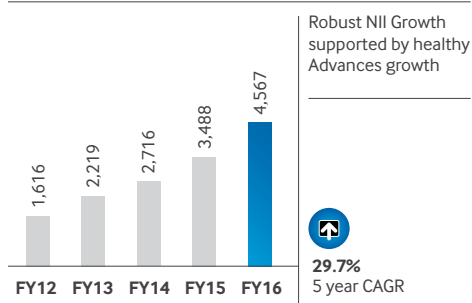
Net NPA

(%)



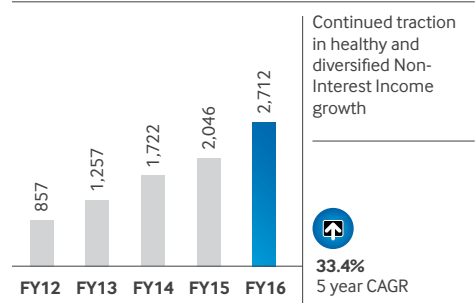
Net Interest Income

(₹ in Crores)



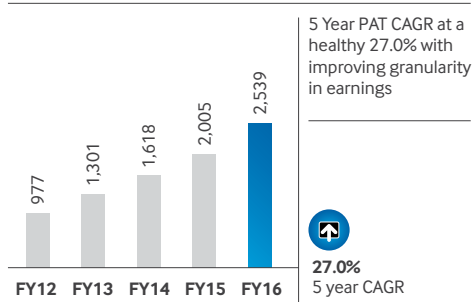
Non Interest Income

(₹ in Crores)



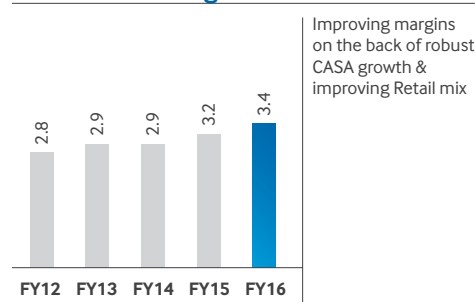
Net Profit

(₹ in Crores)



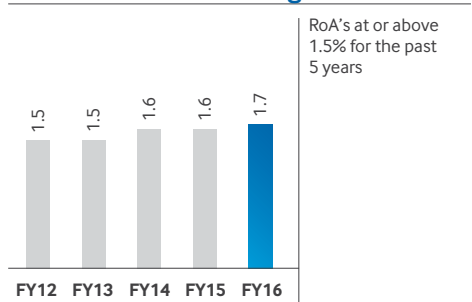
Net Interest Margin

(%)



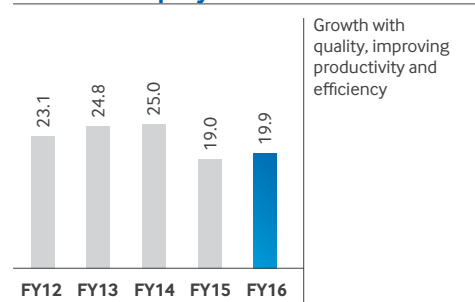
Return on Annual Average Assets

(%)



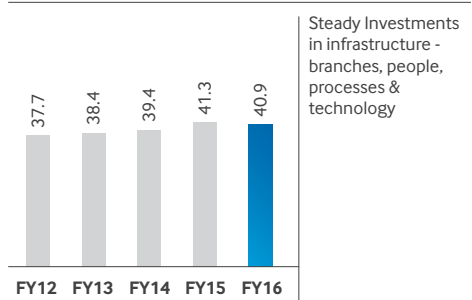
Return on Equity

(%)



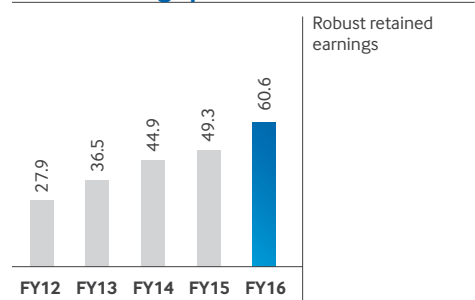
Cost to Income Ratio

(%)



Basic Earnings per Share

(₹)



Message from the Non-Executive Chairperson



India's relatively stronger macroeconomic fundamentals in terms of growth, inflation, current account and fiscal deficit provide a reasonable degree of resilience to the Indian financial system



Ms. Radha Singh, Non Executive Chairperson

India stands at a crucial juncture – while a gradual improvement in domestic macros provides an opportunity to outgrow its recent performance; a labyrinth of risks on the global front has threatened to tie it down. Overall, India's relatively stronger macroeconomic fundamentals in terms of growth, inflation, current account and fiscal deficit provide a reasonable degree of resilience to the Indian financial system. In the given scenario; India appears to be an island of relative calm in an ocean of turmoil.

The Reserve Bank of India (RBI) has responded to these macroeconomic conditions by cutting the benchmark repo rate by 75 bps during FY 2015-16 and another 25 bps in April 2016 coupled with measures to improve liquidity in the banking system.

The Government also maintained its momentum in terms of unveiling multiple new initiatives like Startup India, Standup India and Digital India in addition to its focus on Make in India and Ease of Doing Business. These initiatives are expected to come together and provide impetus to the Indian economy. Improvement in the economy will also provide support to the Banking industry especially the PSU Banks, which have been facing asset quality pressures and rising NPAs.

YES BANK's prudent risk management and focus on Knowledge Banking for risk assessment has ensured that the Bank continues to maintain best-in-class NPA ratios. The Bank is also gradually building a granular and diversified portfolio book spurred by growth in the Retail and SME segments. The Bank has received multiple accolades recognizing its stellar performance on multiple parameters across Business and Financial Outcomes, Responsible Banking, Innovation, Financial Inclusion and Human Capital, among others.

Since inception, YES BANK has believed that good and effective Corporate Governance plays a significant role in achieving the corporate vision and mission of the organization. Corporate and Financial Governance at YES BANK transcends beyond just adherence to rules and regulations.

The Board of Directors of the Bank are accomplished personalities of the highest standing having proven track records in diverse fields, in conformity with the statutory provisions under the Banking Regulations Act, 1949, Companies Act, 2013 and Equity Listing Agreements. In FY 2015-16, 2 new Directors

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YES BANK has believed that good and effective Corporate Governance plays a significant role in achieving the corporate vision and mission of the organization.

joined YES BANK's Board - Mr. Ajai Kumar and Mr. Ashok Chawla. The newly appointed directors bring significant experience in the area of policy making, supervision and strategic direction. During the year, Mr. Ravish Chopra stepped down from the Board. I would like to thank Mr. Ravish for his valuable contribution to YES BANK's Board over the last 3 years. Mr. Ajay Vohra, Director will be retiring after 8 years of invaluable service to the Board of Directors, providing outstanding legal and governance related advice to the Bank. The current Board of Directors of the Bank now comprises of total 10 Directors, including six independent directors. The Board of Directors of the Bank have established and maintained a desirable ethical environment, establishing best-in-class practices of corporate governance.

During the year under review, the Board of Directors continued to extensively engage with the top and senior management of the Bank. Such engagements have provided the Board with an opportunity to mentor and groom the Bank's leadership and ensure long-term sustenance of business strategy.

All the foregoing initiatives taken during the year under the overall guidance of the Board of Directors ensured that YES BANK continued in its chosen path of strengthening its organizational character as the 'Professionals' Bank of India'.



Ms. Radha Singh,
Non-Executive Chairperson
YES BANK Limited

MD & CEO's Communique



Focus is on ACTION and QUALITY to achieve size and SCALE as a LARGE HIGH QUALITY BANK in India



Rana Kapoor, Managing Director & CEO

Dear Shareholders,

The economic and business landscape in India has undergone many changes, since my last communication through YES BANK's Annual Report in 2014-15.

Belying expectations of a recovery, global economic conditions weakened with the impact exacerbated by sharp decline in global commodity prices and heightened volatility in global financial markets, especially currencies. Weak trade and investment appetite coupled with a generalized disinflationary environment prompted many countries to opt for policy stimulus measures to revive economic growth. With limited room for flexibility in government balance

sheets in many countries, central banks once again resorted to policy accommodation. Besides the usual monetary easing, the year 2015 saw an extension of quantitative and credit easing measures, with the adoption of Negative Interest Rate Policy gaining further acceptance among key central banks. However, the US proved to be an exception with the Federal Reserve moving towards monetary policy normalization by hiking interest rate for the first time in nearly a decade.

Overall, 2015 ended with World GDP growth decelerating to 3.1% from 3.4% in 2014. In 2016, the IMF expects global uncertainties to prevail with the likelihood of only a modest recovery in World GDP growth to 3.2%.

Even in such uncertain times, India's macroeconomic position has strengthened with policy support over the last two years moving towards providing structural strength and imparting efficiency.

Led by manufacturing, allied activities in the primary sector, and policy push towards public investments, India's GDP growth in FY 2015-16 is estimated by the government to move higher to 7.6% from 7.2% in FY 2014-15.

In addition, other macro parameters like inflation, current account position and fiscal balance exhibited distinct signs of improvement. There are two noteworthy developments here – the decline in inflation happened in the challenging backdrop of second consecutive deficiency in monsoon and the process of fiscal consolidation was accompanied by significant improvement in quality of adjustment.

Monetary policy responded to the improving macroeconomic underpinning with the Reserve Bank of India cutting repo rate by a cumulative of 75 bps in FY 2015-16. This was followed by another 25 bps cut in April 2016 with FY 2016-17 Union Budget upholding fiscal

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In FY 2015-16, YES BANK took multiple initiatives aimed at preparing itself for accelerated growth with a focus on Action and Quality to achieve Size and Scale as a Large High Quality Bank in India.

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YES BANK has adopted an 'Alliances, Relationships & Technologies – ART' approach to Digitized Banking by building strong relationships with financial technology firms and leveraging their innovations to provide a superior Banking experience.

rectitude and CPI inflation undershooting RBI's glide path target of 6%. More importantly, the April policy review was accompanied by the central bank taking a host of liquidity easing measures to enhance monetary policy transmission.

Despite global uncertainties, India's economic prospects for FY 2016-17 appear cautiously optimistic with policymakers creating enablers for strong and sustainable growth in the medium term. The combination of benign commodity prices, the government's commitment towards reforms, preliminary forecast of a good south-west monsoon outturn, implementation of Seventh Pay Commission payout, and ongoing quality fiscal consolidation is expected to further increase GDP growth by 20 bps with both inflation and current account deficit expected to remain comfortable. I am hopeful that this would open up space for incremental monetary easing during the course of the year.

In FY 2015-16, YES BANK took multiple initiatives aimed at preparing itself for accelerated growth with a focus on Action and Quality to achieve Size and Scale as a Large High Quality Bank in India. In this crucial 'Large Bank' phase, the strategic imperative is on deepening 'Mind Share' among our clients and stakeholders, and converting this into business traction and growing our 'Market Share'. YES BANK aims to garner Mind Share by leveraging its differentiated Knowledge Banking offering while continuing to innovate across all units within the Bank driven by design driven creative entrepreneurship and outcomes.

YES BANK continued to expand its branch network and now has over 860 branches and over 1600 ATMs across all 29 States and 7 Union Territories of India. We have also invested significantly in offering 'Digitized Banking' services via various channels while continuing to ramp up our existing branch network. YES BANK has adopted an 'Alliances, Relationships & Technologies – ART' approach to Digitized

Banking by building strong relationships with financial technology firms and leveraging their innovations to provide a superior Banking experience to our valued customers.

YES BANK remains committed to capitalizing on Innovation & Technology to develop comprehensive, cutting edge product solutions tailored to meet the customized requirements of its corporate banking clients. One such innovative solution is the API Banking platform. YES BANK is the 1st Bank in India to have launched API Banking, which is helping the Digitization of B2B transactions by helping integrate Client systems with YES BANK's banking systems in an extremely secure manner.

In FY 2015-16, YES BANK partnered with multiple national and international institutions to raise capital across a wide array of transactions. In August 2015, YES BANK raised USD 50 million (₹ 315 Crores) through the issue of Green Infrastructure Bonds to International Finance Corporation, Washington, which is the first investment by IFC in an Emerging Markets GREEN BOND issue in the World. YES BANK also signed the loan agreement for USD 245 million with Overseas Private Investment Corporation (OPIC), the U.S. Government's Development Finance Institution for supporting small business growth in India.

In March 2016, YES BANK signed a USD 50 Million loan agreement with IFC Washington to lend exclusively to women owned businesses. This project is part of the Women Entrepreneurs Opportunity Facility (WEOF), the first-of-its-kind global facility instituted by IFC and Goldman Sachs 10,000 Women, dedicated to expanding access to capital for approximately 100,000 women entrepreneurs.

In terms of our Human Capital Strength, YES BANK now has a 15,000 plus strong team of 'Professional Bankers' backed by robust leadership who are working towards the Bank's vision as we evolve our organizational ethos as the 'Professionals' Bank of India'.

RESPONSIBLE BANKING

FY 2015-16 has been historic for climate change and development agenda, with global aspirations meeting local actions. World leaders concluded three major agreements

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YES BANK has become the first Indian bank to be included in the prestigious Dow Jones Sustainability Indices, Emerging Markets Index 2015, and was included in CDP's Carbon Disclosure Leadership Index for India for the fifth consecutive year.

on collective action for an inclusive society and stable environment – the Addis Ababa Action Agenda (AAAA) in July 2015, agreeing to generate finance for tackling challenges for developing nations, the agreement on universal Sustainable Development Goals (SDGs) in September 2015, and the Paris Agreement on climate change in December 2015, endorsing a shift to a low-carbon economy. This global agenda is a reflection of the growing recognition that value creation goes beyond creation of just financial capital.

In line with its Responsible Banking ethos, YES BANK strives to positively impact its stakeholder spectrum through multi-dimensional approaches, and gauges its success on integrated outcomes and value created through its human, social, natural, intellectual and manufactured capitals over the long term.

YES BANK is a signatory to protocols including UN Global Compact, UN Environment Program Finance Initiative (UNEP FI), Natural Capital Declaration, CDP India GHG Program and TERI Council for Business Sustainability, and became the first Indian Bank to join the World Business Council for Sustainable Development (WBCSD), a CEO-led global alliance on sustainability action. In the reporting period, your Bank was elected to the Global Steering Committee and re-elected as Asia Pacific Chair for the UNEP FI, and elected as Chair of the Steering Committee of NCD (effective January 1, 2016) to oversee NCD's strategy and provide guidance for the Working Groups and the Secretariat.

I am pleased to advise you that YES BANK has a prime position of being part of UN Secretary General's 'High-Level' Group on Climate Finance, and was the only private sector bank to be featured in the UN Secretary General's Climate Finance report, launched at the Climate Finance Ministerial Lunch, part of the Annual Meetings of the Boards of World Bank Group and IMF, at Lima in October 2015.

YES BANK has become the first Indian bank to be included in the prestigious Dow Jones Sustainability Indices, Emerging Markets Index 2015, and was included in CDP's Carbon Disclosure Leadership Index for India for the fifth consecutive year. Your Bank completed

the third phase of its ISO 14001 certification, now covering 184 locations.

YES BANK continues to be a benchmark institution for Triple Bottom Line accounting and reporting, and has embarked on its Integrated Reporting (<IR>) journey by being the first Indian Bank to join the <IR> Lab India, a collaborative effort between CII and the International Integrated Reporting Council (IIRC).

This year YES BANK will be the first Indian Bank to release an Integrated Report, while continuing to adhere to the GRI G4 'Comprehensive' guidelines. As signatory to the UNGC, your Bank's Communication On Progress (COP) continues to be at GC Advanced level.

Guided by its CSR Policy, your Bank's broad CSR focus continues to be on Livelihood & Water Security, Skill Development and Environmental Sustainability. Through YES COMMUNITY, your Bank's unique branch-based community engagement program, it touched over 8 lakh lives during FY 2015-16. The Bank extensively worked within grassroots communities to provide access to safe and clean drinking water, touching more than 2,00,000 lives every day. The Bank's positive impact initiatives for the MSME sector empowered 973 MSME units through occupational health & safety and energy efficiency interventions and reached over 11,700 workers. In order to contribute to the 'Skill India', the Bank imparted livelihood training to over 4,000 youth and farmers.

YES FOUNDATION, YES BANK's social development arm was launched in 2012 with a vision of building an 'Empowered and Equitable India'. In its third edition, 'YES! i am the CHANGE', the social film making challenge, emerged as the world's largest social film movement with over 140,132 teams submitting 2,755 short films.

RECOGNITION FOR OUR INITIATIVES

FY 2015-16 proved to be a milestone year for YES BANK in terms of national and international recognitions. In December 2015, YES BANK was adjudged the 'Bank of the Year – 2015' by The Banker magazine, London (part of the Financial Times, UK). These awards are the pinnacle of global banking recognitions and it is indeed a

YES BANK now has a 15,000 plus strong team of 'Professional Bankers' backed by robust leadership who are working towards the Bank's vision as we evolve our organizational ethos as the 'Professionals' Bank of India'.

The Bank extensively worked within grassroots communities to provide access to safe and clean drinking water touching more than 2,00,000 lives every day.

matter of great pride for YES BANK to have won it in just its 12th year since inception. YES BANK was also recognized at the Business Today KPMG India's Best Banks Awards 2016 as Best Mid-Sized Bank. This is the 8th consecutive year that YES BANK has been recognized at the BT KPMG India's Best Banks Awards.

YES BANK's climate finance efforts were recognized by the Karlsruhe Sustainable Finance Awards, Germany for 'Outstanding Business Sustainability Achievement', while its positive social impact initiatives recognized with Golden Peacock Awards for Sustainability, in Environment Management and CSR categories in 2015.

THE WAY FORWARD

I would like to acknowledge Mr. Ravish Chopra's contribution to the Board, and also thank Mr. Ajay Vohra who is retiring after completing 8 years as part of YES BANK's Board where he offered impeccable guidance on legal and governance issues. FY 2015-16 marked YES BANK's emphasis on achieving SCALE and QUALITY driven by relentless ACTION. Going forward, we are actualizing our strategy to build a strong Retail Banking franchise in addition to focusing on our Knowledge Banking offerings to Corporate Customers. With the planned launch of YES BANK's Credit Cards and commissioning of our largest National Operations and Service Delivery Excellence Centre in Chennai, we are firmly on course to achieve a meaningful scale in the Retail Assets space.

With support from valued shareholders such as yourself and all our stakeholders including clients and partners, YES BANK is committed to ensuring a culture of Professional Entrepreneurship as we move towards our vision of '**Building the Finest Quality Bank of the World in India by 2020**'.



Thank you.
Sincerely,

Rana Kapoor
Managing Director & CEO

Digitized Banking

YES BANK has adopted a unique – Alliances, Relationships & Technology (ART) approach to Digitized Banking to Deepen Mindshare and Grow Marketshare among its consumer base. In today's dynamic and ever changing financial landscape, YES BANK realizes that all Innovation cannot come from within the Bank.

Therefore, YES BANK has taken the ART approach and partnered with some of the best gitech firms to deliver unique, innovative Banking and financial solutions to our customers. YES BANK implemented Digitized Banking solutions to address the needs of customers across the spectrum right from Corporate Banking to Retail Customers including solutions addressing Financial Inclusion.

API BANKING

While there is a lot of focus by the industry on using Digitization Banking for Retail Banking transactions, we believe that there is a far bigger scope to implement Digitized Banking in B2B scenarios. Building on this philosophy, YES BANK became the 1st Bank in India to begin offering API Banking services to its clients. API Banking allows Client ERP/other enterprise systems integrate with YES BANK's APIs in an extremely secure manner, allowing seamless communication and reconciliation of Cash Payments/settlements, among others. There are already 15 different clients in multiple industries on YES BANK's API Banking platforms with over 1.2 million transactions at a value of ₹ 300 Crores, in just 3 months since the full fledged launch of API Banking at YES BANK.

SMARTBOX SOLUTION FOR E-COMMERCE COMPANIES

YES BANK has partnered with Smartbox Ecommerce Solutions Pvt. Ltd. to efficiently solve the last mile delivery challenges of E-commerce companies and make life easy for online shoppers. YES BANK will power the payment solutions for Smartbox network of Automated Parcel Delivery Terminals. YES BANK's partnership with Smartbox will address the crucial COD challenge and help reduce costs for e-commerce companies, while offering additional convenience to online shoppers.

VIRTUAL PREPAID CARD PROGRAM

YES BANK has partnered with MasterCard and Singapore based Matchmove to enable a Virtual Prepaid Card program which allows customers who do not own credit cards or even online banking facilities, to immediately start making purchases online or in-app by linking to a prepaid wallet. The Virtual Prepaid Card removes the limitations of Wallet integration with merchants and allows users to perform transactions at all online merchants on the MasterCard platform. YES BANK has become the largest issuer of Virtual Prepaid Cards in the World on MasterCard's platform and it has issued over 1.7 million virtual prepaid cards in just over 12 weeks since launch.

YES TAG

YES BANK has strengthened its position in Digitized Banking on social media with the launch of YES TAG - a first-of-its-kind smart social banking application that allows customers to perform banking transactions seamlessly on Twitter, Facebook Messenger, WeChat, Telegram and Skype.

YES PAY

YES PAY Wallet is an initiative to introduce Payment Services to Digital Natives on Facebook and smartphones. Anyone can sign up for this product in few minutes and use this wallet to a limit of 10K per month. Users of the wallet can transfer and request money to/from peers, split bills in a group, conduct mobile and DTH recharge, pay bills, get deals & coupons, purchase gift vouchers, pay for music downloads and avail handset protection. The wallet is being integrated with multiple aggregators to facilitate online and physical merchant payments.

YES SIM-SLEEVE SOLUTION

In India, although smartphones have seen a rapid growth and proliferation, the number of smartphones – 200 million is still significantly less than the number of feature phones at almost 700 million. Most of the payment and remittance platforms are targeted towards users with app enabled smartphones and internet access. YES BANK has partnered with TAISYS to provide the SIM-Sleeve solution, which works without internet or smartphones, and enables users to perform payment transactions, remittances and P2P transfers via encrypted SMSes which will bring Banking access to the currently unbanked population using feature phones.

Digitized Banking across the Spectrum

B2B		B2B2C	B2C	
Corporate Banking	SME Banking	<ul style="list-style-type: none"> SmartBox solution Virtual Prepaid Card 	<ul style="list-style-type: none"> YES PAY YES TAG Virtual Prepaid Card 	Financial Inclusion
<ul style="list-style-type: none"> API Banking Bank-in-a Box 	<ul style="list-style-type: none"> REL-ID EIPP 			<ul style="list-style-type: none"> YES Money YES SIM-Sleeve

Human Capital Management



At YES BANK, our Human Capital philosophy focuses on creating the right mindset to enable business performance by empowering and encouraging our executives to push their boundaries beyond their comfort zones, embrace challenges and drive growth, thereby deepening mind share and growing it into market share.

We engage and develop our Human Capital by creating a YES BANK culture, encouraging open & honest Communication, strengthening Connect among employees and community, supporting Career development and showing the we Care as an organization. All of these are underpinned by YES BANK's integrated Vision and Values framework.

YES BANK has always emphasized on 'Knowledge' as a key differentiator, wherein we continuously enhance the capability and capacity of our Human Capital by creating an environment of continuous learning which equips them with knowledge and skills aligned to YES BANK's strategic objectives, business goals, job and regulatory requirements.

Our University & School Relationship Management (USRM) program is a structured, sustainable and scalable engagement process, which creates and maintains the

maximum mindshare for YES BANK among the students of Top B schools in India, thereby positioning us as a preferred Employer of Choice. Hiring of 100 management graduates from premier B-Schools in FY 2015-16 through the Y-PEP (YES Professional Entrepreneurship Program), the flagship program for campus recruitment is testimony to the success of the USRM program.

In line with our ethos of 'Professional Entrepreneurship, the Human Capital Management Team proactively visualizes and strategizes the future talent needs of YES BANK, and actualizes by recruiting talent, forecasting skill gaps, training, re-skilling and re-supplying, to re-affirm our commitment towards becoming 'The Finest Quality Bank of the World in India by 2020'.

Financial Inclusion



At YES BANK, financial inclusion is a key component of our expertise; we pioneered several initiatives to further this socially relevant aspect of banking. Financial inclusion is not just a social and regulatory obligation but a business opportunity as well.

YES BANK has a specialized Inclusive and Social Banking division (ISB) responsible for the design and implementation of various financial inclusion initiatives. In line with the guiding principles of Frugal Innovation for Financial Inclusion (FI4FI), ISB developed innovative business models and forged partnerships, leading to their seamless implementation. The division aims to creating viable business models while providing 'access to finance' to the bottom-of-the-pyramid customers.

YES BANK has also obtained a USD 220 Million Loan from Asian Development Bank to further its initiatives and finance working capital and investment loans targeted towards small farm households and rural women in Self Help Groups (SHGs). Some of the key initiatives undertaken by YES BANK

to promote financial inclusion included YES LEAP – product suite for SHGs, YES JLG – for Joint Liability Groups and YES MONEY – Domestic Remittance service.

Through YES LEAP, the bank has reached out to over 1.8 million households spread across 260 districts in 19 states.

YES MONEY had over 44,000 Business Correspondent Agents enrolled through 27 Business Correspondents serving over 4 million customers.

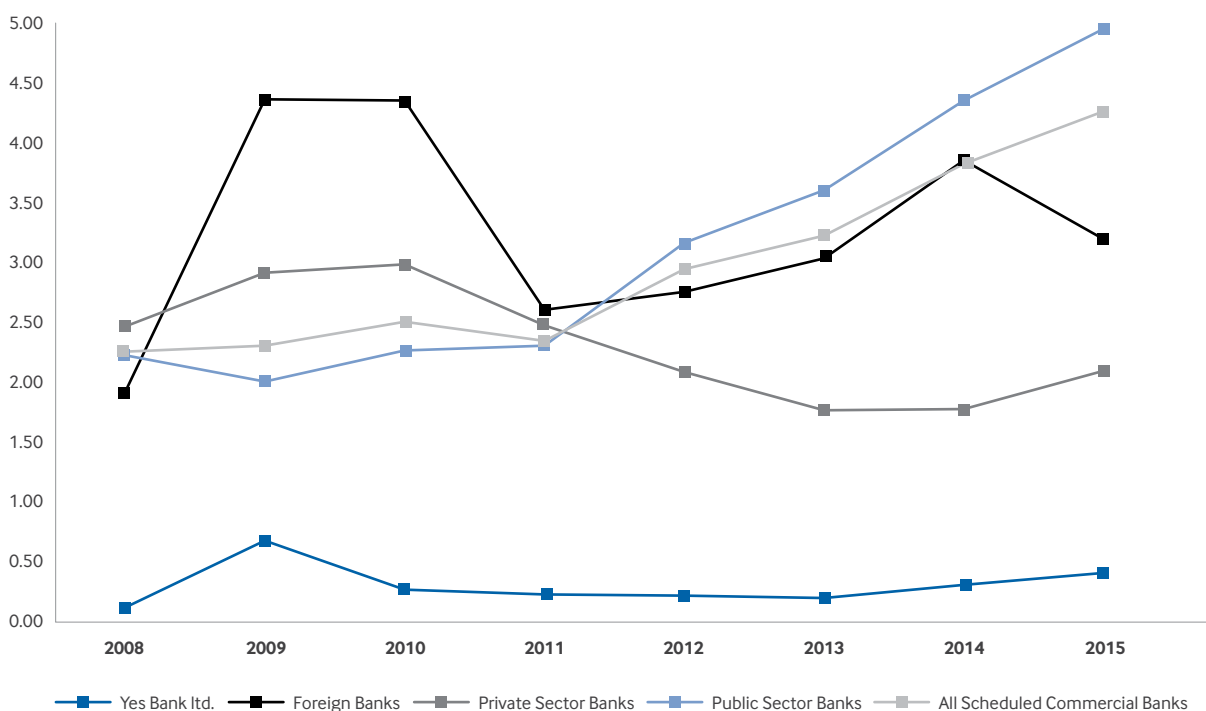
Robust Risk Management

At YES BANK, we realize that we are in the business of managing risks for our clients, investors and other stakeholders. Hence, as we grow Market Share in our businesses, we have continued to strengthen our ability to comprehensively manage diverse risks.

The risk management culture at YES BANK is top-down and bottom-up. The Board is eventually responsible for risk management, which comprises risk governance and oversight structure and for maintaining an appropriate internal control framework. The Bank's Board reviews and approves the threshold limits of risk to be taken in line with the Bank's strategic objectives. These limits are continuously monitored by an experienced risk management team and overseen by the Risk Monitoring Committee, a sub-committee of the Board. Our risk culture also involves proactive risk identification, appraisal and appropriate time-bound initiatives to mitigate risk with the objective to balance risks with returns. The Bank has set robust risk filters and systems that enabled it to detect early warning signals and embrace appropriate proactive actions.

The Bank continued to strengthen strategic partnerships with some of the best global IT majors with the objective to develop innovative features that enhanced process efficiencies and provided sector-specific banking solutions. The development of a robust business continuity plan addressed risks and secured the overall transaction environment. The effectiveness of YES BANK's risk governance was reflected in best-in-class indicators – the Bank's Net NPA (non-performing assets) was among the lowest in the industry at 0.29% even in an economically challenging FY 2015-16.

YES Bank's GNPA (%) in comparison with other banks



Source : RBI, DBIE

Responsible Banking

Economies, societies and environment are intrinsically linked. Challenges and risks in one sphere will impact others. Climate risks have affected economic output and societies. Hence, today's business mindset needs to go beyond business-as-usual approach to a balanced approach with sustainable and innovative pathways that balance aspirations, practicality and risks.

Whilst global challenges need collective action, they also need 'glocalized' responses – global solutions in the local context. The financial sector must act as a catalyst and channelize investments to achieve this agenda through global solutions, built on scalable platforms and impacting a mindset shift.

YES BANK, since its inception in 2004, has believed in creating sustained value for its stakeholders, through social, economic and environmental dimensions. The Bank believes that integrated thinking – which looks at holistic value creation, not only financial but also human, social, natural, intellectual and manufactured, is the way towards responsible growth.

YES BANK's 'Responsible Banking' ethos, has enabled it to create shared value for its wider stakeholder spectrum. Through pioneering initiatives that integrate sustainable development into its core business strategy, YES BANK has striven to take a leadership role in delivering positive socio-economic impact on the ground and create a mindset shift in the sector's approach to growth. The Bank has developed and adopted solutions based on integrated thinking that are

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

YES BANK became the first Indian bank, to be selected as an index component of the Dow Jones Sustainability Indices in the Emerging Markets Index. The Index comprises of 92 companies from 14 emerging economies including China, Brazil, South Africa and Taiwan. 116 banks from emerging economies were invited to participate, of which YES BANK is the only Indian Bank to have been included. This year, the world's largest 3,400 companies from developed and emerging markets were invited to take part in its annual Corporate Sustainability Assessment (CSA).

unique, scalable and sustainable, thus gaining mindshare and making meaningful impact.

Integrated with core business strategy, Responsible Banking steers the sustainable development agenda at YES BANK, through its pathways of Social & Development Impact, Climate Action and Transparency & Disclosures.

LOCALIZED INVESTMENTS FOR GLOBAL IMPACT

YES BANK believes in driving business towards scalable investments that simultaneously generate sustainable solutions to global challenges. The Bank has worked towards integrating positive climate action into its business strategy,



operations, reporting and disclosures, risk frameworks and business portfolio. The Bank has one of the largest portfolios in renewable energy in the private banking space, and also scaled up its lending to key renewable energy projects and led launch of green bonds in India. During the year, the Bank made commitments to further enhance its lending in this space at key global platforms, such as the UN Climate Summit in New York City. As a climate change leader, the Bank committed to mobilize USD 5 Billion towards climate change by 2020 for climate action through lending, investing and raising capital towards mitigation, adaptation and resilience. To aid India's target of meeting its Nationally Determined Contributions (NDCs), the Bank also committed to achieve the following by 2020:

- Target funding of 5,000 MW of clean energy
- Gradually increase percentage of Renewable Energy in its power portfolio
- Contribute towards creating a carbon sink by planting 2 million trees
- Touch 100 million lives through its safe and clean drinking water program
- Offset Carbon Emissions of the Bank's operations

LOCAL ACTIONS FOR GLOBAL GOALS

The Bank recognizes water as a critical resource for the community at large, and through its Water and Livelihood Security initiative contributes towards SDG 6 'Clean Water and Sanitation'. In addition to the COP21 commitment of mobilizing USD 5 Billion towards climate change action, the Bank also committed to bringing safe and clean drinking water to 100 Million lives. Towards this, the Bank has partnered with a social start-up with an innovative, membrane-based water purification technology, which uses zero electricity and has zero water wastage during the purification process. Through this initiative, the Bank has reached 234 locations across India.

YES COMMUNITY, the Bank's unique engagement program to connect with local communities while utilizing its branches as knowledge sharing centres for pertinent social and environmental issues, has impacted over 8 lakh lives during the year.

Taking its climate action commitment ahead, YES BANK has been the first Indian bank in FY 2013-14 to be ISO 14001:2004, an environment management system, and in its phase III in FY 2015-16 has 184 locations ISO 14001:2004 certified.

CONNECTING LOCAL VOICES FOR GLOBAL CHANGE

YES BANK has taken a leadership position among its Indian banking peers in mainstreaming the sustainable development agenda at the global stage and emerged as

key Indian voice at global platforms to address necessary change. As signatories to key global coalitions, such as the UNEP Finance Initiative (UNEP FI), UN Global Compact, the Natural Capital Declaration and CDP, the Bank has put forth the Indian viewpoint on pertinent issues such as climate change, responsible finance and natural capital. The Bank was the only Indian bank to be invited to the UN Climate Summit held in New York City in September 2015 at the behest of the UN Secretary General, and also the only bank in the world to be featured in the UN Secretary-General's Climate Finance report which was launched at the Climate Finance Ministerial Meeting held in October 2015, ahead of the COP21.

In FY 2015-16, YES BANK also became the first Indian Bank to join the World Business Council for Sustainable Development (WBCSD) with a focus to engage with global business leadership across sectors, geographies and value chains to address the world's most pressing sustainability challenges.

INNOVATION FOR LOCAL SOLUTIONS

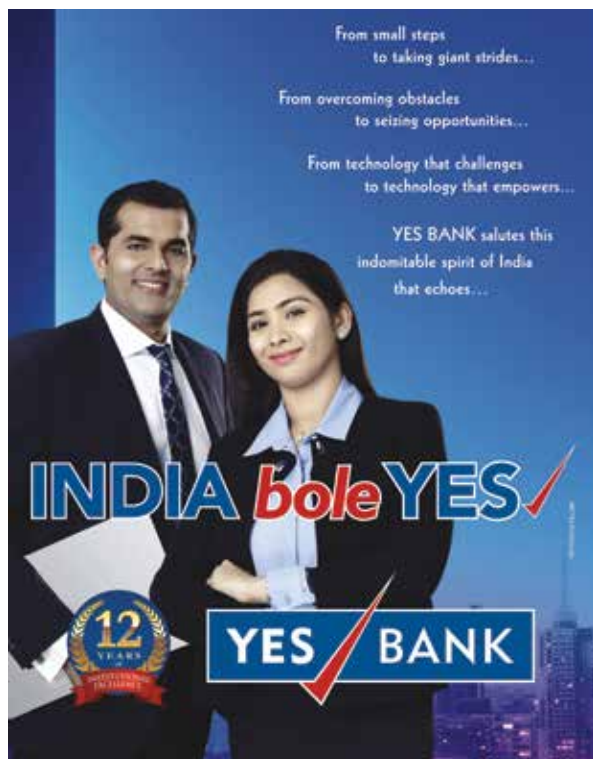
YES BANK believes in encouraging innovations to drive the world from business-as-usual to sustainable business. The Bank has developed award-winning financial solutions that have a positive socio-economic and environmental impact among India's under-banked and unbanked population. Through innovative business solutions like YES MONEY, YES LEAP, YES SAHAJ and YES Kisan Dairy Plus, the Bank positively impacts migrant workers, rural women SHGs and agriculturists.

YES Foundation, the Bank's social development arm focuses on stimulating entrepreneurship and innovative use of media initiatives for social transformation, to enable India's inclusive growth and development. The Foundation's, YES! i am the CHANGE', a national social film movement achieved the rare distinction of becoming the world's largest social film movement with 2,755 films and participation of over 140,000 teams from 2500 cities and towns across India. The movement aims to be an open repository of social films for use by the development sector.

Continuing to be a benchmark for transparency and triple bottom line accounting and reporting, YES BANK became India's first bank to release an externally assured sustainability report adhering to the GRI G4 'Comprehensive' reporting framework. The Bank also became the only Indian financial institution to be included on the Carbon Disclosure Leadership Index of the CDP for five consecutive years.

Responsible Banking, thus, has been YES BANK's unique value proposition to deliver on its key sustainable development and corporate social responsibility objectives, through an integrated approach that bridges the Bank's vision with global agenda.

INDIA *bole* YES! - Creating a Resonating Brand



Today, India is recognized as a nation of great potential, which has emerged as a global force to reckon with. We are willing to meet challenges head on with the confidence of coming out as winners. With hard work, perseverance and self-belief, we as a nation have entered an era of growth and prosperity with a **YES Attitude!**

YES BANK salutes this indomitable spirit of INDIA, that echoes... **INDIA *bole* YES!** (INDIA says YES!)

As a forward looking, positive, optimistic and above all a proud and highly esteemed Indian organization, YES BANK has adopted the INDIA *bole* YES! way of life since its inception in 2004. Through stakeholder engagement and visibility created through high impact properties, YES BANK has successfully been able to create significant Mind Share and there is immense confidence that these efforts and the YES Attitude is converting this Mind Share into Market Share.

Further to the Visionary Values laid by YES BANK's Leadership – Integrity, Pride, Credibility, Ownership, Innovation, Speed & Agility and Professionalism, each YES Banker, as a Professional entrepreneur, is taking the Bank to newer heights of success through dynamism, enthusiasm and strong determination.

There is significant resonance of the YES BANK brand with our long-term association with the IPL. The YES BANK brand and our outstanding INDIA *bole* YES! campaign has been exceptionally well received across all our stakeholders including opinion leaders, investors, government and administration as well Corporates, SMEs, HNI and Retail clients. Each YES BANKer takes institutional pride in this campaign and lives the ethos of this highly positive sentiment in their professional and personal lives.

As we embark on our collective vision to be the Finest Quality LARGE Bank in India by 2020, YES BANK is executing its strategic plans by adding ACTION and QUALITY to achieve multipliers of GROWTH and SCALE. It's time to think bigger, act faster and leap higher with greater vigour, velocity and contagious enthusiasm towards scaling up the Bank to greater and newer heights.

This LARGE high QUALITY growth phase of the Bank emphasizes the need for the enormous positivity and optimism, which also acts as the driving force of Emerging India! **INDIA *bole* YES!**

Leadership in Social Media

Social Media Marketing has been a key focus in Digital Strategy for FY 2015-16 with global achievements and recognitions for the YES BANK brand. A testimonial to our leadership is the fact that YES BANK is the Highest Followed & Fastest Growing Banking Brand in the World on Twitter.

YES BANK is also ranked among the Top 10 Bank Brands in the world on Social Media. We understand the power of emerging social networks and as pioneers in the industry, YES BANK is the highest followed banking brand in India on Instagram.

YES BANK has also strengthened its position on social media with the launch of YES TAG - a first-of-its-kind smart social banking application that allows customers to perform banking transactions seamlessly on Twitter, Facebook Messenger, WeChat, Telegram and Skype.

YES BANK also launched its digital-first brand campaign, INDIA *bole* YES, on the occasion of Independence Day in partnership with Twitter India to connect with the positivity amongst the Indians during this day of National Importance.

Simplify 360, a renowned online publication also showcase a case study on YES BANK mentioning that YES BANK has outnumbered all the banks by huge margin in terms of Buzz.

YES SME Showcase LinkedIn page, sharing the global & domestic analysis and news in the SME industry, is the HIGHEST followed LinkedIn page for SMEs by any Bank in India.

YES BANK has also created a dedicated LinkedIn page for the YES BANK National CFO Forum, which shares insights on topics of relevance to CFOs.

YES BANK has won three awards for Social Media Excellence under the following categories at the **Social Media Summit & Awards, Youth Marketing Forum:**

Best Use of Social Networks

Best Use of Social Media in BFSI

Best Social Media Campaign - Financial Sector

Key highlights from the report as follows:

HIGHEST Share of Voice at 43%, breaking all odds in terms of social buzz

HIGHEST Twitter Engagement with followers

HIGHEST Social Mentions across all the owned social media platforms

Simplify 360 May 2016

YES BANK's followers/fans:



27,00,000+ 2nd Fastest Growing Banking Brand in the World



8,60,000+ Highest Followed and Fastest Growing Banking Brand in the World



75,000+ Highest Followed Banking Brand in India



94,000+

*As on March 31, 2016

** The logos and trademarks (other than that of YES BANK) indicated are of their respective owners and YES BANK is using the same merely for description.

Non-Executive Chairpersons



Ms. Radha Singh,

From October 30, 2014 – till date



Mr. M.R. Srinivasan,

From June 27, 2013 – June 26, 2014



Mr. S.L. Kapur,

From January 2009 – April 2012



Late Mr. Ashok Kapur,

From September 2004 – November 2008

Board of Directors



Ms. Radha Singh,
Non-Executive
Part-Time Chairperson



Ajai Kumar,
Additional (Non Executive)
Director



Ashok Chawla,
Additional (Non Executive)
Director



Mr. Brahm Dutt,
Independent Director



Mr. Diwan Arun Nanda,
Independent Director



Mr. M. R. Srinivasan,
Non-Executive
Non-Independent Director



**Lt. General (Retd.)
Mukesh Sabharwal,**
Independent Director



Mr. Saurabh Srivastava,
Independent Director



Mr. Vasant V Gujarathi,
Independent Director



Mr. Rana Kapoor,
Managing Director & CEO

Management Team



Ajay Desai,
Senior President



Ajay Mehta,
Senior President



Ajit Chandgude,
Senior President



Akash Prasad,
Senior President



Akshay Sapru,
Senior President



Amit Dhawan,
Senior President



Amit Kumar,
Group President



Amit Shah,
Senior President



Amit Sureka,
Senior President



Anup Purohit,
Senior President



Arun Agrawal,
Group President



Aseem Gandhi,
Senior President



Ashish Agarwal,
Senior Group President



Asit Oberoi,
Group President



Astitwa Pandey,
Senior President



Bhadresh Pathak,
Senior President



Chitra Pandeya,
Group President



Deodutta Kurane,
Group President



Devamalya Dey,
Group President



Dhavan Shah,
Senior President



Gaurav Goel,
Senior President



Jaideep Iyer,
Group President



Jyoti Prasad Ratho,
Senior President



K. Somasundaram,
Senior President

Management Team (Contd.)



Kanwar Vivek,
Senior President



Kapil Juneja,
Senior President



Karan Ahluwalia,
Senior President



**Kingshuk Jagat
Chakraborty,**
Senior President



P Kumar,
Senior Group President



Lata Dave,
Senior President



Mahesh Rajaraman,
Senior President



Malcolm Athaide,
Senior President



Manish Agarwal,
Senior President



Manish Vora,
Senior President



Munindra Verma,
Senior President



Namita Vikas,
Group President



Narendra Kumar Dixit
Senior President



Neelesh Sarda,
Senior President



Neeraj Dhawan
Group President



Nikhil Sahni,
Senior President



Nipun Jain,
Senior President



Nirav Dalal,
Group President



Nitin Puri,
Senior President



Nitin Sane,
Senior President



P Rakesh,
Senior President



Parag Gorakshakar,
Group President



Pralay Mondal,
Senior Group President



Pran Jain,
Senior President

Management Team (Contd.)



Preeti Sinha,
Senior President



Punit Malik,
Group President



R. Ravichander,
Group President



Rajan Pental,
Group President



Rajanish Prabhu,
Senior President



Rajat Mehta,
Senior President



Rajat Monga,
Senior Group President



Rajeev Mahajan,
Senior President



Rajesh Jhunjunwala,
Senior President



Rajiv Anand,
Senior President



Rajnish Datta,
Senior President



Rakesh Arya,
Senior President



Ramanand Pulavarti,
Senior President



Ramesh Sharma,
Senior President



Ratan Kumar Kesh,
Senior President



Rinki Dhingra,
Senior President



Ritesh Pai,
Senior President



Sanjay Mandavkar,
Senior President



Sanjay Nambiar,
Group President



Sanjay Palve,
Senior Group President



Sanjeev Pandey,
Senior President



Sanjiv Misra,
Senior President



Satya Mohapatra,
Senior President



Shivanand Shettigar,
President & Company
Secretary

Management Team (Contd.)



Shubhada Rao,
Group President



Subramanian Ayyar,
Senior President



Sumit Gupta,
Group President



Sumit Kakkar,
Group President



Surendra Jalan,
Group President



Sushil Budhia,
Senior President



Swati Dakalia,
Senior President



Tushar Pandey,
Senior President



Vijay Kumar,
Senior President



Vinod Bahety,
Senior President



Vivek Bansal,
Senior President



Yogesh Kapoor,
Senior President

The Banker ASKED FOR THE BEST BANK IN INDIA

The world said **YES** ✓

YES ✓ **BANK** wins

The Banker

Bank of the Year, India



“YES BANK demonstrated a multi-faceted growth path, that not only carried strong socio-economic value in India, as demonstrated by the bank’s involvement in green financing but also proved to be healthy and sustainable.”

- THE BANKER, UK



The Banker is the world's premier banking and finance resource, part of The Financial Times Group, and read in over 180 countries around the world

YES ✓ **BANK**

Glocalizing Responsible Banking Mindshare & Outcomes in India

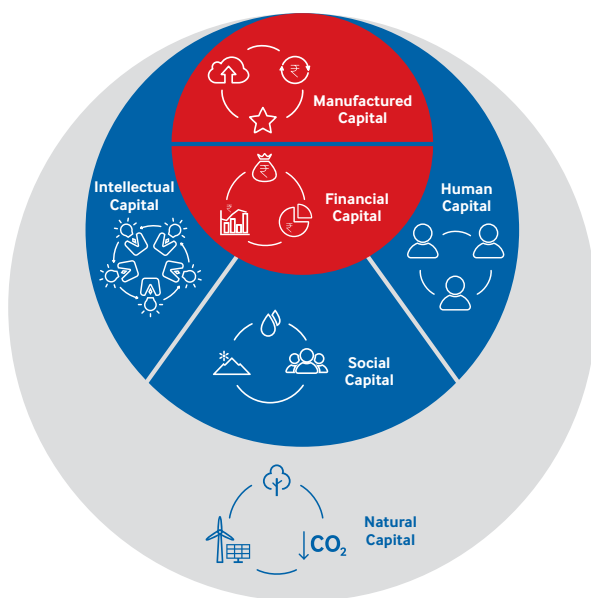
In today's emerging dynamic global economic environment, financial reporting alone does not adequately capture how organizations are responding to the changing externalities and creating value for their stakeholders. For the last three years, YES BANK has been sharing its triple bottom line progress based on the Global Reporting Initiative guidelines. As triple bottom line accounting becomes mainstream, the Bank believes that an integrated view on reporting – which looks at financial, human, social, natural, intellectual and manufactured capital, is the way forward.

YES BANK, in its quest to achieving a vision of being 'the Finest Quality Bank of the World in India' by 2020, has been creating shared value through the ethos of Responsible Banking. The Bank has integrated sustainability into its business strategy and leads the shift within the industry, from building a sustainability strategy to a corporate strategy that is sustainable, whereby the Bank creates value not only through solutions created for its customers but also

addresses current global issues and decreases the stress on natural resources through innovation.

This year, for the first time, YES BANK is adopting the integrated reporting framework, which enables the Bank to not only highlight its non-financial performance but also the connections between the financial and the non-financial performance. Integrated reporting will help the Bank's stakeholders better understand connections between the Bank's financial performance and management of its human, natural and intellectual capital, leading to better decision making for value creation.

This disclosure is structured using the capitals model of value creation, adopted by the International Integrated Reporting Council (IIRC) in the International <IR> Framework and explains our dependence and impact on the forms of capital that are fundamental to our ability to create value over the long term. The capitals are introduced below:



Natural Capital refers to the natural resources we use to create value for our stakeholders, as well as the climate finance we mobilize to promote environmental mitigation.



Financial Capital is the value of money that the Bank obtains from providers of capital, that is used to support business activities and profits generated thereof, distributes amongst its stakeholders as well as retains to fund business activities.



Manufactured Capital is the Bank's tangible and intangible infrastructure, including IT assets, used for value creation through business activities.



Human Capital refers to our people's competencies, knowledge and experience, and their capability to utilize them to meet stakeholder needs. It also refers to development programs for our employees.



Social Capital refers to the relationships we create with our customers, investors, regulators, suppliers and community at large to create societal value as a responsible corporate citizen.



Intellectual Capital refers to the collective knowledge, research, thought leadership, brand management/value and intellectual property used to support business activities and lead public discourse on global challenges.

BUSINESS OVERVIEW – HOW YES BANK CREATES VALUE

YES BANK's vision is to become the 'Finest Quality Bank of the World' in India by 2020, having evolved its organizational ethos into the 'Professionals' Bank of India'. Since its inception in 2004, YES BANK has created a differentiated paradigm in Indian Banking, through continuous Innovation and Excellence. As a full-service commercial and retail bank, we dedicate ourselves towards delivering the Finest Banking Experience in India and being enablers in the growth story of our stakeholders and the nation.

Capitals	What YES BANK does	How YES BANK manages resources	How YES BANK measures the Capitals	Output
Financial	<ul style="list-style-type: none"> As a scheduled commercial Bank, YES BANK takes deposits from customers and raises funds of its own to create the pool of capital that it lends The Net Interest Margin between the Bank's borrowing and lending contributes to the Bank's profits, which includes other income, such as commissions and brokerages The accrued financial capital is given as dividend to shareholders, interest on debt instruments, or ploughed back into the Bank 	<ul style="list-style-type: none"> The Bank's financial capital is created in alignment with its risk appetite, the size of the economy, and within the regulatory environment The Bank has in place an active, well-informed and independent Board to ensure high Governance oversight The Bank has in place strong systems and processes with strong oversight 	<ul style="list-style-type: none"> Key parameters of financial performance, including Market Value, Revenue and profits, Net Interest Margins and size of the Balance Sheet, among others 	<ul style="list-style-type: none"> The Bank has delivered superior returns to shareholders, focusing on excellence in banking through expertise. The Bank's net income has grown at a five year CAGR of 29.7% The Bank's Balance Sheet size as on March 31, 2016 was ₹ 165,263.4 Crores, thus growing by 21.4% over March 31, 2016 The Bank, through Inclusive and Social Banking, banks with over 155,000 SHGs, reaching out to 18.8 lakh families In 2015, the Bank became the first Indian bank to be included on the Dow Jones Sustainability Indices, on the Emerging Markets Index
Human	<ul style="list-style-type: none"> YES BANK aspires to be the 'Professionals' Bank of India', aligned with its ethos of professional entrepreneurship YES BANK follows the Responsible Banking ethos that exemplifies 'creating and sharing value' for all its stakeholders by creating a differentiated Banking Paradigm YES BANK's Human Capital engagement is targeted at developing the Bank's brand as a 'Preferred Employer of Choice' YES BANK emphasizes 'Knowledge' as a key differentiator and institutionalized the YES SCHOOL OF BANKING in 2007 as a Centre of Excellence for learning solutions in Banking and related areas 	<ul style="list-style-type: none"> To engage its growing workforce, YES BANK follows the 5 C's Engagement Model - Culture, Communication, Career, Connect and Care It engages and develops Human Capital by connecting YES BANKers with the Bank's core values, creating an intentional culture, encouraging open and honest communication, strengthening connect with employees and community, and supporting their career development YES BANK has made significant people investments, institutionalizing initiatives in the areas of executive engagement, improving workplace health and wellness, learning and development 	<ul style="list-style-type: none"> Hiring and retention of the best talent from India and abroad, and reducing employee attrition Employee training parameters and metrics The Bank participates in the 'India's Best Companies to Work for' study by Great Place to Work Institute, that measures its performance across parameters such as organizational credibility, respect, fairness, pride and camaraderie 	<ul style="list-style-type: none"> YES BANK continues to hire and retain the best talent from within India and abroad. As on March 31, 2016, the Bank's employee strength was 15,000 YES BANK has consistently improved its score on the Trust Index as part of the Great Place to Work Survey The total number of man-hours spent on employee training in FY 2015-16 was 567,627 hours at an average of 37.84 man-hours per employee

Capitals	What YES BANK does	How YES BANK manages resources	How YES BANK measures the Capitals	Output
Natural	<ul style="list-style-type: none"> YES BANK believes that climate change is an opportunity to spur the development and adoption of clean and renewable sources of energy, and works towards integrating positive climate action into its business strategy, operations, reporting and disclosures, risk frameworks, and business portfolio YES BANK is one of the largest private sector lenders in the Renewable Energy space and has committed to mobilize USD 5 Billion towards climate action, adaptation and mitigation by 2020 in line with India's commitment at COP21, Paris As part of its COP21 commitment, the Bank has committed to planting 2 Million saplings by 2020 YES BANK is a signatory to the Natural Capital Declaration (NCD) to mainstream adoption of natural capital imperatives in financial decision making YES BANK is India's first ISO 14001 certified bank. The Bank has taken a public commitment to reduce its emissions intensity by 5% every year YES BANK has a major CSR initiative on energy efficiency in the MSME sector, and is helping targeted MSMEs in the manufacturing sector to improve resource efficiency and reduce emissions 	<ul style="list-style-type: none"> Through a unique Environment and Social Policy, the Bank has integrated environmental and social risk assessment into its overall credit risk framework, thus reducing the negative environmental impact of its portfolio YES BANK is one of the largest private sector lenders in the RE space, and has committed to funding 5 GW by 2020 As signatory to the NCD, it is the Chair of the Steering Committee, thus driving the NCD's agenda globally and sits on two Working Groups with specific deliverables. The Bank hosts India's only awards platform recognizing achievers in natural capital conservation, and hosts the Natural Capital Olympiad for school students Guided by its Environmental Management Policy, the Bank incorporates various initiatives and programs to mitigate and rationalize its resource consumption and emissions In FY 2015-16, in the 'Say YES to MSMEs in India' initiative, over 11,000 workers have been trained on occupational health and safety, 346 MSMEs have been provided guidance on energy efficiency, thus aiming to eliminate over 6,000 tons of CO₂e 	<ul style="list-style-type: none"> The Bank's COP21 commitments include: <ul style="list-style-type: none"> Mobilizing USD 5 Billion by 2020 towards climate finance Planting 2 Million saplings towards creating a carbon sink Increasing its RE lending portfolio Reducing the emissions from its operations The Bank would be tracking and reporting on achieving its targets annually Under its MSME project, the Bank takes annual targets of the number of MSMEs it impacts, and the emissions it prevents, among other parameters 	<ul style="list-style-type: none"> YES BANK is the first Indian Bank to be ISO 14001:2005 certified. In FY 2015-16, the Bank completed certification for 184 locations, including re-certification of its Office locations and major branches YES BANK has funded 1,311 MW of Renewable energy in FY 2015-16 In FY 2015-16, YES BANK aims to save over 5,000 tCO₂e of emissions through the MSME Project Natural Capital Awards second edition received 732 photographs from 72 research teams YES BANK's specific emissions for FY 2015-16 have reduced by 19.98% to 2.16 tCO₂e

Capitals	What YES BANK does	How YES BANK manages resources	How YES BANK measures the Capitals	Output
Intellectual	<ul style="list-style-type: none"> YES BANK follows a unique Knowledge based approach to provide customers with well informed and customized solutions YES BANK through its Responsible Banking ethos strives to be a thought leader to establish a case for sustainable development at the highest level YES BANK's branding strategy revolves around 'YES', underlining the twin ethos of service and trust, and the promise to deliver a superlative banking experience 	<ul style="list-style-type: none"> The Bank has forged strong ties with national and global thought leaders, multi-laterals, governments and associations to produce thought pieces aimed at positively impacting the industry and policy YES BANK has institutionalized knowledge banking teams in agribusiness, Life Sciences & IT (LSIT), Infrastructure, Tourism, Media & Entertainment, Renewable Energy and, Education and Social Infrastructure YES BANK has invested significantly in new-age media and digital technologies to achieve a deep customer engagement experience. YES BANK is among the most active and followed financial brands on social media 	<ul style="list-style-type: none"> Platforms and forums that YES BANK is member of or active on and its activities on such platforms The Bank's Association memberships and its contribution to such platforms' Working Groups and Committees – NCD, UNEP FI, Knowledge Banking reports Awards and Recognitions Social media reach 	<ul style="list-style-type: none"> The Bank provides knowledge driven banking solutions to its Business Banking clients through customized solutions for selected industry verticals During the reporting period, the Bank joined the <IR> Lab India, and the World Business Council for Sustainable Development During the reporting period, the Bank produced the following key publications on sustainability linked topics: <ul style="list-style-type: none"> Climate finance innovation Water Off-grid renewable energy in India It is among the most followed financial services brands on social media with 2.7 Million Facebook Likes and over 860,000 Twitter followers, as on March 31, 2016
Social	<ul style="list-style-type: none"> Right since its inception, YES BANK has incorporated the ethos of Responsible Banking through which it has been mainstreaming sustainable development and aligning it with core business strategies of the Bank The Bank's 'Responsible Banking' approach has enabled it to create stakeholder values through projects based on unique models with scalable and sustainable impact 	<ul style="list-style-type: none"> The Bank's Responsible Banking ethos is driven at the highest level by the Board, including the Managing Director & CEO, who review and approve the Bank's policies and programs in CSR and sustainable development The Bank has a CSR Policy that has been approved by the Board and in alignment with Clause 135 of the Companies Act 2013 YES COMMUNITY is the Bank's unique community engagement program that serves as a knowledge exchange and awareness platform for communities around its branches and offices YES BANK has in place several initiatives targeting key development areas, including water and livelihood security, skill development, and energy efficiency in the MSME sector 	<ul style="list-style-type: none"> The impact from its community-focused programs is a key parameter for measuring the Bank's social capital created These include the lives touched through branch-led YES COMMUNITY activities, and impact from programs in livelihood and water security 	<ul style="list-style-type: none"> 807,500 lives touched through Branch-led YES COMMUNITY activities during the year 13,859,252 lives touched through Livelihood and Water Security 8,597 lives impacted through skill development 973 MSMEs and 11,780 workers impacted through Say YES to MSME project

Capitals	What YES BANK does	How YES BANK manages resources	How YES BANK measures the Capitals	Output
Manufactured	<ul style="list-style-type: none"> ● YES BANK conducts its retail banking operations out of 860 branches in all states and UTs of India as on March 31, 2016, has two National Operating Centres in Mumbai and Gurgaon, and one Central Customer Services Delivery Excellence Centre in Chennai ● The Bank also operates over 1,600 ATMs across India ● The Bank's Registered headquarters and main offices are based in Mumbai ● The Bank has in place dedicated Business units, including Retail and Branch Banking, Inclusive and Social Banking, Agribusiness and Rural Banking, that have physical presence across the country which are in direct oversight of the Bank or of its banking partners 	<ul style="list-style-type: none"> ● With a focus on action and quality to achieve size and scale as a large bank in India, YES BANK is focusing on establishing a 'Digital – Digital + Physical' infrastructure. ● The Bank has focused on creating a fine blend of offline and online channels employing innovation and technology to reach out to and service its customers, and gain market share ● The Bank has significant operations in banking for the bottom of the pyramid, and operates through its Business Correspondent partners in 19 states to deliver products and services on the ground in rural and urban India ● The Bank has significant on-ground presence in agriculture and allied sectors ● The Bank invests in physical operations, which includes physical infrastructure, IT systems & infrastructure, to improve efficiency and deliver relevant products & services to its customers 	<ul style="list-style-type: none"> ● The number of Bank's physical locations, including branches, offices, operating and service delivery centres, and offices and locations maintained by its Business units across rural and urban India 	<ul style="list-style-type: none"> ● As on March 31, 2016, YES BANK has 860 branches pan-India ● The Bank operates over 1,600 ATMs pan-India as on March 31, 2016. ● The Bank also brings access to finance to the under-banked and unbanked population in India, through systematically leveraging ICT and business models based on principles of Frugal Innovations for Financial Inclusion (FI4FI)



Financial Capital

Financial Capital is the value of money that the Bank obtains from providers of capital, that is used to support business activities and profits generated thereof distributes amongst its stakeholders as well as retains to fund business activities.

₹ 165,263.4 Cr

Balance
Sheet

₹ 7,278.9 Cr

Total
Net Income

₹ 2,539.4 Cr

Net
Profit

18.8 Lakh

families impacted
through YES LEAP

YES BANK creates value for its stakeholders in multiple ways. Some of these manifest in financial value while others bring about more intangible benefits and value creation in terms of social, human, natural or intellectual capital.

INCLUSIVE AND SOCIAL BANKING

Financial Inclusion has been one of the most critical developmental goals for India, with the first belief that greater participation of unbanked and under-banked Indians in the economy would not only lead to inclusive growth but also achieve greater social justice. YES BANK, in its 12 years of achieving institutional excellence, has steadfastly focused on 'inclusive growth' of 'emerging India' through innovative product & services for rural and urban India and is forging key partnerships to amplify its impact.

Through its specialized Business Unit – Inclusive and Social Banking (ISB), the Bank has adopted the guiding principle of Frugal Innovations for Financial Inclusion (FI4FI) to systematically leverage ICT and frugal business models to offer focused financial solutions catering to the under-banked and unbanked population in India.

Through the ISB, YES BANK offers solutions that include direct micro-credit, micro saving and micro insurance and remittance services across various geographical and socio-economic contexts in India. Through YES LEAP, the Bank's flagship SHG lending program in rural and semi-urban India, it has financed over 155,000 SHGs spread in 260 districts, thus directly reaching over 18.8 lakhs families. YES SAHAJ, the Bank's award winning technology solution platform based on the Business Correspondent model offers safe and secure, doorstep banking services using low cost technology. In urban India, YES MONEY is a globally recognized multi-channel domestic remittance service offering low cost, safe and highly accessible remittance platform to migrant

laborers wishing to transfer funds to their native villages and towns.

Towards creating a multiplier effect through larger collaborations, YES BANK appoints NBFCs (Non-Banking Finance Companies) as its business correspondents (BC), allowing the Bank to scale up its product and service offerings for the Bottom Of the Pyramid (BOP). ISB currently works with 39 Business Correspondent partners, present in 19 states in India.



YES MONEY

YES MONEY is an award-winning, innovative, domestic remittance model that leverages existing cash remittance technologies, India's vast spread of hyper-local family owned retail stores, the pan-India network of bank branches, to meet the remittance needs of millions of unbanked and under-banked, mainly migrant, population in India.

YES MONEY operates on the Remittance Knowledge Bridge, a custom built, multi-channel platform, which synergizes a local store and a computer with an internet connection into a full-fledged, secure, BC Partner for the Bank.

The model works within the regulatory framework for Business Correspondent model of the Reserve Bank of India (RBI), uses existing electronic fund transfer technology, and leverages India's deep mobile penetration, to provide a hassle-free, economical and customer friendly service available to any user at any time of the day.

YES MONEY, in the reporting period, crossed over USD 1.8 Billion in remittances since its launch in 2011, with

Financial Capital (contd.)

over 4.5 Million unique senders. The service has a strong focus on affordability and has one of the lowest remittance fees in this category.

Additionally, its digital interface, mobile usage, and wider availability significantly lowers the potential paper usage from using traditional banking for remittances. By virtue of

executing almost 29 Million transactions since its launch, with each such transaction typically using half a sheet of A4 size paper using traditional banking, YES MONEY could have potentially saved approximately 14 Million sheets of paper. Similarly, since it is more widely available, the carbon footprint of traveling to branches, perhaps multiple times, to make a single transaction is also reduced.

YES MONEY	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13
Number of Business Correspondents*	27	17	15	11
Number of transactions done (in Lakhs)**	95.67	95.2	77.6	21.3
Total value of transactions (₹ in Crores)**	4,080.52	3,882.2	3,186.5	822.5
Number of Unique senders (in Lakhs)**	14.98	13.9	12.8	3.9

* Cumulative as on March 31, 2016

** For FY 2015-16


YES LEAP

YES LEAP (Livelihood Enhancement Action Program) is the Bank's innovative version of the Self Help Group (SHG) Banking Linkage program, innovating on the RBI's BC model. YES LEAP is currently partnering with 39 BC partners, or Self Help Promoting Institutions, to provide comprehensive financial services to SHGs in 260 districts in India, and reaching out to over 18.8 lakh predominantly rural households.

The Bank is significantly enhancing the impact and delivery mechanisms of the program by introducing tablet-based solutions, which would be able to digitally track payments and receipts, take videos of SHG meetings and group recordings, play health and hygiene messages and track movement of BC agents.

Significantly, since all SHGs that are linked to the YES LEAP program are women-centric, YES LEAP is thus also contributing towards strengthening women entrepreneurship and financial empowerment in rural India.

At present, YES LEAP is functioning in 19 states, and the Bank is looking to enter more states.



Women led SHGs linked to the YES LEAP program during a meeting with the Business Correspondent partners

YES LEAP	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13
Number of Business Correspondents*	39	38	35	26
Number of savings linked SHGs**	57,609	47,580	28,677	4,617
Total outstanding value in savings linked SHGs (₹ in Crores)**	44.13	47.4	27.2	9.79
Number of credit linked SHGs*	101,797	76,854	39,034	7,900
Total loan outstanding in credit linked SHGs (₹ in Crores)*	1,578	1,248	647.2	155.2

* Cumulative as on March 31, 2016

** For FY 2015-16



YES Joint Liability Group

The YES Joint Liability Group (JLG) is an initiative to provide banking services to the BOP in rural, semi-urban and urban India, based on the Joint Liability Group methodology wherein, term loans are provided to individual members of a JLG focusing on income generation.

Through YES JLG, the Bank provides direct financing, through its partners, which includes NBFCs and MFIs, with a wide network in India to be able to reach the most in need and financially excluded segments.

The program, launched in March 2015, reached 25,833 Joint Liability Group members via a network of six BCs as on March 31, 2016.



YES SAHAJ

With the need to take basic banking to the farthest corners of the country and financially integrate the millions of Indians at the BOP, developing innovative solutions that can overcome the limitations of traditional, brick-and-mortar banking is vital.

With this vision, YES BANK launched YES SAHAJ in 2011 as an innovative, low-cost, micro-ATM leveraging technological innovations within existing principles of mobile banking, India's strong mobile penetration and the RBI's BC Model, to offer basic banking to India's rural hinterland. YES SAHAJ also acts as a key platform for collection and remittance operations of two key YES BANK products - YES LEAP and YES MONEY.

YES SAHAJ has processed over 14.5 lakhs transactions with an aggregate value of over ₹ 1,784 Crores since its launch, till March 31, 2016.

YES SAHAJ	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13
Total Service Officers/CSPs*	2,962	1,835	752	270
Total Value of Transactions (₹ in Crores)**	884.5	582.7	295.6	21.2

* Cumulative as on March 31, 2016

** For FY 2015-16



YES Kisan Dairy Plus

The Indian dairy sector is a critical part of India's rural landscape, with India producing one-fifth of the global milk output. The dairy sector's size was an estimated USD 70 Billion in FY 2013-14, with livestock sector contributing 28-30% to agricultural GDP and 70% to the livestock GDP. Of this, organized dairy sector was at 19% of the total market in FY 2014-15, and growing at 22% annually, is expected to reach 25% in the next three years.

In the organized dairy sector, YES BANK launched the YES Kisan Dairy Plus as a comprehensive suite of financial products benefiting the small milk producer as well as the large dairy buyer. In YES Kisan Dairy Plus, the Bank links the bank accounts of both the buyer and the seller to its banking network, with the seller getting paid immediately for a sale, after the quality and quantity of milk being sold is confirmed through an automatic milk testing machine installed at the buyer's milk collection centre. With an account at YES BANK, the small dairy seller can continue to earn interest, or use its bouquet of financial services to utilize their income.

Financial Capital (contd.)

SCALING UP IMPACT OF ACCESS TO FINANCE

Supporting the MSME ecosystem in India

Viable and addressable demand for Micro, Small and Medium Enterprises (MSME) sector lending in India surpasses supply by USD 48 Billion, according to the World Bank, a shortfall that holds back the transformative effect a thriving entrepreneur class can have on a developing economy. This gap is particularly pronounced in India's low income states, where approximately two-thirds of the MSME debt gap resides.

In a move that would significantly scale up its lending capacity to the vital MSME sector in India, YES BANK signed a loan agreement with the Overseas Private Investment Corporation (OPIC), the development finance institution of the United States Government, for debt financing of USD 245 Million to increase lending to MSMEs in India. U.S. - based lender Wells Fargo Bank, N.A. will act as sponsor and co-lender to the project, providing a loan of USD 20 Million, bringing the total facility amount to USD 265 Million. Specifically, half of the financing will be used to support either Micro-SMEs or SMEs in underserved rural and urban markets.

This step finalizes the commitment initiated on the occasion of President Obama's visit to India in January 2015, through a MoU signed by OPIC. It would further boost the Bank's focus on the MSME sector, generating a multiplier effect on job creation and consequently on the Indian economy.

In addition to tying up critical funding sources for boosting its lending to the economically vital MSME, agriculture and SHG sectors, YES BANK launched several key initiatives that aimed at raising awareness, financial literacy and training entrepreneurs and professionals in these sectors.

Bridging the Gender Gap in Access to Finance

India has nearly three million MSMEs with full or partial female ownership. These women entrepreneurs make a significant contribution to the Indian economy, with 3.09% of industrial output and employing over 8 Million people. However, lack of such segmental lending in India has resulted in only about one-fourth of the financial needs of women-led MSMEs being met.

In the reporting period, the Bank raised USD 50 Million from IFC, a member of the World Bank Group, for a tenor of up to six years. The loan will be used by the Bank to augment financing towards women-led micro, small, and medium enterprises (MSMEs). This facility will play a significant role in strengthening the entrepreneurial ecosystem for women, directly impacting livelihoods, in the Indian economy.

YES BANK through YES LEAP has financed over 155,000 women-centric SHGs, and thus directly reached over 18.8 lakhs predominantly rural households in 260 districts across India. Given that all the SHGs are women-centric, this program has contributed greatly to empowerment of rural women and strengthening their financial security.



Mr. Arun Agrawal, Group President, International Banking, YES BANK, Ms. Elizabeth Littlefield, President & CEO, OPIC, Mr. Rana Kapoor, Managing Director & CEO, YES BANK and H.E. Richard Rahul Verma, Ambassador of the United States to India



Social Capital

Social Capital refers to the relationships we create with our customers, investors, regulators, suppliers and community at large to create societal value as a responsible corporate citizen.

807,500
Lives touched through
YES COMMUNITY

8,597
People
provided skills

13,859,252
Lives provided access
to safe & clean water

11,780
MSME workers
trained

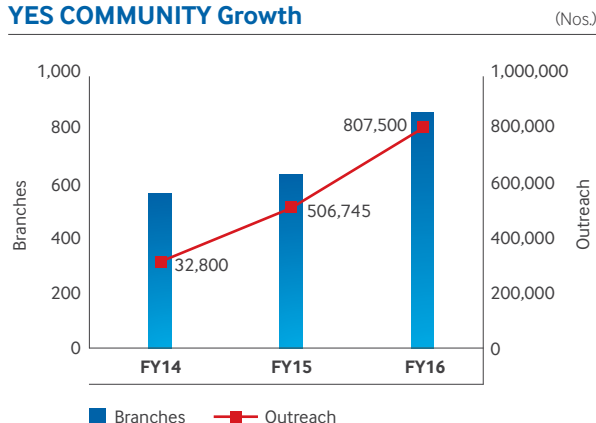
POSITIVE SOCIAL IMPACT INITIATIVES YES Community



TOGETHER FOR A BETTER TOMORROW

YES-COMMUNITY, YES BANK's nationally recognized, unique model for community engagement, has witnessed significant growth in scale and impact. The initiative, through which each of YES BANK's branches, endeavors to be a Community Transformation Centre, serving as knowledge exchange platform connecting all stakeholders in its Branch Serving Area (BSA) on socially and environmentally pertinent issues. YES COMMUNITY has built strong relations for the Bank with communities across India, taking its interactions beyond the transactional. Through this program, the Bank forges meaningful partnerships with its broad stakeholder spectrum, including community groups, non-profit organizations, governments, corporate peers, and civil society.

YES COMMUNITY Growth



Over the years, YES COMMUNITY's branch-led community engagement has witnessed phenomenal growth and in the reporting period, touched over 807,500 lives through 8,767 events held in and around the Bank's branches in all states and union territories of India, thus achieving its committed goal of touching 8 lakh lives for FY 2015-16. Going forward, YES COMMUNITY aims to touch over 10 lakh lives.

Key YES COMMUNITY programs conducted

In the reporting cycle, YES COMMUNITY continued its focus on pertinent social and environmental issues of local and global significance. The Bank partnered with non-profits, local and state governments or specific departments in the Government, to scale up the impact of its programs and deliver on ground. The YES COMMUNITY programs for the year can be broadly categorized as primarily having a social or an environmental focus.


The initiatives focus on mainstreaming 'Glocal' environmental issues within the community, such as climate change awareness, living environmentally responsible lifestyles and the importance of cleanliness.

Clean India Campaign

A clean and healthy environment fosters pride and improves productivity. The Indian government's Clean India mission aims to eradicate the widespread practice of open defecation, clean up public places, introduce scientific waste management practices and enable private sector participation in the sanitation sector by 2019. In alignment with the Campaign, the Bank ran the 'Saaf Suthra Bharat' campaign in October 2015. YES BANK branches, through its YES COMMUNITY platform launched cleanliness drives by partnering with Local Municipal Authorities, RWAs, youth clubs, colleges, schools, Traders Associations and NGOs.


Social Capital (contd.)



 Conservancy workers from Sriperumbudur, Tamil Nadu participating in YES COMMUNITY's Clean India Campaign

YES COMMUNITY Clean India campaign encouraged individuals to keep surroundings clean, sort waste disposal and promote health through hygiene and contribute to protecting and preserving ecology and environment. The campaign reached 157,950 individuals in cleanliness drives at corporate offices, Resident Welfare Associations and Clubs through 1,053 activities. Behavioral change towards hygiene and local community engagement is central to YES COMMUNITY Clean India campaign. Branches distributed/ installed dustbins at schools, local parks, Resident Welfare Associations, market places within the branch service area.



 Dimapur Branch, Nagaland conducted Cleanliness drive at Naga Shopping Arcade

YES! i am the CHANGE workshops for students


Partnering with YES FOUNDATION, the YES COMMUNITY platform conducted 'YES! i am the CHANGE' workshops across schools and colleges with the aim to ignite young minds to be responsible future leaders, by screening specially selected films from the second edition of the 'YES! i am the CHANGE' social film movement. This initiative touched 112,500 students through 1,125 workshops. Every workshop ended with a 'Picture Pledge Drive' with students making personal pledges to contribute towards India's development.

National Road Safety Week 2016

India has the unpleasant distinction of having the highest number of road deaths in the world, losing over 1 lakh lives every year. In this context, the National Road Safety Week, organized every year by the Government of India in the month of January, becomes a critical event for raising awareness on safe driving practices. All YES BANK branches across 29 states and 7 Union Territories observed January 10 to January 23, 2016 as a Road Safety Week under its YES COMMUNITY program and engaged with various stakeholders directly to contribute to the community.

In January 2016, YES BANK had launched the Road Safety Campaign alongside the National Road Safety Week and touched 69,450 individuals.



 Schools students from Madgaon, Goa participating in YES COMMUNITY's National Road Safety awareness campaign

YES BANK partners with Navi Mumbai Traffic Police for Road Safety Week 2016

As a socially conscious corporate citizen, YES BANK looks at safety as an important aspect and is committed towards ensuring the safety and security of citizens in India through focused interventions under its unique community engagement program, 'YES COMMUNITY'. Road safety is an issue of social welfare as accidents not only result in loss of life but impacts the entire family's livelihood, lifestyle, education and mental well being.

YES BANK, partnered with the Navi Mumbai Traffic Police for the Navi Mumbai Road Safety Week 2016. The campaign was held from January 10 to January 23, 2016 and encompassed multiple activities aimed towards highlighting the importance of Road Safety to the citizens of Navi Mumbai.



➤ (From left): Rajat Mehta (Senior President, Marketing & Corporate Communication, YES BANK), Prerana Langa (CEO, YES Foundation), Arvind Salve, (Deputy Commissioner of Police - Traffic, Navi Mumbai), Boman Irani (Chief Guest & noted film actor) and Prabhat Ranjan (Commissioner of Police, Navi Mumbai) flag off the event with Road Safety pledges

In this endeavor, the entire YES BANK cluster of Navi Mumbai proactively engaged with the community to spread awareness on road safety through workshops, seminars, social media and YES COMMUNITY events across more than 100 branches in Mumbai and Navi Mumbai. The Bank also encouraged participants to take a pledge to ensure responsible behavior on road by becoming responsible citizens.



➤ School Students leading YES COMMUNITY's National Road Safety awareness campaign in Navi Mumbai

A joint charter 'Road Safety for Navi Mumbai' was signed by YES BANK, represented by Namita Vikas, Group President & Country Head – Responsible Banking, and Arvind Salve Deputy Commissioner of Police (DCP) - Traffic, Navi Mumbai, which was released during the closing ceremony. The Charter is being displayed at DCP's office and replicas are displayed at each of the 12 RTO offices across Navi Mumbai.

YES COMMUNITY One Lakh Tree Plantation drive on World Environment Day

Environmental sustainability has always been one of the key focus areas for YES BANK. In its quest towards a strong environment conservation agenda that involves all citizens,

YES BANK launched the 'One Lakh' tree plantation drive. Through YES COMMUNITY, the Bank planted 108,300 saplings in partnership with local communities, government institutions and civil society organizations across India. With an objective to sensitize communities on environmental protection through planting new trees and taking care of existing ones, this collective action plan saw voluntary participation of different age groups from all walks of life.

On the occasion of World Environment Day, the Bank worked towards sensitizing the community on environmental issues and directly involving the forest department, schools, colleges, corporate and local citizens towards a greener tomorrow.



➤ Tree plantation drive - World Environment Day, Zirakpur, Punjab

YES BANK conducted Science & Environment Olympiad to commemorate National Science Day

YES BANK's branches across the country conducted National Science & Environment Olympiad with an aim to sensitize students towards importance of environment conservation and enable them to evolve into responsible and compassionate citizens, saw a participation of 76,650 students.



➤ Indore Branch successfully conducted National Science day activity in association with Pink flower School


Social Capital (contd.)

Supporting International Women's Day

Today, when women are increasingly taking up larger roles of financial responsibility, it is important that there is a supportive eco-system to build their capabilities. With the new Government's focus on financial inclusion, there has been a renewed vigor to removing financial barriers at all levels. YES BANK celebrated International Women's Day with workshop on 'Women in Banking' to promote financial literacy, with an objective to provide access to banking sector as a career for women, and to provide basic financial education relating to personal finance, enabling individuals to take effective action to improve overall well-being and avoid financial distress, an imperative for sustainable development.

YES BANK is reaching out to women through this initiative to equip them with resources that will enable them to embrace financial independence and a possible career in banking.



 Rajahmundry branch, Andhra Pradesh, celebrating International Women's Day

SCALING UP YES COMMUNITY IMPACT Livelihood & Water Security

Water is vital for survival of all known life forms. At present, less than 0.3 % of all freshwater is available for use globally, and this short supply is also increasingly under pressure from increasing demand and pollution. As per a UNICEF report, more than 1 billion people across the world do not have access to clean water, which is a decisive factor to any society's development as it impacts almost all facets of life; health, hygiene and productivity, among others.

With access to safe and clean water being a critical factor to socio-economic development in India's rural hinterland, YES BANK, under its YES COMMUNITY umbrella, launched its Livelihood & Water Security initiative in 2014. As part of its Climate Impact commitments during COP21, YES BANK committed to touching 100 Million lives through its water and livelihood security initiative, by 2020, thus significantly

enhancing its commitment to the cause. Building on efforts of FY 2014-15, where the Bank impacted 62,500 individuals through the successful deployment of household and community water purification systems. In the reporting period YES BANK provided access to safe and clean drinking water to 13,859,252 lives.

YES BANK has partnered with a social start-up with an innovative, membrane-based water purification technology requiring no electricity or chemical-dosing for the purification process. Conventional filters had failed to address key requirements for most communities due to the inability to clear all impurities, need for a constant supply of electricity and being generally un-affordable for most target beneficiaries. The innovative filters use an internationally patented gravity based technology to purify any freshwater source, are quick and easy to assemble, and need minimum maintenance, making it ideal in the given context. For example, the technology can effectively cut through nano-particles that cause microbial infections.

In addition to focusing on the availability of clean water, the initiative also sensitizes communities in health, supplementary education, sanitation and overall social welfare.

To ensure equitability, beneficiaries are selected on the basis of a need assessment study conducted by the Bank. YES BANK and its partners, in association with village panchayats, and other local bodies, conducted workshops to sensitize target beneficiaries regarding the benefits of the technology and also demonstrated its use. The Bank has installed also 150 community water purification systems at key locations and deployed 1,558 household water purification systems with the help of NGO partners for last mile implementation, in Raigad, Pune, Kolhapur, Satara and Sangli in Maharashtra.

YES BANK Partners with Indian Railways

In a significant move towards this goal, the Bank joined hands with Indian Railways to provide safe and clean drinking water at 1,000 railway stations across India by 2019. In the first phase of the unique public-private partnership, achieved in the reporting period, the Bank set up 100 such systems across 'D' and 'E' category stations in the Konkan and Central railway belts in Maharashtra. The stations in these categories observe an average footfall of 71,846 passengers per day.

The targeted geographies for the initiative during the reporting period were railway stations in the Konkan region and across Solapur, Nashik and Mumbai divisions of Central Railways along with other community locations in Maharashtra, namely Raigad, Pune, Kolhapur, Satara and Sangli.



Shri Narendra Keshav Sawaikar (Member of Parliament, South Goa) and Shri Sanjay Gupta (Chairman and Managing Director, Konkan Railways Corporation Ltd) inaugurating the YES BANK water purification system at Madgaon Railway Station, Goa

Skill Development through YES STEADY

In 2014, YES BANK launched its skilling initiative, YES STEADY (Skills Training and Enhancement for Development of Youth) to provide employability training to youth through targeted skill building initiatives. For the initiative, the Bank partnered with the Deshpande Foundation to provide employability training to youth through targeted skill building initiatives, focusing on Karnataka and Telangana states in the first phase.

In the reporting period, 1,200 students were inducted and have undergone skill training under various focus sectors such as agriculture, accountancy, electrical works, BPO & soft skills, and primary teachers training. The students are provided with employment linkages through a formal placement cell and are connected with an alumni network of Deshpande Foundation's existing programs.

Expanding the scope and reach of YES STEADY, in the reporting period, the Bank partnered with Kherwadi Social Welfare Association (KSWA) to provide the livelihood oriented skills for inclusive transformation in the tourism sector.

Tourism has become an important economic driver and has significant potential in poverty alleviation by being an alternative source of livelihood, catalyzing development in remote locations, helping preserve local skills and traditions, driving enterprise development at the micro level, and promoting environment issues and sustainability. India's tourism sector is predicted to grow at an average annual rate of 7.9% from 2013 to 2023, with the sector contributing 7% of India's GDP, and supporting 37.4 Million jobs – close to 9% of India's total employment, in 2015.

The partnership with KSWA focuses on providing school drop-out youth with skills in the tourism sector including spoken English, computer literacy, grooming, preparing for interviews and CV writing skills. At the end of the training, the students are provided employment linkages through facilitated placements with travel agencies and operators or they may work as independent local travel guides. The pilot program in FY 2015-16 was conducted across four locations in NCR, Delhi, with 40 students.

In its continued association with the Swades Foundation, YES BANK trained 3,429 farmers in efficient farming techniques involving irrigation methods, cultivation practices, crop economy and horticulture development in Raigad, Maharashtra. The training also included knowledge sessions by agriculture scientists, state government authorities and private agriculture companies' representatives.



Farmers attending agri-efficiency workshop in Raigad, Maharashtra

A Step of Hope - Say YES to Including the Excluded

Globally, there are about 25 Million amputees with additional 250,000 added each year. Limb loss is physically and psychologically devastating and renders people less mobile and at risk for loss of independence. With appropriate rehabilitation, many people can learn to walk or function again and live high quality lives. Despite advances in medicine and surgery, amputation continues to be a large problem in the world, predominantly for older adults.

In line with the Government's Accessible India Program, YES BANK has partnered with the Bhagwan Mahaveer Viklang Sahayata Samiti, more recognizable through their world renowned brand - 'Jaipur Foot', to provide prosthetic equipments to the differently abled. Through this intervention, 2,475 differently abled individuals during the reporting period achieved renewed mobility, ensuring physical, economic and social rehabilitation.

Social Capital (contd.)



B Beneficiaries with Hand Pedal Tricycle at Jaipur, Rajasthan

Say YES to Sustainable MSMEs in India

The MSME sector plays a vital role in India's economy, contributing to 45% of industrial output and 40% of its total exports, and providing employment to over 100 Million people through 46 Million units. As a financial institution, the sector remains a key focus area for YES BANK.

To promote environmental sustainability and Occupational Health and Safety (OHS) within the Indian MSME sector, the Bank launched the 'Say YES to Sustainable MSMEs in India' in FY 2014-15 under the YES COMMUNITY umbrella, as a multifaceted intervention to help the sector become globally competitive.

In FY 2015-16, the Bank expanded its partnership with the Foundation for MSME Clusters (FMC) and Entrepreneurship Development Institute of India (EDII) to scale up this initiative across nine Indian states. This initiative continues to be a part the broader project funded by the European Union named 'Scaling Up Sustainable Development of MSME Clusters in India', with UNIDO, GRI, SIDBI, IICA and GIZ as partners.



B An OHS training session underway as part of the 'Say YES to MSMEs in India' program in Punjab

In the second phase, the program supported 973 MSME units by enhancing their energy efficiency and improving their health and safety systems through sensitization workshops, health camps, providing drinking water facilities, first aid kits and distributing personal protective equipments. Under the initiative, OHS systems were strengthened in 627 MSMEs benefiting 10,305 workers and energy efficiency projects were implemented in 71 MSMEs, improving their energy efficiency in the range of 15-20%. The project is expected to result in a reduction of over 6,000 Metric Tons of CO₂ emission per annum for these MSMEs. Additionally, 275 MSMEs benefited from energy efficiency sensitization workshops.



B From left: Namita Vikas (Group President & Country Head – Responsible Banking, YES BANK) signing a MoU with Dr. Sanjal Lal (Senior Faculty, Entrepreneurship Development Institute of India) and (Mukesh Gulati, Executive Director, Foundation for MSME Clusters) for catalyzing sustainable growth of MSMEs in India

The Bank aims to scale up the program to other states and cover a wider range of manufacturing sectors. At the Natural Capital Awards 2015, YES BANK signed a MoU with Entrepreneurship Development Institute of India (EDII) and Foundation for MSME Clusters (FMC) for catalyzing sustainable growth of MSMEs in India. This MoU demonstrates YES BANK's commitment to catalyzing MSMEs to reach the goal of 'zero defect zero effect'.

CORPORATE BEST PRACTICE IN CSR GOVERNANCE

YES BANK recognizes its responsibility towards the society and environment in which it operates and is committed to India's Social and Developmental agenda. Towards this, the Bank has constituted a Corporate Social Responsibility (CSR) Committee comprising Board of Directors to provide a Board oversight to CSR initiatives. As a corporate best practice, Board members visited CSR project sites to observe the on-ground impact of the Bank's CSR initiatives and focused interventions.

Board members Radha Singh, Lt Gen (Retd) Mukesh Sabharwal and Ravish Chopra visited MSME units in Faridabad for first-hand experience of:

- Occupational, Health & Safety (OHS) training of workers, inculcating a culture of safety and well-being and know-how to use personal protective equipment (PPE) and water purifiers, fire extinguishers and comprehensive first aid kits
- Energy Efficiency interventions through behavioral changes in addition to OHS interventions impacting workers and reducing the accident rate and absenteeism



From left: Namita Vikas (Group President & Country Head – Responsible Banking, YES BANK), Radha Singh (Non-Executive Chairperson, YES BANK), Ravish Chopra (Non-Executive Director, YES BANK), Lt Gen (Retd) Mukesh Sabharwal (Non-Executive Director, YES BANK) commending the MSME entrepreneurs for undertaking energy efficiency intervention

The Board members also interacted with local MSME entrepreneurs, members and office bearers of the Faridabad Foundry Association and Faridabad Small Industries Association on scaling such initiatives and leveraging for holistic development of the MSME clusters.

With a focus on 'Livelihood & Water Security', the Bank has brought access to safe and clean drinking water across 150 community locations in Maharashtra (Pune, Satara, Sangli and Kolhapur) with the installation of unique micro-fibre technology based water purifiers. Board members Radha Singh and Vasant Gujarathi visited:

- Gramin Rugnalay (Primary Healthcare Center (PHC) at Chakan, where the Bank has installed a community water purification system for the PHC patients and staff. The centre serves as a nodal point for 100 village level health centers and sees a daily footfall of 600-650 patients for healthcare services



From left: Vasanth Gujarathi (Non-Executive Director, YES BANK), Radha Singh (Non-Executive Chairperson, YES BANK) and Namita Vikas (Group President & Country Head, Responsible Banking, YES BANK) at the inaugural ceremony for community water filter and distribution of household water purifiers at Dada Maharaj Natekar School and Old Age Home at Chikhali, Maharashtra

- Dada Maharaj Natekar School and Old Age Home at Chikhali, where the Bank has installed a community water purification system catering to the 300 school students and the 15 residents of an old age home. The water purification system was inaugurated in the presence of Amar Sable, MP, Rajya Sabha and Member, Standing Committee on Water Resources

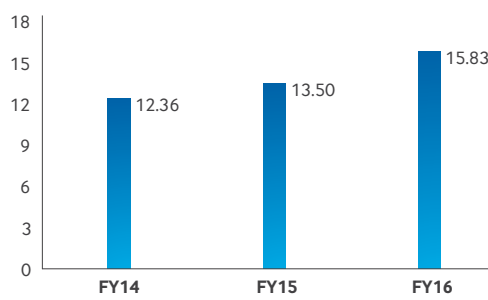
The interactions provided valuable insights to the CSR projects team as well as the Board members.

EMPLOYEE PAYROLL GIVING

YES BANK continued its employee payroll giving program with Give India, an NGO aggregator bringing together NGOs across sectors and across India, and providing the corporate sector a platform to donate part of their salary to a social or environmental cause of their choice.

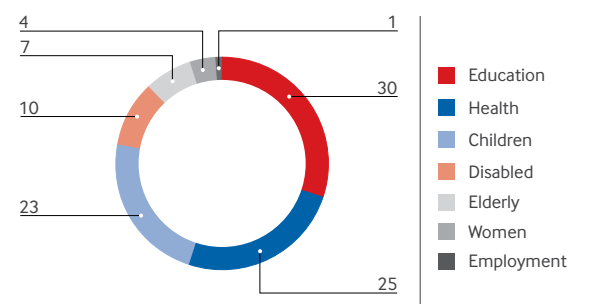
Employee contribution

(₹ Lakhs)



Social Capital (contd.)

Employee contribution by cause (%)



YES FOUNDATION – BUILDING AN EMPOWERED AND EQUITABLE INDIA

YES BANK, as a major donor, contributes grants to YES FOUNDATION, which is a public charitable trust, governed by an independent Governing Council, with an objective towards creating social transformation.

YES FOUNDATION continues to work towards its vision of an empowered and equitable India, focusing on stimulating entrepreneurship and innovative use of media initiatives for social transformation to enable India's inclusive growth and development.

Having identified endemic gaps in the Indian development sector, lack of access to quality human resources, financial resources and impactful communication resources with an Indian context, the Foundation has developed programs to bridge these gaps and act as a force multiplier for India's social transformation.



'YES! i am the CHANGE' Social Film Movement

'YES! i am the CHANGE' (YIAC), the Foundation's first and largest program, is a nationwide movement to inspire, engage and empower youth to participate in India's social transformation through the impactful medium of films.

In 2015, the program's third edition, 'YES! i am the CHANGE' emerged as the world's largest social film movement with

2,755 films and participation of 140,132 teams from 2,500 cities and towns across India. The short films focused on socially relevant issues, such as child rights and education, livelihood, elderly care, women empowerment and safety, everyday community heroes, animal rights, and selfless acts of kindness. The movement aims to be an open repository of social films for use by the development sector. The top film making teams shortlisted by an esteemed jury received prize money to generate awareness on key social issues.

YES! i am the CHANGEMAKER

In 2015 edition of 'YES! i am the CHANGE', Changemaker awards were instituted for participants, who harnessed the power of media to further social causes through active participation. Two such Changemakers were felicitated at YIAC Awards 2015.

1) **Leena Kejriwal** – Every eight minutes a child is trafficked in India. Leena started a nationwide public art movement against female trafficking called 'Missing'. This unique campaign through the use of stencilled images of women and large art installations in public spaces has captured the imagination of people in Kolkata, Bengaluru, Mumbai, Delhi, Ahmedabad, San Diego and London. YES FOUNDATION is supporting Leena in scaling up the initiative throughout the country in alignment with local police, women and child welfare departments, corporate sector and media. Watch Leena's YIAC Changemaker story video by scanning this QR Code, using smartphone.



2) **Kuljeet Chaudhary** – Kuljeet was inspired to start a volunteer group, Samarpan Troops for the rescue and rehabilitation of animals in distress after he made a film on the issue in YIAC 2014. He has mobilized over 1,200 youth volunteers and has been successful in reducing the response time for animal rescue from four hours to one hour in Delhi. The group has rescued and rehabilitated over 600 animals till date. Watch Kuljeet's YIAC Changemaker story video by scanning this QR Code, using a smartphone.



The YIAC films are available on the YES FOUNDATION YouTube Channel. Scan this QR Code with your smartphone to watch YIAC films 2015.



Under the movement, the Foundation launched the 'YES! i am the CHANGE' Panel Discussion Series with events held in Mumbai and Delhi to highlight the role of media in accelerating social change.



Participants from YES! i am the CHANGE, one of the world's largest social film making movements

'YES! i am the CHANGE' 2015 Highlights*

- YIAC has successfully sensitized over an estimated 8 Million youth across India engaged through the medium of multi-city social film festivals, workshops and screenings, among others. Youth engaged across the length and breadth of the country
- Over 4 lakh individuals reached through Facebook engagements and a movement of 'change' initiated through online dialogues
- Over 3,000 schools and colleges reached through workshops wherein they learnt how to use the medium of film to actually document social content, show it to the world and use it to spread awareness
- Over 1,000 decision-makers (educationists, media professionals and more) sensitized through high-profile series of Panel Discussions on media for social change. The series contributes to the national dialogue on role of media in accelerating social change
- Over 80 Million youth and children were sensitized on social issues through pan-India social film festivals, workshops, social media and film screenings

- Awards instituted for professional filmmakers at prestigious forums like Mumbai Film Festival, DOCEGE to inspire them to make mainstream films on social causes
- The films were widely showcased through CNN-IBN Citizen Journalist and social film festivals across India

On January 29, 2016, stalwarts from India's film, media, corporate and development sectors celebrated the social commitment of YES! i am the CHANGE 2015 winners at the awards ceremony in Mumbai. National Award-winning film actor Vidya Balan felicitated the winners in the presence of an estimated 1,000 individuals, including Vikas Bahl (film maker), Jaco Cilliers (Country Director, UNDP India), Meghna Gulzar (film maker), Guneet Monga (film producer), Amrita Patel (Governing Council member YES Foundation), Bharat Patel (Governing Council member YES Foundation), Arun Sharma (Chief Investment Officer, Global Financial Markets, IFC & Member, YES FOUNDATION Governing Council) and Umesh Shukla (film maker) amongst others. In the past, Amitabh Bachchan and Rakeysh Omprakash Mehra have felicitated the winners.

During the awards ceremony a tripartite charter, 'Catalysing India's Social Transformation through Responsible Youth & Women Citizenship' was signed between YES BANK, YES Foundation and UNDP India.



From left: Kuljeet Chaudhary and Leena Kejriwal (third from left), YES! i am the Changemaker awardees with Radha Kapoor (Founder & Executive Director- ISDI), Chief Guest Vidya Balan (film actor), Namita Vikas (Group President & Country Head – Responsible Banking, YES BANK) and Prerana Langa (CEO, YES Foundation)

The fourth edition of the program in 2016, will have a dual focus on widening the net and deepening the social impact through targeted participation of over 10 lakh youth with a reach of 35 crore youth, and positioning YIAC as the

*These highlights represent the best estimates calculated on the basis of objective inferences and available statistics

Social Capital (contd.)

preferred enabling platform for diaspora involvement in India's inclusive development.



➤ From left: Prerana Langa (CEO, YES Foundation), Radha Kapoor (Founder & Executive Director- ISDI), Chief Guest Vidya Balan (film actor), Namita Vikas (Group President & Country Head – Responsible Banking, YES BANK) and Jao Cilliers (Country Director, UNDP India) signing the tripartite Charter

‘YES! i am the CHANGE’ Responsible Youth Citizen movement

YES FOUNDATION, in partnership with YES BANK and Rotary International District 3140, launched ‘YES! i am the CHANGE’ Responsible Youth Citizen movement in February 2015 as a national movement to engage youth in India's social transformation.

The program leverages and channelizes the untapped energy of youth on issues related to gender sensitization/ women enablement, environmental sustainability and civic sense to create a strong force for development pan-India. The program has four major components:

- Mentoring five high impact and scalable social initiatives of YIAC participants. The first project to be mentored is the MISSING campaign by Leena Kejriwal
- YES FOUNDATION Media for Social Change Fellowship to support social media activities of not-for-profit organizations in partnership with International Advertising Association - India Chapter. This high impact program has been launched to develop socially conscious youth leadership and sustained social engagement. Youth with high potential will be selected and trained by industry experts to support the communication efforts of the non-profits and maximize their social impact. The program is in association with ISDI-WPP School of Communication and is supported by International Advertising Association - India Chapter

- Social Engagement platform to connect 10 lakh youth with NGOs pan-India for sustained social engagement
- Pledge campaign with 1 lakh youth across India and the diaspora pledging to be responsible citizens and contribute positively to nation building

The movement aims to mobilize over one crore youth across the country to work towards women's safety, clean India and harness media to accelerate inclusive development. A force of two lakh youth ambassadors will be developed to actively promote the movement pan-India.



➤ From left: Prerana Langa (CEO, YES Foundation), Diya Mirza (Actor & Green Environment Activist), Amruta Fadnavis (wife of Honourable Chief Minister of Maharashtra), Radha Kapoor (Founder & Executive Director- ISDI) and S.K. Swamy (President, IAA – India Chapter) launching the YES FOUNDATION Media for Social Change Fellowship in partnership with ISDI-WPP School of Communication and International Advertising Association India Chapter

YES ENABLER

YES ENABLER is a capacity-building program designed to address the gap in business design and management training, and to aid not-for-profit organizations achieve scale and impact. The Foundation acknowledges the pivotal role that not-for-profit organizations and government agencies play in the development of any nation and maximum value generation is possible by building capacity in such organizations.

The program will promote Design and Innovation-led Creative Entrepreneurship (DICE) to maximize social impact of not-for-profit organizations and government agencies.

YES CULTURE: COMMITMENT TO PROMOTE INDIA'S HERITAGE



As per to UNESCO, the world at the dawn of the knowledge civilization where it would be constantly challenged to develop innovative and creative solutions to problems it couldn't comprehend earlier. The answers to most modern challenges may lie in the practices followed in the past and contemporizing them for greater effect and relevance. Therefore, reviving India's culture by going to its roots has become a strategic endeavor for the YES Institute.



➤ A public invitation to Heritage Walk in Lodi Garden, New Delhi organized by YES CULTURE

In line with its knowledge driven strategy, YES BANK launched YES CULTURE with the single minded resolve to emerge as a promoter of Indian culture at both domestic and international level, with a focus at creating a sustainable ecosystem of cultural exchange and development through the vibrant power of creativity and productivity.

YES CULTURE works towards this through collaboration with diverse players in the cultural field and in government, industry and academia to foster a sense of exchange between different stakeholders, and explore inter-disciplinary opportunities in the field.

YES CULTURE also focuses on engagement with heritage sites to promote the need for conservation, and promotes research on cultural issues and policies, and convenes conferences around these issues.



➤ Participants at Heritage Walk in Lodi Garden, New Delhi organized by YES CULTURE

Some of the projects undertaken under the aegis of YES CULTURE in the reporting period are:

- YES Culture Idea of India Convening
- YES Culture partnership with Harper Collins on Khushwant Singh's 'Delhi through the Seasons'
- YES Institute partnership with Oxford Book Store for the launch of 'Darjeeling: A History of the World's Greatest Tea' by Jeff Koehler
- YES Culture Heritage Walks and Cycle Tours in Delhi along with INTACH
- YES Culture as a partner for the YES BANK Kumaon Lit Fest
- Thought leadership



Intellectual Capital

Intellectual Capital refers to the collective knowledge, research, thought leadership, brand management/value and intellectual property used to support business activities and lead public discourse on global challenges.

5,510,404

Online
transactions

860,000+

Followers
on Twitter

2,700,000+

Facebook
fans

THOUGHT LEADERSHIP

Global Engagement on Sustainable Development

YES BANK has taken a leadership position among its Indian banking peers in mainstreaming the sustainable development agenda at the global stage. As signatories to key global coalitions, such as the UNEP Finance Initiative (UNEP FI), UN Global Compact, the Natural Capital Declaration and CDP, the Bank has put forth the Indian viewpoint on key issues such as climate change, responsible finance and natural capital.

YES BANK, as the first Indian signatory to the UNEP FI, a global partnership between the UNEP and financial sector, continues to play a leadership role at the platform. Namita Vikas, Group President and Country Head – Responsible Banking, is the Asia-Pacific Chair of the UNEP FI. The Bank is elected to its Global Steering Committee.

As a part of the Board of the Banking Commission of UNEP FI, the Bank is actively engaged in its primary work streams, such as Positive Impact Working Group (PIWG). The PIWG's role is to define and carry out the activities necessary towards Positive Impact Finance (PIF). PIF verifiably produces a positive impact on the economy, society or the environment once any potential negative impacts have been duly identified and mitigated.

The deep engagement with UNEP FI has also provided the Bank the opportunity to be a part of climate finance discourse, under the aegis of the UN Secretary General's team on Climate Change. YES BANK was the only financial institution from Asia to be invited by the UN Secretary General Ban Ki-Moon for the UN Climate Summit held in New York City in September 2015, and also the only bank in the world to be featured in the UN SG's Climate Finance report, which was launched ahead of the COP21.

In addition, the Bank is on the Advisory Board of the Portfolio Carbon Initiative, which is putting together a global framework to map financed emissions.

The Bank is a Founder Member, and sits on the Advisory Board of the India GHG Program, an industry-led, voluntary framework to measure and manage GHG emissions in India. The initiative is jointly partnered by World Resources Institute (WRI), Confederation of Indian Industry (CII) and TERI Council for Business Sustainability (CBS). During the reporting period, the program launched three India-specific Air, Road and Rail Emission Factors along with the methodologies for a more accurate computation of transport related emissions.

During the year, YES BANK joined key national and global platforms –

- YES BANK became the first Indian Bank to join the <IR> Lab India, a collaborative effort between CII–ITC Centre of Excellence for Sustainable Development (CESD) and the International Integrated Reporting Council (IIRC). The Lab is a broad coalition of Indian companies, regulators, and industry associations to develop the frameworks and mainstream the adoption of integrated reporting in India
- YES BANK became the first Indian Bank to join the World Business Council for Sustainable Development (WBCSD), a global, CEO led, corporate association focusing on thought leadership and global advocacy towards a sustainable future. As a WBCSD member, YES BANK will focus on engaging with global business leadership across sectors, geographies and value chains to explore, develop and scale up business solutions that address the world's most pressing sustainability challenges

As a key Asian Development Bank (ADB) partner in India, YES BANK was a key speaker in multiple panels at the ADB's 2nd Inclusive Business Asia Forum, held at its headquarters in Manila, Philippines in February 2016.



From left: Gilda Patricia Maquilan (Sustainability and Government Affairs Manager, Coca-Cola Philippines), Takafumi Ikuta (Senior Fellow, Fujitsu Research Center), Richard Welford (Chairman, CSR Asia), Namita Vikas (Group President & Country Head – Responsible Banking, YES BANK) and Penny Burt (Vice President for Government Relations, Asia Pacific, Visa) at a Panel Discussion 2nd Inclusive Business Asia Forum at ADB Headquarters, Manila, Philippines

Natural Capital Declaration

YES BANK, taking a proactive approach in the natural capital space, had become the first Indian signatory to the Natural Capital Declaration (NCD), a joint initiative of the UNEP FI and Global Canopy Programme in 2013. As a signatory, the Bank remains committed to bringing together an ecosystem that would help develop an appropriate regulatory framework, disclosure mechanisms and reporting measures to integrate, value, and account for natural capital.

Effective from January 1, 2016, YES BANK is the Chair of the Steering Committee of NCD overseeing NCD's strategy and providing direction/oversight for the Working Groups and the Secretariat.

In its role as a leader in India in mainstreaming natural capital, YES BANK was a key speaker at the World Forum on Natural Capital 2015, Edinburgh. The Forum is the largest biennial conference on Natural Capital, bringing together over 500 experts from across 35 countries to help turn the debate on natural capital into on-ground action.

Developing Voluntary Guidelines on Responsible Financing for India

YES BANK has partnered with the Indian Banks Association (IBA), and GIZ, the German Government's international sustainable development agency, to develop the National Voluntary Guidelines on Responsible Financing. The

Guidelines seek to promote financial institutions to adopt eight principles, which include guidance on ethical conduct and Environmental & Social (E&S) governance, E&S risk management, minimizing environmental footprint in internal operations, environmentally friendly products, services and investment, enabling inclusive human and social development, stakeholder engagement, commitment to human rights and disclosure.

YES BANK is part of the Drafting Committee of the Guidelines, which were presented at the Executive Meeting of the IBA and cleared for external assessment by member banks for implementation. A workshop for participating banks was held under the aegis of the IBA to introduce the Guidelines and understand the extent of internal overhaul needed to potentially implement these guidelines within their respective organizations. Going forward, similar workshops are being planned for stakeholders for deeper engagement with the Framing Committee and ultimately adopting the Guidelines.

KNOWLEDGE REPORTS

Climate Finance: Innovating for India

While climate action is achievable, there is an immediate need for innovation across all climate related disciplines including Climate Finance. The YES BANK knowledge report 'Climate Finance: Innovating for India' provides key insights on climate centric innovations both incremental and disruptive, which will facilitate climate action and mitigate economic risks. This report addresses climate finance with respect to the Indian context while recognizing its multilateral relevance also discusses scaling up projects in climate change through improving financial and managerial mechanisms.

Water: The next sustainability frontier

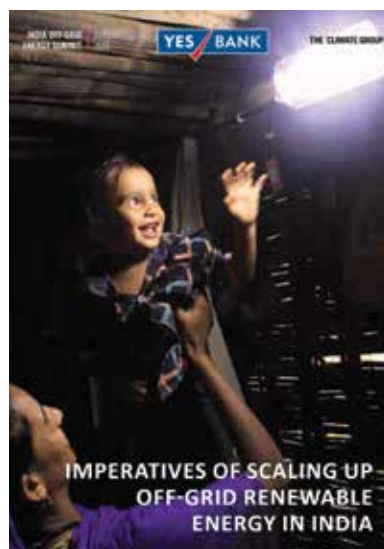
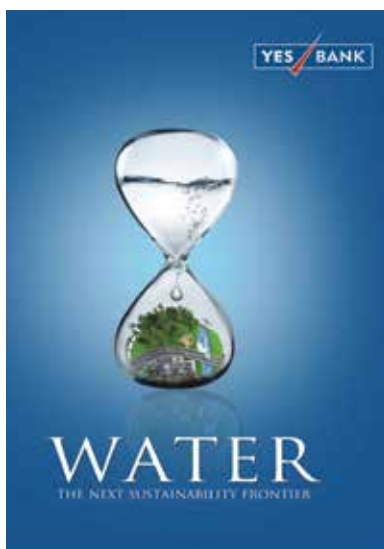
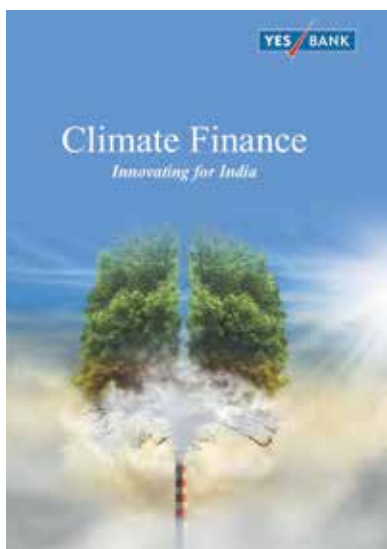
India is a water scarce country. Agriculture remains the highest consumer of water in the economy and has the highest scope of management as most of irrigation in India still remains water intensive. As the population grows and the standard of living improves, the industrial and domestic water requirement is bound to rise. The paper highlights the situation in India and the urgency to provide a solution. It recommends the changes in governance structure and management practices, and suggests innovative business and financial models solutions to ensure availability of water and responsible water management.

Intellectual Capital (contd.)

Imperatives of Scaling up Off-Grid Renewable Energy in India

This knowledge report establishes the potential of the off-grid renewable energy market in India, discusses emerging technology trends, prudent financial innovations and adoptable business models to scale up the market. The report also stresses on the definitive role of the Government

in fostering a supportive ecosystem and the importance of off-grid energy in achieving 100% rural electrification. It also seeks to emphasize the need for increasing mainstream access to finance. This knowledge report was published at the first ever India Off-Grid Energy Summit hosted by The Climate Group on August 19, 2015.



Accomplishing Energy Efficiency in MSME: A Cluster Based Study

Going forward, the Bank is planning a knowledge report, a follow up to previous research undertaken by YES BANK and TERI titled 'Enabling Finance to scale up Energy Efficiency in MSMEs', which will dig deeper in select representative MSME clusters and the industry, financing institutions and the policy makers to study requirements for promotion of energy efficiency technologies in such sectors.

FASAR

In line with YES BANK's approach towards being a knowledge driven organization, Food & Agribusiness Strategic Advisory & Research group (FASAR) is a specialized team within the Food & Agribusiness Research Management (FARM), comprising industry specialists with immense sector specific knowledge and relevant experience and expertise in the conceptualization and implementation of food and agri initiatives.

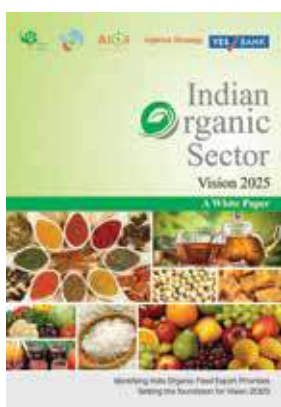
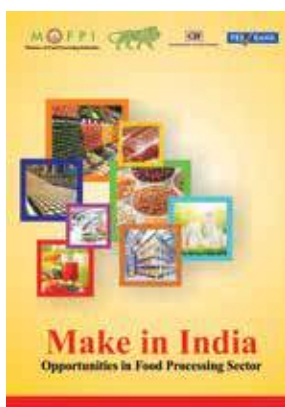


Launch of the knowledge report 'Imperatives of Scaling up Off-Grid Renewable Energy in India' at the first India Off Grid Energy Summit, hosted by The Climate Group, at New Delhi on 19 August, 2015

FASAR works with a broad range of stakeholders, including local, state and national governments, corporate sector, MSME sector, MNCs, Government departments and multilateral agencies in sectors, such as dairy, agri-inputs, food processing, SEZs, food parks and terminals, skill development, rural retail and various aspects of rural infrastructure and supply chain. In FY 2015-16, FASAR undertook 11 new advisory mandates on agri-infrastructure, Organic Sector, agri exports, food processing, dairy, animal feed, aromatic rice, farm mechanization and ICT in agriculture.

FASAR conducts in-depth research on various sub-sectors of Food and Agriculture domains and has published insightful knowledge reports on key topics such as biotechnology, food processing, and on specific sectors of the rural economy such as sugar, dairy and skill development. The team also anchors knowledge pool development for thought leadership in the media.

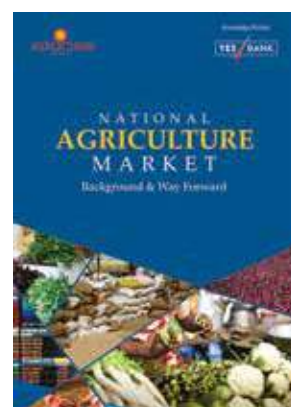
In the reporting period, FASAR partnered with the Agricultural & Processed Food Products Export Development Authority (APEDA), Government of India, to conduct a study on the 'Indian Organic Sector - Vision 2025', which was put forth at the 'National Conference on Sustainable Agriculture and Farmers Welfare' in Gangtok, Sikkim.



The Bank was also the Sector Partner for the Ministry of Food Processing Industries at the Make in India Week at Mumbai in February 2016, and released a joint knowledge report – 'Make in India - Opportunities in the Food Processing Sector'.

The team's other key publications during the year were on Indian Seed industry, Dairy sector, Cold Chain, Innovations in Indian Agriculture and National Agriculture Market.

During the year, the Bank, with support from the Italian Trade Commission, led a dairy delegation of the Indian industry to Italy to facilitate cooperation between the two countries.



STRATEGIC GOVERNMENT ADVISORY

The Strategic Government Advisory (SGA) delivered on key mandates during the year for various state governments and quasi-government bodies on tourism and business development.

SGA led several mandates on tourism development for state governments, such as Arunachal Pradesh, Madhya Pradesh and Gujarat, including preparation of vision documents, approach notes and road maps. In addition, SGA was appointed as a consultant to Infrastructure Development & Investment Promotion for Tourism Project for Shimla cluster by the Department of Tourism, Government of Himachal Pradesh. This project is assisted by ADB.

Strengthening its advisory portfolio, SGA supported the Government of Karnataka in drafting the state IT Startup policy.

In addition to its various mandates, the Unit released a knowledge report 'Tourism Mission of Andhra Pradesh',

released at the Andhra Pradesh Tourism Mission Launch held at Vijaywada. The Unit also released socio-economic snapshot reports for the states of Haryana, Karnataka and Tamil Nadu.



Rana Kapoor (MD & CEO, YES BANK) shared the ideas with S. Jayalalithaa (Chief Minister, Tamil Nadu), Smt Nirmala Seetharaman (Union Commerce Minister), Shri Pon Radha krishnan (Union Minister for Road Transport, Shipping and Highways), Shri P. Thangamani (Tamil Nadu Industries Minister), Shri C. V. Sankar (Tamil Nadu Industries Secretary) and other key industries dignitaries during the Tamil Nadu Global Investors Meet in, Chennai on September 9, 2015

Intellectual Capital (contd.)



Mr. Nikhil Sahni (Senior President, YES BANK) and Mr. R Ravichander (Regional Director, YES BANK) launching Andhra Pradesh Tourism Mission with Shri N Chandrababu Naidu (Hon'ble Chief Minister of AP), Shri Kutumba Rao (Vice Chairman, AP State Planning Board) and Shri Neerabh Kumar Prasad (IAS, Principal Secretary to Government, Department of Tourism) at Vijaywada on September 14, 2015

ECONOMICS KNOWLEDGE BANKING

The Economics Knowledge Banking Team, is headed by Dr. Shubhada Rao as the Chief Economist. The team is responsible for providing analytical guidance to the treasury, senior management and other business verticals in the Bank through economic research and macroeconomic forecasting. It also presents YES BANK's outlook on the economy to the Bank's clients, domestic and foreign investors and global treasuries, among others through meetings, presentations and thematic research reports. The coverage varies across asset classes (eg. currencies, interest rates) and geographies (developed and emerging market economies) with an emphasis on the Indian economy and financial markets.

The team was ranked among top three forecasters for India in 2013 by the global Bloomberg Markets Magazine and as top forecaster of INR-USD.

Innovation and Information Security/ Digital Banking

Innovation and Technology is a key brand pillar for YES BANK, which has maintained its focus on leveraging state-of-the-art technology and introduce innovative practices towards its vision of building the 'Finest Quality Bank of the World in India'.

During the year, the Bank expanded both its physical and digital presence, through a steady expansion and value addition in branch and digital banking. Some of the key

technology initiatives introduced during the year, with a clear focus towards enhancing customer delight, include:

- YES MONEY:** YES MONEY is a Domestic Cash Remittance Service offered by YES BANK by leveraging the Business Correspondent enablement, India's vast spread of local, family owned retail stores and the pan-India commercial banks branch network. YES MONEY is designed to meet the remittance need of migrants, unbanked and under-banked population in India
- YES TAG:** YES TAG is an innovative app, which facilitates customers to do banking transactions on five messaging apps - Twitter, Facebook Messenger, WeChat, Telegram and Skype. Customers can check their balance, mini statements, fixed deposit details, cheque status and much more through the messaging apps. Customers can also send money to beneficiaries from either of these messaging apps
- Interactive e-statement (i-pdf):** This is a revolutionary first-of-its-kind technology in the banking space offering differentiated features, such as consolidated statement for all customer linked products, easy navigation across products, and offline sorting and searching of data
- API Banking:** YES BANK is the first Indian Bank to launch Application Programme Interface (API). For business process as ubiquitous as the funds transfer process between two different entities and across multiple systems, API provides a secure layer to provide reliable access to banking systems and business processes
- Smart Box:** A self service delivery terminal to reduce the transaction cost and add value to the value chain, thereby reducing the supply chain. Goods/items ordered by customers over online/mobile platforms gets delivered at the Smart Box terminal and the item can be picked up by the customer at their convenience. The Box, not only acts as point of storage but also as the point of sale, as consumers can swipe their cards at the Smart Box terminal on a YES BANK enabled payment acceptor
- BANK IN A BOX:** YES BANK is the first private sector bank to launch the unique service named 'BANK IN A BOX' at client locations for handling large cash transactions to improve efficiencies in the financial value chain, thus automating the previously physical process of cash handling.

Presently, the Bank has 359 live note acceptors/recyclers installed and plans to expand this to 1,000 boxes in a year

- **Digital wallet:** YES BANK has partnered with Snapdeal, India's leading e-commerce player, and will power the FreeCharge Digital Wallet, launched by FreeCharge, India's leading digital platform for recharge and utility payments. It has been built by FreeCharge and YES BANK on the pillars of cutting-edge technology and state-of-the-art payments systems
- **YES PAY:** YES PAY is a Digital Wallet enabling social media and smartphone users to register seamlessly and then spend wisely. It provides a host of facilities like mobile/DTH recharge, purchase of gift vouchers and avail discount coupons. Moreover, YES PAY can be accessed through Facebook, without a separate registration
- **Sound-based proximity payments:** YES BANK has tied-up with Ultracash Technologies to enable Sound Based proximity payments, utilizing novel technology to enable merchant, and person to person proximity payments using unique ultra high frequency sound waves, without the need for a bank card or internet connectivity
- **Tablet-based solutions:** With an aim to bringing efficiency and effectiveness into field level activities, YES BANK is currently piloting a tablet-based solution for disbursements and collections and additional activities in the customer lifecycle process, such as new customer on-boarding through e-KYC, and foraying into a cashless and paperless ecosystem ensuring better speed, efficiency and security. It would also integrate financial literacy and social awareness messages into it, thus expanding the direct social impact of this solution

During the year, YES BANK partnered with the Mumbai Police to host a Knowledge Workshop for Mumbai Police on 'Cyber Frauds in Banking', where it raised awareness on various digital banking products and services, and associated frauds like Cards skimming, phishing, spoofing and e-mail scams. The Workshop was attended by over 80 police officers from the Mumbai Crime branch.

YES BANK's Digital Banking efforts were recognized as India's Best Corporate/Institutional Digital Bank at the World's Best Digital Banks Awards 2015. The Bank was also recognized for 'Asia Pacific's Best Information Security Initiatives' and 'World's Best Bank for Information Security Initiatives' by the Global Finance World's Best Digital Banks Awards 2015.

NATIONAL CFO FORUM

With an objective to recognize and appreciate the indispensable role of the CFO in an organization, YES BANK launched the National CFO Forum as a unique knowledge initiative in 2011. Launched with a 15 member Governing Council and 100 members, the forum has grown into the largest community of CFOs and financial leaders in India with 600 members and a 40 member Governing Council.

The forum now has eight regional chapters, and CFOs and top finance leadership from top Private, MNC and public sector companies across industries participate in various Forum initiatives for business expansion and growth. In addition to conclaves and round tables around the country, the Forum publishes the quarterly magazine, YES CFO Insights, as a valuable repository of experiences, thoughts and insights of CFOs across India, focusing on contemporary themes, pertinent to recent economic developments and policy changes.

In March 2016, the Forum launched an interactive website to create an online platform for the CFO community to increase regular interaction with one another and share views on key topics of interest.



➤ National CFO Forum Conclave in progress at Chennai



Natural Capital

Natural Capital refers to the natural resources we use to create value for our stakeholders, as well as climate finance we mobilize to promote natural resource preservation/ environmental mitigation.

1,311 MW

Renewable Energy
Finance Portfolio

973 MSMEs

Supported through
Say YES to MSMEs

19.98%

Decrease in specific
GHG emissions

184

Locations ISO
14001:2005 certified

100,000+

Saplings
planted

YES BANK, since inception, has firmly placed Natural Capital as one of its key focus areas. The Bank has one of the largest Renewable Energy lending portfolios among private sector banks. It is the first Indian bank to be ISO 14001 certified for Environmental Management System, is the first Indian signatory to the Natural Capital Declaration, and is recognized as a Climate Disclosure Leader.

In line with its commitment to achieving internal natural resource consumption efficiencies and minimizing its carbon footprint, YES BANK became the first commercial bank in India to achieve the ISO 14001:2004 certification in 2013, with 12 of its locations certified in the first phase. The Bank completed phase III of the certification in the reporting period and has 184 locations, including 75 cluster hubs, 106 hubs and three corporate offices certified as per ISO 14001:2004 standard.

The certification is based on the Bank's Environmental Management Policy, released in 2012, outlining the Bank's commitment to achieve a 5% reduction in its carbon emissions intensity annually through organization-wide actions, including towards mitigation initiatives and employee awareness.

ENVIRONMENTAL MANAGEMENT – A CONTINUAL IMPROVEMENT JOURNEY

The Bank aims to achieve the revised ISO 14001:2015 compliance for its future certifications. During the year, it initiated several key initiatives, and achieved significant progress on several on-going initiatives, towards achieving internal resource efficiencies, achieving process and product digitization, greater employee awareness and participation, and reduction in waste generation.

● Aggressive awareness initiatives targeting environmental mitigation around resource conservation in business operations:

- Wider circulation of resource conservation mailers, signage and posters,

YES BANK commits to target mobilizing USD 5 Billion for climate action by 2020



**TOUS ENSEMBLE
POUR LE CLIMAT**

cop21.gouv.fr #COP21

On the occasion of Conference of Parties (COP) 21 climate summit in Paris, YES BANK made a commitment to mobilize USD 5 Billion from 2015 to 2020 for climate action through lending, investing and raising capital towards mitigation, adaptation and resilience. To achieve

holistic impact and aid India's target of meeting its Nationally Determined Contributions (NDCs), the Bank also committed to achieve the following by 2020:

- Target funding of 5,000 MW of clean energy
- Gradually increase percentage of Renewable Energy in its power portfolio
- Contribute towards creating a carbon sink by planting 2 Million trees
- Touch 100 Million lives through its safe and clean drinking water program
- Offset carbon emissions of the Bank's operations

- Periodic trainings on Environmental Management System through quizzes, workshops

- Greater employee participation in ideation and implementation of initiatives

- **Digital and Paperless Banking:** Being a financial services institution, paper is the major resource consumed at the Bank. The Bank endeavors to reduce its paper consumption through IT solutions and a gradual move towards paperless banking, by digitizing paper-based products and processes, wherever possible.

- Its key initiatives during the year included:

- **Document Digitization:** The initiative, in collaboration with the Bank's partner NEWGEN, aims to reduce paper used in account opening and verification forms through digitization of documentation and verification. It has saved over 150,000 sheets of A4 size paper in the Bank's retail operations, based on the estimated number of sheets typically required
- **Click to Happiness:** The Bank initiated a completely digital personal loan system for employees in December 2015, with a target of processing 1,000 loan applications by March 2016, thus avoiding the potential use of approximately 100,000 A4 sheets of paper (based on the estimate of each manual loan sanction process requiring an average 100 A4 sheets of paper per application)
- **e-KYC:** During the year, the Bank initiated electronic verification for its new customers, through e-KYC (Know Your Customer), resulting in greater paper savings as a result of reduced requirement for physical documents
- **YES PAY:** The Bank has digitized all employee reimbursement claims, such as mobile phone, local conveyance, outstation travel, staff relocation, through an internal YES PAY platform. The initiative, since it became operational in October 2014, has resulted in total paper savings of 176,126 A4 size sheets by the end of the FY 2015-16. This saving consists of avoiding 25,574 Employee Mobile expense claims of an estimated average 3 pages each and 27,405 number Local Conveyance expense claims of an estimated average 2 pages each in FY 2015-16
- **E-waste:** As a technology heavy organization, electronic waste is a primary environmental concern for the Bank. Towards responsible handling of e-waste, the Bank takes a proactive approach, and has empanelled Central Pollution Control Board (CPCB)-authorized third party e-waste handlers for disposal of e-waste from its locations across India. In FY 2015-16, the Bank responsibly disposed 1,435 kilograms of e-waste, which included desktops, printers and laptop hardware, UPS and server hardware
- The Bank continued its partnership with Canon to responsibly dispose 110 empty toner cartridges during the year

- **Improving Physical Infrastructure:**

- The Bank has replaced existing, plastic-based dustbin covers with bio-degradable dustbin covers at its corporate offices, and would be extending the initiative across locations in a phased manner in the coming year
- Commitment to reduction of the paper consumption in its operations by 20 to 25 % over two years
- Optimizing inter-branch movement of outsourced staff at metro locations and reducing the Bank's carbon footprint from logistics
- The Bank is fully compliant with CPCB II norms (Central Pollution Control Board) norms for diesel generators, leading to significant reduction in Nitrogen Oxide and Particulate Matter emissions
- Efforts are being made to reduce water consumption in maintenance of the Bank's facilities. The Bank is targeting 15 % reduction over a two-year period
- **Achieving Energy Management Efficiencies:** YES BANK has initiated important energy management initiatives to be implemented over a two year period, aimed at reducing energy consumption by 15 to 20 % at all its facilities. Key initiatives are:
 - Installation of energy intelligence software for dynamic consumption monitoring across facilities, which is expected to result in 5 to 7 % in savings. With a successful pilot study conducted at select branches during the reporting period, the Bank aims to implement this across its branch locations in a phased manner till 2017
 - Testing of retrofit solutions for HVAC systems, of which those with a potential saving of 10 to 15% would be incorporated in a phased manner over two years
 - Incorporation of LED lighting at select locations. As transition to LED presents a huge potential for cost and consumption savings, it would be taken up for implementation at all facilities in a phased manner. As on March 31, 2016, 2,812 LED lights have been Installed at corporate office locations, with a potential saving of 202,870 KWH of energy consumption and ₹ 16.5 Lakh in monetary savings annually

Natural Capital (contd.)

- The Bank is currently conducting feasibility studies for rooftop solar energy generation at select branches

In addition, the Bank has several key on-going initiatives targeting energy conservation and efficiency, including SEMS (off-site ATM monitoring system), password based printing, LED signage at branches and locations, installation of motion sensors at select locations, increased usage of video-conferencing to

reduce employee travel, improved record management at branches, and employee awareness campaigns.

In FY 2015-16, YES BANK reduced its specific emissions per employee by 19.98%, meeting its emissions intensity reduction target of 5%, as stated in its Environmental Management Policy.

Performance of environmental parameters

Parameter	Units	FY 2015-16	FY 2014-15	FY 2013-14
Scope 1 – Diesel*	tCO ₂ e	1,083.48	993.50	24,681
Scope 1 – Refrigerant##	tCO ₂ e	552.88	N.A.	N.A.
Scope 2 Emission#	tCO ₂ e	30,775.93	28,196.00	717.60
Total Emission (Scope 1+2)	tCO ₂ e	32,412.30	29,189.50	25,398.60
Scope 3 Emission**	tCO ₂ e	1,543.82	907.46	986.40
Diesel Consumption	Litres	409,692	375,666	265,549
Grid Electricity Consumption	MWh	37,531.63	34,385	33319
Total employees as on 31st March	FTE	15,000	10,810	8,798
Scope 1 & 2 emission intensity per employee		2.16	2.70	2.88
% Reduction YoY		19.98	6.25	

* Data for March 2016 has been extrapolated on the basis of the average of 11 month actual data

** Scope 3 includes Business Air Travel by the employees

Grid Electricity Consumed has been calculated from the electricity bills for all locations, hence a 14.5% reduction in the calculation has been considered to account for Government taxes and overheads

Scope 1 emissions include CO₂, N₂O and CH₄ emissions from YES BANK's diesel usage and 10% refrigerant leakage from the AC systems. The emission factors and GWP (Global Warming Potential) values have been taken from GHG protocol. The cost of diesel consumed pan bank is converted in quantities consumed by using state level diesel prices. Like 2012-13 (base year), we have used operational control approach for measuring and managing these emissions.

Note: Scope 2 emissions include CO₂ emissions from electricity consumed by YES BANK. The emission factors have been taken from CEA's (Central Electrical Authority) CO₂ database, version 10. The cost of electricity consumed pan bank is converted in quantities of electricity consumed by using state level tariffs. Like 2012-13 (base year), we have used operational control approach for measuring and managing these emissions.

Considering the nature of the Bank's business and locations it operates in, there are no significant negative impacts on the communities around its areas of operation. The Bank encourages branches to lead their own mitigation initiatives and shares best practices across other branches.

LEADERSHIP IN CLIMATE DISCLOSURE

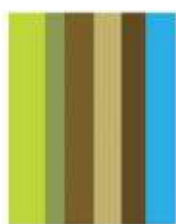


YES BANK was the first Indian banking signatory to the CDP, and has been reporting on its greenhouse gas emissions since 2009. In the reporting period, the Bank became the first Indian financial institution to be on the Climate Disclosure Leadership Index for five consecutive years. With a score of 98, the Bank scored second highest among all financial institutions on the Index, and improved on its score of 92 in the previous reporting cycle.

NATURAL CAPITAL INITIATIVE

YES BANK, taking a proactive approach in the natural capital space, had launched the Natural Capital Initiative in 2013 with an objective to bring together an ecosystem that would help develop an appropriate regulatory framework, disclosure mechanisms and reporting measures to integrate, value, and account for natural capital. The Bank had underlined this commitment by becoming the first Indian signatory to the Natural Capital Declaration (NCD).

Natural Capital Declaration - Working Groups and Steering Committee



Natural Capital Declaration

Financial sector leadership on natural capital

Under the aegis of the NCD, YES BANK sits on two key Working Groups convened by the UNEP FI and the Global Canopy Programme, thus representing financial institutions from the developing world at the global thought platform on natural capital.

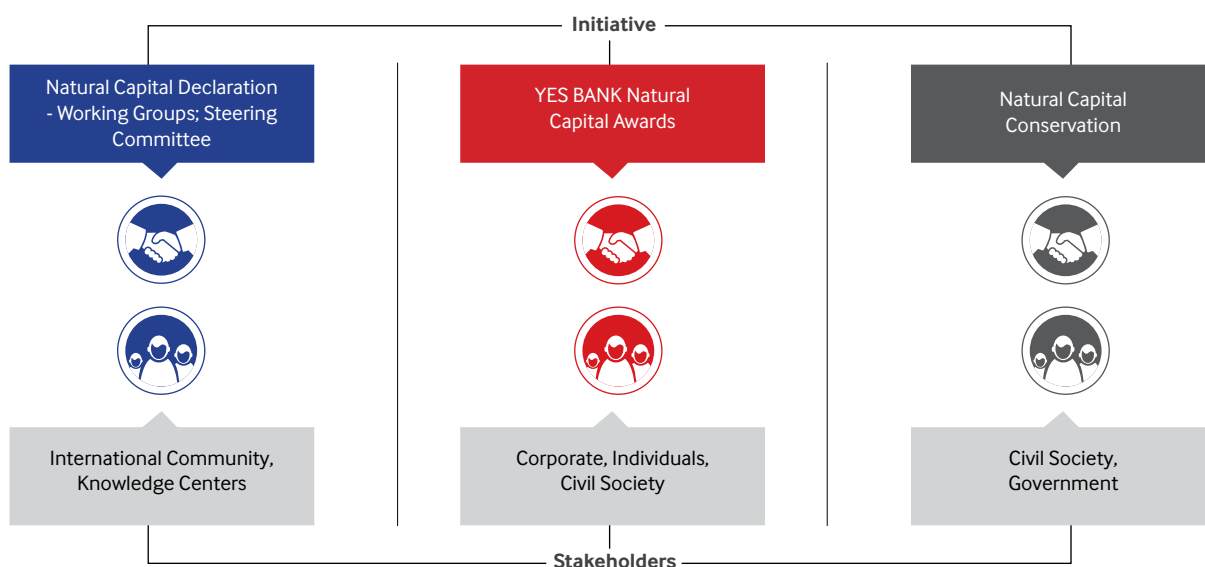
YES BANK was unanimously voted as the Chair of the Steering Committee of Natural Capital Declaration (effective from January 1, 2016). As Chair, YES BANK would oversee NCD's strategy and provide direction/oversight for the working groups and the Secretariat. The Chair of the Steering Committee is appointed for one year and may be reappointed indefinitely.

The Bank was the Vice Chair for Working Group III (WG III)—Accounting for Natural Capital, which seeks to develop a methodological system for accounting for the impacts, benefits and dependencies on natural capital at the company and portfolio level till December 2015 and continues to be a member of WG III.

The Bank is also a part of the Working Group I — Understanding impacts and dependencies on natural capital, wherein the Bank has committed to collaborate on building an understanding of impacts and dependencies of natural capital relevant to operations, risk profiles, customer portfolios, supply chains and business opportunities.

The Bank implements the Initiative through key projects that are aligned with different stakeholders and has taken a holistic approach in identifying and engaging with them on pertinent topics.

Natural Capital Initiative @ YES BANK



Natural Capital (contd.)

YES BANK Natural Capital Awards 2015

In 2013, YES BANK hosted the first, highly successful edition of the YES BANK Natural Capital Awards, a ground-breaking platform that mainstreamed the natural capital dialogue in India that showcases practices in natural capital consumption, accounting mechanisms and conservation within the industry and civil society. The aim of the awards platform is to trigger and lead debates on natural capital in India and influence the government towards ushering in positive policy-related changes.

In the second edition of the Awards, large corporate houses, 72 teams, and 732 photographers registered in the three categories of the Award:


- **Eco Corporate Award:** Honoring organizations working for the environment, ecosystems and affected communities (in two sub-categories of 'Manufacturing' and 'Services' to reflect on the difference in approach)
- **Nature Trailblazers Award:** Honoring original research content in areas of natural history and wildlife photography
- **Pixel Perfect Award:** Honoring photographs on wildlife and awe-inspiring natural phenomena

The second edition of the Awards was judged by an eminent jury comprising of noted Indian and international academicians, thought leaders, photographers and environmentalists who have contributed in strengthening the global discourse on natural capital.


The second Natural Capital Awards ceremony has been a great success with participation from the Government, Industry and International Diaspora, Wildlife and Natural History specialists, Sustainability professionals, and multilateral agencies. The ceremony for the second edition concluded on August 10, 2015, with Shri Prakash Javadekar, Minister of State (Independent Charge), Environment, Forest & Climate Change, Dr. Jitendra Singh, Minister of State (Independent Charge), Development of North Eastern Region, Prime Minister's Office, Personnel, Public Grievances and Pensions, Department of Atomic Energy, Department of Space, as Chief Guests.

In their address, they highlighted the criticality for all stakeholders to make concerted efforts towards correcting and protecting the environment, which has been taken for granted till now. Other key speakers at the event included Jaco Cilliers, Country Director, UNDP India and Dr. Ajay Mathur, Director General, Bureau of Energy Efficiency.




 Spot-billed Pelican with polythene, by Mohammad Iqbal, winner in the Pixel Perfect category



 'Lion-tailed Macaque in habitat', co-winner in the Trailblazers category



 'Gangetic River ecosystem' Co-Winner in the Trailblazers category

Winners in the Eco-Corporate categories were Ambuja Cements Limited (Manufacturing sub-category) for their Sustainable Water Management practices and Capgemini India (Services sub-category) for their efforts in Smart Energy Management solution and environmental action.



Winners of the Eco-Corporate Award being felicitated by the Chief Guests at the Natural Capital Awards 2015 awards ceremony

Natural Capital Conservation - Say YES to Save the Godawan

YES BANK is striving to integrate natural capital considerations and creating the conditions necessary to maintain and enhance natural capital as a critical economic, ecological and social asset. Given this commitment by YES BANK's MD & CEO, Rana Kapoor, coupled with the vision of the Hon'ble Chief Minister, Smt Vasundhara Raje, Government of Rajasthan, YES BANK developed the 'SAY YES TO SAVE THE GODAWAN' Campaign to protect and conserve Godawan, also commonly known as the Great Indian Bustard (GIB). With less than 250 of these birds remaining, the State bird of Rajasthan and one of the largest flying birds in the world with black crown and wing markings, has been declared 'Critically Endangered' by IUCN Red list with a decreasing population. YES BANK's campaign was aimed at addressing GIB conservation.

The campaign focused on sensitization and capacity building of villagers towards the need for protecting the GIB and its habitats, creating awareness on GIB conservation among tourists through hoardings and banners at strategic tourist locations and by developing safe enclosures for GIB in Desert National Park. These enclosures prevent overgrazing, disturbance by cattle or dogs, while giving open access to GIB.



GIB conservation awareness hoardings and banners by YES BANK placed at strategic tourist locations around the Desert National Park, Rajasthan

ENVIRONMENT & SOCIAL POLICY

Establishing a framework to recognize, evaluate, and to the highest degree possible, monitor and manage, the environmental and social facets in the day-to-day decision-making process has assumed critical importance. It is imperative for banks to consider the triple-bottom-line approach in making credit decisions. In line with its Responsible Banking strategy and practices, YES Bank takes a precautionary approach to environmental and social impacts of its lending activities.

YES BANK, since 2006, has implemented an Environment and Social Policy, which is a structured approach towards

Natural Capital (contd.)

responsible lending. Through this policy, the Bank integrates environmental and social risks into its overall credit risk assessment framework. The Bank has voluntarily adopted the policy, which is based on international frameworks, such as the Equator Principles and IFC guidelines.

The ESP is a crucial part of the Bank's credit risk appraisal process, which goes beyond the realm of financial risk mitigation.

POSITIVE IMPACT CLIMATE FINANCE

Proactive corporate intervention is critical to achieving the climate goals and financial institutions have a larger role in driving climate action. YES BANK is fully committed to play the role of a catalyst and works towards unlocking innovative financial mechanisms towards achieving India's ambitious target of combating climate change in the near and long term.

YES BANK has worked towards integrating positive climate action into its business strategy, operations, reporting and disclosures, risk frameworks, and business portfolio. The Bank has one of the largest portfolios in renewable energy in the private banking space, and scaled up its lending to key renewable energy projects in wind, solar and biomass, executing some of the largest deals in this sector. During the year, the Bank made commitments to further enhance its lending in this space at key global platforms, such as the UN Climate Summit in New York City and COP21 in Paris.

Renewable Energy Funding

Towards funding India's NDCs, it is estimated that USD 2.5 trillion is needed by 2030. The need for climate finance is steadily increasing in India, which is demonstrated by the country's target to achieve 175 GW Renewable Energy by 2022. Currently, this market is experiencing an expansive growth with an additional capacity of over 4,000 MW of clean energy being added every year. YES BANK has an exposure of 1,311 MW of renewable energy projects including solar, wind and biomass in FY 2015-16, and holds a leadership position in this space.

Key transactions of the Bank in the reporting period include:

- Refinancing of Term Debt of ₹ 2.60 Billion for 99 MW Small Hydro Project in Karnataka
- Underwriter of Term Debt of ₹ 675 Million for 100 MW wind power project in Andhra Pradesh

- Underwriter of Term Debt of ₹ 5.00 Billion for 576 MW PV Solar Power Project in Tamil Nadu
- Underwriter of Term Debt of ₹ 2.625 Billion for a 50 MW Wind Power Project in Karnataka
- Underwriter of Term Debt of ₹ 0.645 Billion for 10 MW PV Solar Power Project in Andhra Pradesh
- Underwriter of Term Debt of ₹ 2.39 Billion for 35 MW PV/Thin film Solar Power Projects in Telangana
- Underwriter of Term Debt of ₹ 0.92 Billion for 20 MW wind power project in Madhya Pradesh
- Underwriter of Term Debt of ₹ 8.30 Billion for 155 MW Solar Power Project in Andhra Pradesh and Telangana
- Underwriter of Term Debt of ₹ 2.75 Billion for 50 MW Solar Power Project in Karnataka
- Refinancing of Term Debt of ₹ 3.80 Billion for 45 MW Solar Power Project in Gujarat
- Underwriter of Term Debt of ₹ 1.50 Billion for 42.75 MW Wind Power Project in Gujarat and Maharashtra
- Refinancing of Term Debt of ₹ 1.06 Billion for 24 MW Wind Power Project in Gujarat and Madhya Pradesh
- Underwriter of Term Debt of ₹ 1.24 Billion for 20 MW Solar Power Project in Madhya Pradesh
- Underwriter of Term Debt of ₹ 584 Million for 10 MW Solar Power Project in Karnataka
- Participated through Term Debt of ₹ 532 Million for 74 MW Solar Power Project in Punjab

Technology	Power Capacity (MW)
FY 2015-16	
Wind	236.75
Solar	975.00
Small Hydro	99.00
Waste to Energy/ Biomass	-
TOTAL	1,310.75

YES BANK raises fund through world's First Masala Bond

Given the Government's focus on India's Renewable Energy potential and its target of 175 GW of additional capacity installation by 2022, it is estimated that the Renewable Energy sector will require significant financing. Existing financing mechanisms face a number of challenges including sector limits, high interest rates and Asset-Liability mismatch, necessitating a need to evolve innovative financing mechanisms. Green Infrastructure Bonds are one such avenue to allow for financing to flow to vital green energy projects.

In FY 2014-15, YES BANK took a leadership position in the banking sector in renewable energy financing by announcing the launch of India's first Green Infrastructure Bond for ₹ 500 Crores with green shoe.

In August 2015, YES BANK and the International Finance Corporation (IFC) opened trading of the world's first Green Masala Bond worth ₹ 315 Crores, on a private placement basis, and listed on the London Stock Exchange. This is the first investment by IFC in an Emerging Markets green bond issue. The bonds, for a tenor of 10 years, will be used by the Bank to finance green infrastructure projects in renewable energy and energy efficiency projects including solar power, wind power, biomass, and small hydel projects. KPMG in India will be providing the Assurance Services annually, on the use of proceeds in line with the Green Bond principles.



Rana Kapoor, Managing Director and CEO, YES BANK and Nikhil Rath, CEO, LSE Plc at the LSE Opening Bell Ringing Ceremony in February, 2016

The Bank has been recognized for its pioneering efforts in the Green Bonds market; including the highly successful issuance of India's first ever Green Infrastructure Bonds, by Climate Bonds Initiative (CBI) with the prestigious Green Bond

Pioneer Award for being the 'Pioneers in Emerging Markets-India' in an award ceremony at London Stock Exchange (LSE), London in February 2016.

YES BANK signs MoU With London Stock Exchange Group

Given the Indian Government's target of 175 GW of additional Renewable Energy capacity installation by 2022, the sector would require significant and structured financing. At the moment, sector limits, high street interest rates and asset-liability mismatch are the main challenges faced by the existing financing mechanisms. Therefore, a need for innovative financing mechanisms to finance projects in renewable energy and energy efficiency space has risen.



Rana Kapoor (MD and CEO, YES BANK) and Nikhil Rath, (CEO, LSE Plc) signing the MoU

In the reporting period, YES BANK signed a Memorandum of Understanding with the London Stock Exchange to develop bond and equity issuance, with particular focus on the relatively untapped sector of Green Infrastructure Finance. As part of the agreement, YES BANK plans to list a Green Bond of up to USD 500 Million on London Stock Exchange by December 2016.

YES BANK and IREDA join hands to push green power

The Bank signed an agreement with the Indian Renewable Energy Development Agency (IREDA) to foster renewable energy (RE) development in India, at the Make in India Week at Mumbai in February 2016. The MoU will boost green energy financing, strengthen the Bank's efforts towards meeting the COP-21 commitment of mobilizing USD 5 Billion for climate action by 2020 and help forge a close partnership between both institutions to create a supporting framework for funding of renewable energy and energy-efficient projects.

Natural Capital (contd.)



Rana Kapoor (MD & CEO, YES BANK) and S. K. Popli, (CMD, Indian Renewable Energy Development Agency) sign a MoU to foster development of the Renewable Energy Sector in India during the Make in India Week in February 2016

YES BANK and BEE sign charter to promote Energy Efficiency

The Ministry of Power and Bureau of Energy Efficiency (BEE) have constituted Partial Risk Guarantee Fund for Energy Efficiency (PRGFEE) for providing financial institutions (Banks/NBFCs) a partial coverage of risk involved in extending loans for energy efficiency projects. Under this program, YES BANK participated in the Energy Efficiency Services Ltd. (EESL) organized roundtable meeting with Banks/Financial Institutions/ESCOs in October, 2015 in Mumbai. At the meeting, YES BANK signed a charter with BEE for empanelment of Participating Financial Institutions (PFIs) under PRGFEE, which is expected to set the tone for other Banks/NBFCs to join this league and contribute in promoting Energy Efficiency in India.

SUSTAINABLE INVESTMENT BANKING

Sustainable Investment Banking (SIB), the Bank's knowledge-based advisory and investment banking practice in the clean and renewable energy sector successfully closed five transactions, scaled up its existing mandates during the year and partnered with key national and global stakeholders to enhance YES BANK's presence in this space. The successfully closed transactions by SIB in this reporting cycle include:

- Acted as an exclusive advisor to Indo Rama Renewables for sale of 30 MW operating wind assets to Tata Power Renewable Energy (2016)
- Acted as an exclusive advisor to Environmental Clean Technologies, Australia for partnership with NMDC and NLC for commercializing its clean coal technology in India (2016)

- Acted as an advisor to Infinitas Energy (investee of New Enterprise Associates) for development of 300 MW wind project in Maharashtra and Tamil Nadu (2016)
- Acted as an exclusive advisor to Jaiprakash Associates for sale of 49 MW operating wind assets to a private buyer (2015)
- Acted as a Book Running Lead Manager to Inox Wind India Limited for their IPO (2015)

Commercializing Australian Clean Coal Technology in India

India has a large demand-supply mismatch in thermal coal & coking coal and power plants & iron making companies suffer from a general unavailability of superior quality coal. In this context, Australian company Environmental Clean Technologies (ECT) has developed two clean coal technologies

- **Coldry:** Patented process for converting lignite/sub-bituminous coal into energy rich thermal coal equivalent that has ~80% less moisture content and ~280% higher calorific value.
- **Matmor:** Unique process for producing high-quality iron from inexpensive, abundant brown coal and iron oxide bearing material such as mill scale, nickel tailings and high or low grade iron ore

YES BANK has been engaging with ECT since 2014 to bring the Coldry technology into India and identify manufacturing partners and project partners for commercializing this technology.

During this reporting cycle SIB has made considerable progress in this assignment:

- Assisted in formalizing relationship with manufacturing partner Thermax to indigenize design thus reducing cost of Coldry plant by over 60% and making it commercially viable in India
- Successfully signed a tripartite 'Agreement to Proceed' with Neyveli Lignite Corporation (NLC) and National Mineral Development Corporation (NMDC) for setting up the first integrated Coldry and Matmor plant

SIB is now working closely with ECT to execute definitive documents with various parties for installing the first plant in India.



Human Capital

Human Capital refers to our people's competencies, knowledge and experience, and their capability to utilize them to meet stakeholder needs. It also refers to development programs for our employees.

15,000

Employees

567,628

Training
man-hours

2,734

Training
programs

12,263

Employees
trained

At YES BANK, its Human Capital philosophy focuses on creating the right mindsets to enable business performance by empowering and encouraging Executives to push their boundaries beyond their comfort zones, embrace challenges, and drive growth, thereby garnering mind share and converting it into market share. The Bank engages and develops its Human Capital by creating a YES BANK Culture that encourages open and honest Communication, strengthens Connect between employees and community, supports Career development and shows that it Cares as an organization, all underpinned by the Bank's integrated Vision and Values framework.

YES BANK emphasizes on 'Knowledge' as a key differentiator, wherein it continuously enhances the capability and capacity of its Human Capital by creating an environment of continuous learning, equipping it with knowledge and skills aligned to the Bank's strategic objectives, business goals, and regulatory requirements.

The Bank's University & School Relationship Management (USRM) program is a structured, sustainable and scalable engagement process, which has created and maintained the maximum mindshare for YES BANK amongst students at top college campuses in India, thereby positioning it as a preferred Employer of Choice. In FY 2015-16, the Bank hired 100 management graduates from India's premier business schools through the Y-PEP (YES Professional Entrepreneurship Program), the Bank's institutionalized talent acquisition program under USRM, thus bearing testimony to the program's success.

In line with the Bank's ethos of 'Professional Entrepreneurship', the Human Capital Management team proactively visualizes & strategizes the future talent needs of the Bank, and actualizes them by providing an integrated supply chain for talent, forecasting skill gaps, training, re-skilling and re-supplying, re-affirming YES BANK's commitment towards

becoming 'The Finest Quality Bank of the World in India by 2020'.

HEALTH AND WELLNESS

YES CLUB FIT - A virtual Health & Wellness Platform

YES CLUB FIT is YES BANK's innovative wellness initiative launched to help improve Health Quotient of YES BANKERS. It is a unique, pedometer-based event designed to help executives become more physically active, within the time and space constraints of modern life, through a fun, team oriented and relevant format. In 2015, YES CLUB FIT saw participation of over 1,500 YES BANKERS across India.

Preventive Healthcare

The Bank endeavored to enhance employee benefits and roll out health camps in coordination with its healthcare partners, such as diabetes check-up and awareness session, nutrition management, ergonomics at workplace and stress management. In order to encourage a healthy lifestyle, the Bank continued with Health Times, a bulletin that provides health and safety tips.

Some of the key Health Camps/ Workshops held were:

- Diabetes check-up and awareness session
- Workshop on nutrition management and prevention of lifestyle diseases
- Workshop on Ergonomics and wellness at workplace
- Meditation and stress management Session

It has been the Bank's constant endeavor to scale-up these initiatives and make them available to YES BANKERS across all locations.

Say YES to G.R.A.C.E

Through 'Say YES to G.R.A.C.E' (Gender Respect And Commitment to Equality), a robust framework, the Bank creates awareness and periodic dissemination and

Human Capital (contd.)

reiteration of the Bank's revised Policy for Prevention of Sexual Harassment, in line with 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act & Rules, 2013.' The Bank has an Internal Complaints Committee to investigate and inquire into sexual harassment complaints.

EMPLOYEE ENGAGEMENT

To engage its growing workforce, YES BANK follows the 5C's Engagement Model Culture; Communication, Career, Connect, and Care. It engages and develops Human Capital by disseminating/ reconnecting YES BANKers with the Bank's core values, by creating an intentional culture, encouraging open and honest communication, strengthening connect with employees and community, supporting career development and showing their care as an organization.

EMPLOYEE SATISFACTION BAROMETER

YES BANK strongly believes that an engaged team of YES BANKers is critical in achieving its business goals and building a sustainable organization. In an effort to make YES BANK a 'Great Place to Work', it has partnered the Great Place to Work® Institute, India for the last 3 years to undertake an independent 'Executive Engagement Survey' and assessment of its workplace cultural practices. Great Place to Work® Institute is a global management research and consulting firm, which conducts research and recognizes leading workplaces in more than 45 countries. Great Place to Work® Institute, India conducts this survey annually across various organizations in India as a part of the 'India's Best Companies to Work For' – Survey.

The Trust Index Score for YES BANK increased over the last 3 years across all dimensions viz. Credibility, Pride, Respect, Fairness and Camaraderie. The score has consistently gone up from 70 in 2013 to 72 in 2014 to 74 in 2015. YES BANK was also declared the 2nd Best Place to Work for in the Banking Sector in 2015.

In 2016 study, 4,713 YES Bankers i.e. 92% of the sampled population participated in the survey. As per the preliminary report, the Trust Index score continues to be at 74 for 2016.

EMPLOYEE PERFORMANCE MANAGEMENT

The Bank's Y-TOP (YES Talent Optimization Program) manages the performance of executives ensuring timely, unbiased and transparent appraisal process for all executives. The Bank follows an annual review cycle, with every executive undergoing a multi-level performance valuation. The Bank evaluates performance purely on merit. The ratio of basic salary for men and women at the Bank is 1:1.

MY VOICE

In line with the Bank's objective to provide a consistent and superior service experience for its employees. My Voice aims at providing executives with a simple, easy-to-use platform to post inquiries/grievances and provide suggestions and feedback.

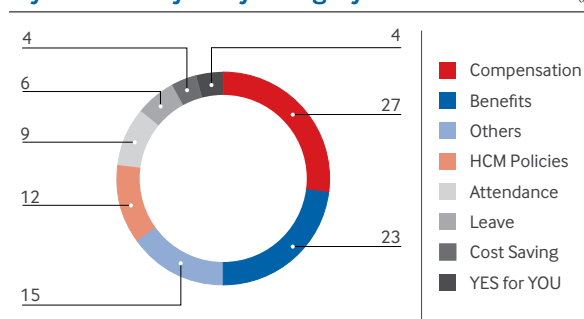
My Voice acts as an empowerment tool for executives as queries also reach the Head of Human Capital Management. HCM team analyzes queries received to identify the concern areas. Analysis Reports are shared with Head - Human Capital Management and corrective actions are undertaken. No cases of discrimination were reported by employees during the year.

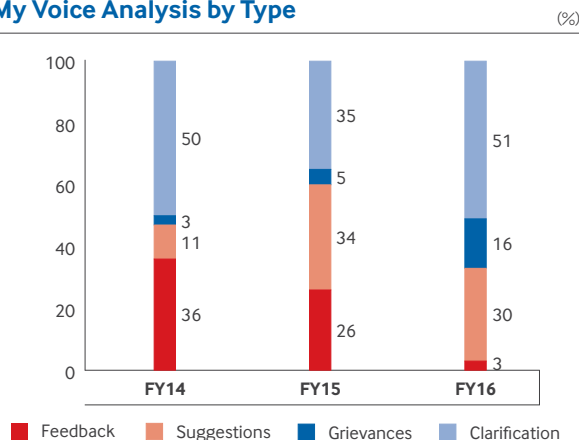
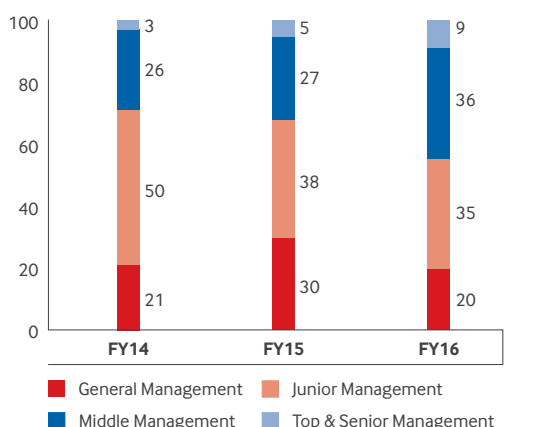
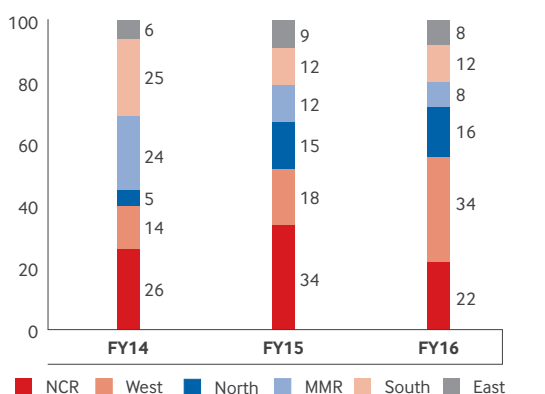
Maximum queries are raised on Compensation & Benefits related matters (about 27%), which may be further elaborated as queries on PMS, Group Insurance/Medicaid, Reimbursements and Salary & Tax.

My Voice is aimed at providing direct access to Bank's HCM team. The charts below depict the extensive use of the tool across all regions.

My Voice Analysis by Category FY 2015-16

(%)



My Voice Analysis by Type**My Voice Distribution by Management Level****My Voice Distribution Branch Banking - Region wise****HCM Risk Containment Unit**

In line with the highest standards of corporate governance, YES BANK set up HCM - Risk Containment Unit (HCM RCU) in January 2013, within the Human Capital Management business unit as a proactive measure to promote financial discipline and prevent fraud.

HCM RCU operationalized Symantec Data leakage Prevention (DLP) application during FY 2015-16 to examine mails sent outside Bank's domain for data security and to detect unauthorized usages.

LEARNING & DEVELOPMENT**YES School of Banking**

In today's dynamic Knowledge Economy, it is imperative to build a high quality robust Human Capital talent pool that will give the Bank a sustained competitive advantage.

YES BANK has always emphasized on a Knowledge driven approach with the objective of focusing on capability development, and being aspired as an 'employer of choice' for the brightest and best quality Human Capital. This is the cornerstone of YES BANK's evolution as the 'Professionals Bank of India'.

Key Human Capital, Organizational Development and Learning initiatives at YES BANK are domiciled under the aegis of YES SCHOOL OF BANKING (YSB), institutionalized in 2007 with a vision to create a Centre of Excellence for learning solutions in banking and related areas.

Training Programs fall under the following broad categories:

1. Behavioral & Leadership skills
2. Employee Induction (includes Know Your Customer and Anti Money Laundering)
3. Mandatory Policies and compliance
4. Process training
5. Product training

Through various training programs under the above categories, the Bank seeks to impart lifelong learning to its employees and provide them skills that can benefit them beyond their role as YES BANKERS.

The Bank conducted various sessions to familiarize Independent Directors with their roles and various topics. The Board is also encouraged to attend training programs organized by regulators/bodies/ institutions. The familiarization programs

Human Capital (contd.)

for the Board can be accessed at www.yesbank.in/investor-relations/corporate-governance.html

Porter Erisman's Session: Transforming Mindset for Achieving Mindshare and Marketshare

Towards YES BANK's vision of becoming 'the Finest Quality Bank of the World in India' by 2020, the Bank organized a workshop by Porter Erisman, E-commerce Consultant & Author of the bestseller 'Alibaba's World', focusing on scale, quality and relentless action, adopting global best & Next Genpractices. The workshop was attended by the Bank's 125 top Management executives.



Group photograph of Porter Erisman, e-commerce consultant and author, with YES BANK's top management

Design Thinking & Innovation Workshop

To foster the objectives of culture of innovation and to help the Bank's leadership team 'think big', a workshop was organized at ISDI, Mumbai by Infosys Ltd. for the Bank's top management team to facilitate the understanding of the process of 'Design Thinking & Innovation' and subsequently drive innovations in their respective areas. The workshop was attended by 124 top management executives of the Bank.



Ritesh Pai (Senior President and Country Head, Digital Banking) setting the context for the workshop

'Where Eagles Dare' Breakthrough Workshops

The workshops are designed to specifically enable Leaders for Envisioning Scale at a BU level, Envisioning Scale as Collaborate teams and Success Meet. The breakthrough workshop series was conducted in three phases and was attended by 188 Leaders from Top & Senior Management. As an outcome, various projects have been initiated for Support/Product Units as a result of discussions that emerged during the workshop.

MY Learning@YES

To reaffirm the Bank's vision of becoming 'The Finest Quality Bank of the World in India by 2020', enhancing Skills, Speed and Scale, are key organizational focus areas. In 2014, YES BANK launched its online Learning Management System 'MY Learning@YES' with an aim to enhance skills via scalable deployment of training programs, with speed, to ensure pan-India coverage thereby enhancing performance, improving compliance, operational and process controls as per regulatory requirements.

MY Learning@YES supports e-learning as well as classroom training and caters to the need for planning, conducting and recording all key aspects of instructor led training programs. Additionally, the system has features such as a versatile training calendar, training schedule management, feedback mechanism and management information system.

YESsentials Induction Program

YESsentials continues to be YSB's high impact induction program that trains new employees on key essential areas that every YES BANKer must be aware of and imbibe. The Induction program is the first critical training for employees on key regulatory and compliance issues including Know Your Customer (KYC) and Anti-Money Laundering (AML) guidelines, information security, products and processes and Human Capital Management policies and procedures. During the reporting period, 218 induction programs were conducted for 6,968 executives, and 6,541 executives were inducted through the E-Learning Module.

TRANSFORMATION SERIES

The YES BANK Transformation Series is a flagship engagement program for global future Young Leaders across the world. Led by the YES SCHOOL of BANKING, the Transformation Series was conceived in 2010 as a global case-study challenge with the underlying ethos of 'Innovation, Creativity and Transformation'.

Through the program, the Bank reaches out to the brightest young minds in leading universities across the world and provides them with an experiential dimension to learning, thus enabling them to creatively present their solutions for real business issues. Captains of the industry, thought leaders, academicians, entrepreneurs and journalists have

been associated with this program as jury members or as part of the Advisory Council.

The fourth edition of the program was launched in campuses across India, with 16,500 students competing for a cash prize of ₹ 3 lakhs.



Team Roth Childs, from ISB, Winners of the YES BANK Transformation Series 2015, with Mr. Ajai Kumar, (Director, YES BANK), Dr. Bibek Debroy, (Member, NITI Aayog) and Ashish Agarwal (Chief Risk Officer, YES BANK)

The Transformation Series' Advisory Council includes:

1. Padma Shri Dr. Bibek Debroy, Member, NITI Ayog
2. Piyush Pandey, Executive Chairman & National Creative Director, Ogilvy & Mather, India
3. Kunal Shah, Founder & CEO, Freecharge
4. Deepak Gaur, MD, SAIF Venture Partners
5. Vijay Nair Founder and CEO, Only Much Louder
6. Adhil Shetty CEO, BankBazaar.com
7. Chaitanya Kamat, MD & CEO, Oracle Financial
8. Shailaz Nag, Co-Founder & COO, Pay U
9. Vikas Agnihotri, Industry Director, India Sales, Google
10. Amrith Rau MD, Citrus Pay
11. Neetu Bhatia, Co-founder & CEO, Kyazoonga

Employee training programs conducted

	FY 2015-16	FY 2014-15	FY 2013-14
Total training programs conducted	2,737	1,596	1,198
Total executives trained in programs above	12,263	9,275	8,322

Employees trained by gender

	FY 2015-16	FY 2014-15	FY 2013-14
Male	9,934	7,648	6,969
Female	2,329	1,627	1,353
TOTAL	12,263	9,275	8,322

Human Capital (contd.)

Employees trained by management category

	FY 2015-16	FY 2014-15	FY 2013-14
Top management#	139	N.A.	N.A.
Senior management	465	483	350
Middle management	2,881	2,044	1,755
Junior management	3,998	2,762	2,302
General management	4,780	3,986	3,915
TOTAL	12,263	9,275	8,322

Training programs by category

	FY 2015-16	FY 2014-15	FY 2013-14
Behavioral and leadership skills	428	338	77
Employee induction	218	140	199
Mandatory policies and compliance	296	158	133
Process training	597	59	53
Product training	1,198	901	736
TOTAL	2,734	1,596	1,198

	FY 2015-16	FY 2014-15	FY 2013-14
Participant man-hours (Class Room & E-Learning)	5,67,628	2,47,568	2,62,512
Participant man-hours* per executive	37.84	22.88	29.6

*Participants man-hours includes that of who have since resigned

FY2015-16 onwards the management categories have been redefined to include Top management. For previous reporting periods, the data for this category was included in Senior management category

Training targets/plans for next year:

- Focus Areas for Learning & Development
 - Enhancing Compliance Culture (Systems, Controls & Processes)
 - Improving Productivity
 - Enhancing Quality
 - Service orientation/attitude
 - Increased speed & agility for Execution Scaled up Value Added training based on tenure
- Specialized Units formed to enable Learning & Development for different segments
- Aim to achieve complete coverage of all YES BANKers

YES ASPIRE TO INNOVATE

'YES ASPIRE to INNOVATE' is a scholarship program conceived to provide a grooming platform for outstanding young leaders, who would lead India into its next wave of socio economic growth. The program offers individual scholarships of ₹ 2 lakh each to 30 YES ASPIRE Scholars chosen from India's 25 premier B-Schools. The scholars also have an opportunity to interact with entrepreneurs, industry and thought leaders.

YES UDAAN

YES BANK is associated with Project UDAAN, an ambitious project undertaken in partnership with the Ministry of Home Affairs and the National Skill Development Corporation (NSDC) to provide training and employment opportunities to the youth of Jammu & Kashmir. The applications received for the 3rd edition of UDAAN were screened through an Online Aptitude Test followed by the Final selection interview. 23 students were

selected, out of which 13 are currently undergoing rigorous 3 month customized Certification program, 'Certification in Banking Fundamentals'. Post training a select number of students will be hired for full time employment.

YES- PROFESSIONAL ENTREPRENEURSHIP PROGRAM (Y-PEP)

Y-PEP, the Bank's innovative and institutionalized Talent Acquisition program, continues to strengthen YES BANK's position as an 'Employer of Choice' across premium B-School campuses, and create a strong talent pool to drive the Bank's future growth. During FY 2015-16, the Bank inducted 100 Y-PEP candidates into the Y-PEP program. Since its inception, the program has inducted over a 1,000 candidates.

YES Grace

LAUNCH OF YES GRACE BRANCHES

In line with YES BANK's commitment to Gender Diversity and equality, the Bank has launched YES Grace branches which will offer customized banking solutions to the evolving financial needs of women, delivered in an empathetic environment. The exclusive YES Grace branches have best-in class services, special Kids' Zone and all Women staff to facilitate and serve valued women customers. In addition to the core banking activities, the YES Grace branches will also drive regular community engagement to foster financial literacy, family banking, safety and wellness amongst women. While the branch will focus on convenience and assistance for women customers, it will continue to serve all its existing and new customers.

Three YES Grace branches were inaugurated in March 2016 at Vile Parle (E), Mumbai; Kalkaji, Delhi; and Cunningham Road, Bengaluru by women customers of these three branches, along with the Bank's senior leadership and by eminent women personalities.



Chitra Pandeya (Group President and Country Head - Liabilities Product Management) inaugurating first YES GRACE branch at Vile Parle (E), Mumbai

Human Capital (contd.)

a. Employee Strength

	Under 30		30-50		Above 50		TOTAL
	Male	Female	Male	Female	Male	Female	
	FY 2015 – 16						
Top Management	0	0	119	9	15	3	146
Senior Management	0	0	502	58	3	0	563
Middle Management	249	75	2,669	383	3	2	3,381
Junior Management	1,577	515	2,357	406	0	0	4,855
General Management	3,503	1,140	1,212	200	0	0	6,055
TOTAL*	5,329	1,730	6,859	1,056	21	5	15,000
FY 2014 – 15							
Top Management	0	0	89	4	8	2	103
Senior Management	0	0	397	44	1	0	442
Middle Management	225	48	1,847	261	3	2	2,386
Junior Management	1,010	351	1,619	268	0	0	3,248
General Management	2,587	780	1,089	175	0	0	4,631
TOTAL	3,822	1,179	5,041	752	12	4	10,810
FY 2013 – 14							
Top Management	0	0	73	4	4	1	82
Senior Management	0	0	289	34	0	0	323
Middle Management	224	49	1,551	201	1	2	2,028
Junior Management	899	263	1,302	210	0	0	2,674
General Management	2,053	588	934	116	0	0	3,691
TOTAL	3,176	900	4,149	565	5	3	8,798

* From FY 2015-16 we will report headcount number as count of all executives, who are on YBL payroll as on that date (this will also include executives who have resigned and serving notice period who were excluded earlier)

b. Total Attrition During the Year

	Under 30		30-50		Above 50		TOTAL
	Male	Female	Male	Female	Male	Female	
	FY 2015 – 16						
Top Management	0	0	5	0	0	0	3.42%
Senior Management	0	0	44	4	0	0	8.53%
Middle Management	59	7	399	62	0	0	15.59%
Junior Management	382	136	478	83	0	0	22.22%
General Management	1261	399	355	58	0	0	34.24%
TOTAL	1,702	542	1281	207	0	0	24.88%
Attrition Rates	31.94%	31.33%	18.68%	19.60%	0.00%	0.00%	
	FY 2014 – 15						
Top Management	0	0	3	0	0	0	2.91%
Senior Management	0	0	18	8	0	0	5.88%
Middle Management	59	10	272	38	0	0	15.88%
Junior Management	232	84	285	56	0	0	20.23%
General Management	859	228	302	34	0	0	30.73%
TOTAL	1,150	322	880	136	0	0	23.02%
Attrition Rates*	30.09%	27.31%	17.46%	18.09%	0.00%	0.00%	
	FY 2013 – 14						
Top Management	0	0	8	0	0	0	9.76%
Senior Management	0	0	23	3	0	0	8%
Middle Management	31	6	174	25	0	0	11.64%
Junior Management	134	54	186	28	0	0	15.03%
General Management	598	164	216	36	0	0	27.47%
TOTAL	763	224	607	92	0	0	19.16%
Attrition Rates	24.02%	24.89%	14.63%	16.28%	0.00%	0.00%	

* Correction: The attrition for F.Y. 2014-15 are 23.02%, which was inadvertently reported 22.53% due to clerical error.

The entire sales and operations force of YES Bank is on its payrolls. Some industry participants have separate entities that employ the direct sales force.

c. Total Hiring During the Year

	Under 30		30-50		Above 50		TOTAL
	Male	Female	Male	Female	Male	Female	
	FY 2015 – 16						
Top Management	0	0	15	0	1	0	10.96%
Senior Management	0	0	95	12	1	0	19.18%
Middle Management	165	41	953	132	0	0	38.18%
Junior Management	1314	353	866	132	0	0	54.89%
General Management	2779	886	319	57	0	0	66.74%
TOTAL	4,258	1,280	2,248	333	2	0	54.14%
Hire Rates	79.90%	73.99%	32.77%	31.53%	9.52%	0.00%	
	FY 2014 – 15						
Top Management	0	0	6	1	0	0	6.80%
Senior Management	0	0	33	2	0	0	7.92%
Middle Management	115	26	484	72	0	0	29.21%
Junior Management	680	230	461	78	0	0	44.61%
General Management	1959	543	305	35	0	0	61.37%
TOTAL	2,754	799	1,289	188	0	0	46.53%
Hire Rates	72.06%	67.77%	25.57%	25.00%	0.00%	0.00%	
	FY 2013 – 14						
Top Management	0	0	6	0	0	0	7.32%
Senior Management	0	0	33	2	0	0	10.84%
Middle Management	67	12	419	59	0	0	27.47%
Junior Management	496	128	469	51	0	0	42.78%
General Management	1181	311	329	36	0	0	50.31%
TOTAL	1,744	451	1256	148	0	0	40.91%
Hire Rates	54.91%	50.11%	30.27%	26.20%	0.00%	0.00%	

* Employee Profile analysis is based on the database maintained by the Bank's HCM unit, which may differ from the Bank's total headcount on a particular date. HCM data does not include employees of YES Securities Limited.



Manufactured Capital

Manufactured Capital is the Bank's tangible and intangible infrastructure, including IT assets, used for value creation through business activities.

860

Branches

1,609

ATMs

5,510,404

Online
transactions

39

BC partners under
YES LEAP

GEOGRAPHIC PRESENCE

YES BANK headquartered in Mumbai, provides a seamless banking experience at its 860 branches and 1,609 ATMs across 29 States and 7 Union Territories of India, through its leveraged quality, state-of-the-art branch infrastructure, cutting-edge technology and a customer-centric approach.

The Bank's customers are also able to conduct most of their transactions through its ATM network. In FY 2015-16, the Bank saw 5,510,404 online transactions and 688,799 mobile transactions, with 4,821,605 internet banking users cumulatively.

The Bank's focus is not merely on facilitating transactions, but also in engaging, informing and involving customers in a personalized manner. YES COMMUNITY, Bank's unique engagement model scaled up its impact during the year utilizing bank branches act as transformation centers on social and environmental pertinent issues of the day for the community by hosting 8,767 community events and touching 8 lakh lives.

The Bank continued to expand its footprint to facilitate financially-efficient inclusive banking. The Bank made efforts to reach the un-banked and under-banked population (urban, semi-urban and rural areas) by leveraging the Bank's branch network, technology edge and relationship capital in the public, private and social sectors. The ISB team aimed to create viable business models while providing 'access to finance' to the bottom-of-the-pyramid customers across 260 districts.

Through YES Livelihood Enhancement Action Program (YES LEAP), the Bank provided comprehensive financial services (credit, saving and insurance) to Self Help Groups (SHG) through partnering Business Correspondents. Every SHG was provided timely and sufficient credit. Technology was leveraged to reduce cost risks. All transactions between SHGs

and Business Correspondents were recorded in YES Sahaj Micro ATMs and monitored centrally. Through YES LEAP, the Bank touched 18.8 lakh households across 19 states in FY 2015-16.

NATIONAL OPERATING CENTRES

YES BANK has centralized back office functions serviced from National Operating Centres (NOC) for various business lines in Mumbai and Gurgaon, including 'Yes Touch Contact Centre' located in NOC Gurgaon. The YES Touch Contact Centre is an extension of branches to serve customers, with a focus to engage and involve customers by delivering banking services on phone. The Bank has also its single largest National Centralized Operations Management and Services Delivery facility in Chennai.

GLOBAL INDIAN BANKING

The Bank operationalized its first international Representative Office in Abu Dhabi in 2015. The Bank will provide services for unique investment needs of the Indian diaspora in the Gulf city through their flagship Global Indian Banking program which comprises of:

- NRE/ NRO Savings Account & Fixed Deposits
- Foreign Currency Fixed Deposit (FCNR)
- Portfolio Investment Scheme (PIS) to transact in the Indian Secondary Market
- YES First Wealth management program

IFSC, GIFT CITY

YES BANK became the first Bank to begin operations at the International Financial Services Centre (IFSC) at GIFT City in Gujarat in October 2015. The Bank's presence in the IFSC will allow it to deliver a complete range of products to its clients, overseas entities, with foreign currency funding requirements.

WORKSPACE MOBILITY

To empower workforce mobility and ensure faster rollout of new branches, the Bank adopted Citrix Workspace Cloud and Netscaler ADC solutions. The Bank has facilitated a unified approach to creating, publishing and delivering complete workspaces through Citrix Workspace Cloud solution. As a result, employees now have secure access to apps, desktops, data and services from any device, over any network to empower mobile workers with the freedom and flexibility to choose how they work. Besides that, Netscaler ADC

optimized its service delivery network. The Bank will roll out all future branches on Citrix workspace.

This sets new standard of service delivery management, allowing secure and controlled delivery of all enterprise and cloud services to maximize the end user experience including mobile clients. Such workplace mobility solutions enable enterprise mobility which optimize operational efficiency as well as provide strategic benefits such as faster new branch rollout and aligning business imperatives.

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 – 400 018
4. Website:	www.yesbank.in
5. E-mail id:	yestouch@yesbank.in
6. Financial Year reported:	FY 2015-16
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 a. Number of International Locations (Provide details of major 5)	One – The Bank has a representative office in Abu Dhabi, UAE.
b. Number of National Locations	The Bank has 860 branches, two National Operating Centers in Mumbai and New Delhi, National Centralized Operations Management and Services Delivery facility in Chennai and 1,609 ATMs, as on March 31, 2016.
10. Markets served by the Company – Local/State/National/International/	YES BANK is a pan India Bank with branches in all states and Union territories in India. YES BANK has expanded its operations to Middle East in Abu Dhabi with an international representative office to enhance engagement with leading businesses and Global Indians in this region.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (₹):	₹ 420.53 Crores
2. Total Turnover (₹):	₹ 16,245.59 Crores
3. Total profit after taxes (₹):	₹ 2,539.4 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	1.24%
5. List of activities in which expenditure in 4 above has been incurred:-	i. YES COMMUNITY ii. Livelihood & Water Security iii. Say YES to Sustainable MSMEs in India iv. YES STEADY (Skills Training and Enhancement for Development of Youth) v. Natural Capital Initiatives vi. Support to YES FOUNDATION

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/Companies?	YES (one subsidiary)
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):	All BR activities of the subsidiary company are conducted as part of the parent company.
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**

1.	DIN Number:	00320702
2.	Name:	Mr. Rana Kapoor
3.	Designation:	Managing Director & CEO

b) Details of the BR head

S.No.	Particulars	Details
1.	DIN Number (if applicable)	N/A
2.	Name	Ms. Namita Vikas
3.	Designation	Group President & Country Head - Responsible Banking
4.	Telephone number	+91 22 3347 9852
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	
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 ⁸	Y ⁴	Y ⁴	Y ⁹	Y ⁶	Y ⁴	Y ⁷
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 ³

Annual Business Responsibility Report (ABBR) (contd.)

1. This 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 marginalized 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 organizations and peers.

The Bank also adheres to the guidelines laid down by the Banking Codes and Standards Board of India (BCSBI) towards financial inclusion.

The Bank has a separate Code of Commitment to Micro and Small Enterprises, which is available at www.yesbank.in.

3. The Bank has an Internal Audit unit that carries out the checks and balances on the Bank's adherence to its policies.

In addition, as the Bank is under the purview of the Reserve Bank of India, its operations and activities are subject to review by the central bank.

4. The ESP is an internal policy of the Bank which is aligned with its risk assessment systems.

The Bank also has a CSR Policy guiding its CSR implementation. The Policy is accessible on the Bank's website at www.yesbank.in.

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 and are available in the Bank's Sustainability Report for FY 2014-15, at www.yesbank.in/investor-relations/sustainability-report.html

7. The Bank also adheres to the guidelines laid down by the Banking Codes and Standards Board of India (BCSBI), and all regulations framed by the RBI. The Code of Bank's Commitment to Customers is available at www.yesbank.in. In addition, The Bank has an internal policy for product appropriateness which is available internally.

8. The policy is an internal policy of the Bank and available to employees of the Bank. However, the Bank's key employee practices are available online at www.yesbank.in/human-capital.html

9. The Bank's Environmental Management Policy is available on the Bank's website at www.yesbank.in/images/all_pdf/EMSPolicyLatest.pdf, on the home page.

The Bank's complete response to its environmental priorities and commitments is available in its Sustainability Report, which is available on www.yesbank.in/investor-relations/sustainability-report.html, under Investor Relations.

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	P7	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 Bank has a CSR Committee of the Board, which meets at least twice in a year with the Managing Director & CEO, and Group President & Country Head – Responsible Banking unit.

In addition, The Managing Director & CEO reviews the Bank's BR performance with the Group President & Country Head – Responsible Banking periodically. The Group President & Country Head - Responsible Banking, is also a part of the five member internal CSR Management Committee which is represented at meetings of the Board of Directors.

- **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 reports on its sustainability performance in its annual Sustainability Report. The report is available online at www.yesbank.in/investor-relations/sustainability-report.html

The Bank publishes its Sustainability Disclosures as part of its Annual Report which is based on the GRI framework. The Disclosures for FY 2015-16 are included in this Annual Report and can be accessed at <https://www.yesbank.in/investor-relations/annual-reports.html>

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?**

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.

Please refer to page number 225 for Customer Complaints, page number 156 for Shareholder Complaints in this Annual Report.

For Employee complaints, please refer to page 66 of the Sustainability Disclosures in this Annual Report.

Principle 2

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

- i. Inclusive and Social Banking – YES MONEY/ YES SAHAJ/YES LEAP/YES Kisan Dairy Plus/ Microfinance and Affordable Housing
- ii. Sustainable Investment Banking and Corporate Finance – Lending and advisory in RE/water etc.
- iii. Agri-business and Rural Banking

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?

On account of the nature of our services, the major resource consumed at the Bank is paper. During the year, the Bank has focused on reducing its consumption of paper through printing and managing its paper procurement practices.

Through its focus on paperless banking, the Bank has witnessed a steady increase in mobile and internet banking, and more customers are moving towards electronic statements.

The Bank's paper waste is disposed responsibly through third party vendors and recyclers. With regard to water consumption, the Bank's primary usage is for domestic purposes.

The Bank consumes diesel to run diesel generators in branches in locations with electricity shortages. The Bank, as a rule, only procures energy efficient

Annual Business Responsibility Report (ABBR) (contd.)

generator sets that consume less power, with reduced emissions and low noise.

For more details on the Bank's initiatives to reduce its resource consumption, please refer to the Sustainability Disclosures FY 2015-16 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. As 184 locations of the Bank are ISO 14001 certified in Environment Management System, the Bank makes every effort to create awareness among its customers on resource consumption best practices.

The Bank has focused on increasing paperless banking and has achieved strong growth in mobile banking, internet banking and e-statements, thus reducing paper usage among customers.

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 primary resource consumption of the Bank includes printing paper, municipal water and diesel. The Bank entered into vendor agreements for responsible procurement of paper, and tracks consumption of resources to reduce wastage.

The Bank's central procurement team communicates its best practices and standards with suppliers and vendors, including pertinent clauses in procurement contracts on labor practices and human rights.

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. The Bank achieved success in using the Business Correspondent model for financial inclusion of the unbanked and under-banked population in rural and urban India. For YES MONEY, the Bank enrolled local retail and grocery stores as business correspondents providing remittance services to local communities. The Business Correspondents were hired from the local regions where they operated, and were trained in banking operations.

The Bank is present in all states of India, and branches procure locally for stationary, food and beverages and other items required for normal operations. The Bank has worked with most vendors to bring them up to procurement standards and requirements.

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.

Yes. The Bank's primary waste products comprised paper waste, municipal waste and electronic waste. The Bank put in place mechanisms for the responsible disposal of waste through authorized third party vendors. The Bank has a national vendor for the disposal of e-waste and localized vendors for disposal of paper.

The Bank's waste management practices have been documented in the Sustainability Disclosures FY 2015-16, which are a part of this Annual Report.

Principle 3

1. Please indicate the Total number of employees.

As on March 31, 2016, YES BANK has 15,000 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 2791 permanent women employees on March 31, 2016.

4. Please indicate the Number of permanent employees with disabilities

The Bank, being an Equal Opportunity Employer, made no distinction between employees on the basis of disabilities.

5. Do you have an employee association that is recognized by management?

The Bank does not have an employee association.

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

The Bank has no permanent employee as members of any recognized employee association.

7. Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, 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 labor/forced labor/involuntary labor	0	0
2.	Sexual harassment	6	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?*i. Permanent Employees*

During the reporting period, 12,219 employees were covered in 2,734 training programs which were divided into the 5 broad categories of: Behavioral and Leadership Skills, Employee Induction, Mandatory Policies and Compliance, Process Training and Product Training.

ii. Permanent Women Employees

2,323 women employees were imparted training during the year, which is over 83% of the Bank's total women employees.

iii. Casual/Temporary/Contractual Employees

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

iv. Employees with Disabilities

The Bank does not measure this metric.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

The Bank views the under-banked and unbanked population in rural and urban India as disadvantaged in terms of integration into India's mainstream economy, which leaves them vulnerable to socio-economic exploitation.

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

Yes. The Bank's unique CSR initiative called YES COMMUNITY reached communities around its branches across India on pertinent social and environmental issues. In alignment with the CSR Rules 2014, the Bank has launched several positive impact initiatives.

The Bank, through its Inclusive and Social Banking unit, has successful products and services that cater to the under-banked and unbanked populations in rural and urban India, such as YES MONEY, YES LEAP, YES Kisan Dairy Plus and YES SAHAJ.

For information, please refer to page numbers: 35-48 in our Annual Report FY 2015-16.

Principle 4**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes.

Annual Business Responsibility Report (ABBR) (contd.)

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?

The Bank implemented policies that covered various aspects of human rights specific to its employees as well as redressal mechanisms. The Bank included pertinent clauses related to human rights in its agreements with vendors, including their adherence to labor laws and employee rights.

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

The Bank did not receive any complaint in the area of human rights violations from internal or external stakeholders.

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.

The Bank's Environmental & Social Policy incorporates environmental and social risks and imperatives into its lending decisions. The Policy is based on guidelines from Equator Principles and IFC, and ensures that the Bank abstains from lending to socially and/or environmentally irresponsible businesses or ventures. Guided by the policy, the Bank also engages with external stakeholders to adopt environmental best practices and influences.

The Bank's Environmental Management Policy guides the Bank towards achieving internal resource efficiencies through action and awareness. Through these overarching policies, the Company influenced employees, customers and vendors on pertinent environmental issues.

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. The Bank was a signatory to international protocols and initiatives, such as the UNEP Finance Initiative, UN Global Compact, CDP (formerly Carbon Disclosure Project) and the Natural Capital Declaration, where the Bank has made commitments on global issues of

environmental and social significance and reports its performance annually.

The Bank's Environment & Social Policy incorporates E&S risks into its lending practices, thus making its lending more sustainable.

Guided by its Environmental Management Policy, the Bank is the first Indian bank to be ISO 14001 certified for Environment Management System, demonstrating its commitment to mitigating its own environmental impact.

YES BANK is also the first private sector bank to provide a Green Energy Commitment (GEC) of financing 5 GW (5,000 MW) of renewable energy projects over the next five years. A Press Release for the commitment can be accessed on the Bank's website at <https://www.yesbank.in/media-centre/press-releases.html>.

On the occasion of COP21, the Bank committed to mobilize USD 5 Billion for climate action through lending, investing and raising capital towards mitigation, adaptation and resilience. The Press Release for the commitment can be accessed on the Bank's website at <https://www.yesbank.in/media-centre/press-releases.html>.

The Bank raised ₹ 315 Crores through the issue of Green Infrastructure Bonds to International Finance Corporation, Washington, member of World Bank Group, on a private placement basis. This was the first investment by IFC in an Emerging Markets green bond issue. The amount raised would be used to finance Renewable Energy projects including solar, wind, biomass and small-hydro. KPMG India would be providing assurance on the use of proceeds, in accordance with the Green Bond Principles.

The Bank's Sustainability Report is available online at <https://www.yesbank.in/investor-relations/sustainability-report.html>

The Bank's latest CDP response can be accessed at www.cdp.net.

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

Yes. The Bank assesses its environmental risk in multiple ways. The Bank's Environment and Social Policy sets the

guidelines through which the Bank assesses the social and environmental risks associated with its lending.

YES BANK is first Indian Bank to be ISO 14001:2005 certified. In FY 2015-16, the Bank completed ISO 14001 certification for 184 locations, including re-certification of its Office locations and major branches. As part of the certification, the Bank's Environmental Management Policy administers the assessments and mitigation of its environmental risks.

The Bank has a Reputational Risk Management Committee overseeing its preparedness for managing the E&S risks of its operations.

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?

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. Projects that the Bank has funded may be related to CDM.

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 one of the largest active debt and advisory portfolios in the Indian banking sector, in renewable energy, waste management and other sectors with significant environmental impact.

Internally, under its ISO 14001 certification, the Bank has several initiatives to rationalize resource consumption and reduce its ecological footprint.

In February 2015, YES BANK was the first private sector bank to provide a Green Energy Commitment (GEC) of financing 5 GW (5,000 MW) of renewable energy projects over the next five years.

On the occasion of COP21, the Bank committed to mobilize USD 5 Billion for climate action through lending, investing and raising capital towards mitigation, adaptation and resilience. A Press Release of the Commitment can be accessed on the Bank's website at <https://www.yesbank.in/media-centre/press-releases.html>.

In August 2015, The Bank raised ₹ 315 Crores through the issue of Green Infrastructure Bonds to International Finance Corporation, Washington, member of World Bank Group on a private placement basis, listed on the London Stock Exchange. The amount raised would finance Renewable Energy projects including solar, wind, biomass and small-hydro.

The Bank's initiatives and actions are included in the Sustainability Disclosures included in 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's primary wastes – paper and electronic waste, are recycled to the maximum extent possible through third party vendors. The Bank's emissions and waste are within permissible limits of the laws applicable. The Bank uses low noise and low emission diesel generator sets at its branches to lower its emissions.

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:

- ASSOCHAM
- CII
- FICCI
- Indian Banks Association

For a complete list of the Bank's associations, please refer to the Bank's Sustainability Report that can be accessed at www.yesbank.in

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)

Through broad level actions, the Bank actively works towards influencing public policy and thought leadership

Annual Business Responsibility Report (ABBR) (contd.)

in India and internationally. The Bank has a member of several international protocols and initiatives that bring stakeholders together on pertinent causes.

The Bank is a signatory to the CDP, the UNEP Finance Initiative, UN Global Compact, the Natural Capital Declaration, World Business Council on Sustainable Development, <IR> Lab India and participates in national and international forums and discussions on issues relating to climate change, natural capital, sustainable finance and inclusive development.

More details of the Bank's policy advocacy actions are available in its Sustainability Report that can be accessed at www.yesbank.in.

Principle 8

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

Yes. The Bank's Inclusive and Social Banking unit has several products and services that cater to the Base of the Pyramid, and are aimed at providing banking services to the unbanked and under-banked population of India.

The details of the Bank's programs and initiatives are included in the Sustainability Disclosures FY 2015-16 that are part of this Annual Report.

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

The Bank's Food and Agribusiness Research Management (FARM) is a Business Unit that has several projects, products and services that cater to the Base of the Pyramid and provide banking to the under-banked and unbanked population.

The Bank's initiatives on CSR and sustainable development are driven by Responsible Banking in alignment with pertinent business units.

YES FOUNDATION, the Bank's social development arm, drives several key initiatives with a vision to build 'Empowered and Equitable India.'

These organizations work closely with their partners, which include business service providers, NGOs and others to deliver on the ground.

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

Yes. The socio-economic impact of the performance of the Bank's financial solutions catering to the Base of the Pyramid is part of the Sustainability Disclosures within this Annual Report.

The impact of the Bank's programs and initiatives driven by Responsible Banking and YES FOUNDATION are included in the Sustainability Disclosures, as part of this Annual Report.

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

The Bank's unique community engagement initiative called YES COMMUNITY connected the Bank with local communities around its branches across India. The Bank has also launched several positive impact initiatives in alignment with the CSR Rules 2014. The Bank's direct contribution to community development projects ₹ 29.52 Crores in FY 2015-16.

The Bank partners with community organizations, NGOs and Government bodies, on many of its programs to deliver on-ground impact. The performance and impact of the Bank's programs and initiatives is included in the Sustainability Disclosures that are part of 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.

Through effective stakeholder engagement, the Bank ensures its community engagement initiatives are relevant, effective and replicable. All its initiatives have a strong focus on making them sustainable in the long term, with active community ownership.

The Bank has in place the systems and reporting practices which ensures that the socio-economic and environmental impact of its programs is measured periodically. The CSR Committee of the Board meets periodically to review the successful implementation of its programs.

Principle 9**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Please refer to page 225 of this Annual Report.

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)

The Bank has followed the highest standards of product and service responsibility. The Bank complied fully with the regulations of the RBI for financial products and is a member of the Banking Codes and Standards Board of India (BCSBI), an independent watch dog for service quality.

All notices and regulations are displayed at branches as per the requirements of the RBI. The Bank trained its staff in client-facing roles as a part of its Suitability and Appropriateness Policy.

A comprehensive list of customer policies that the Bank adheres to, are available on the Bank's website at www.yesbank.in.

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

Please refer to the Annual Report 2015-16, section 18.6.2 Disclosure of Penalties by RBI on page 209 of this report.

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

The Bank's Chief Experience Officer drives the Bank's customer satisfaction initiatives and measurement and regularly conducts customer satisfaction surveys. Survey insights and the Bank's customer satisfaction performance are reported in the Bank's Sustainability Report, available on its website at www.yesbank.in.

Management Discussion and Analysis

EXECUTIVE OVERVIEW

Macro-Economic and Industry Overview

As per estimates provided by the International Monetary Fund (April 2016), World GDP growth decelerated to 3.1% in 2015 from 3.4% in 2014. Global economic activity weakened amid increasing financial market volatility, especially in the second half of 2015. Moderation in economic growth was driven by softer activity in advanced economies. The scenario for emerging markets (EMs) was diverse, with high growth rates in most of emerging Asia, but severe macroeconomic conditions in commodity exporting countries.

Global commodity prices weakened due to a combination of subdued growth conditions, supply glut in certain cases, and a stronger dollar resulted in the benchmark CRB Commodity Index falling by 23.4% in 2015. The decline was broad based with prices of crude oil (Brent), industrial metals, gold, and agricultural commodities falling by approximately 36%, 24%, 10% and 12% respectively.

While softness in commodity prices lowered external trade realizations, global trade also suffered with volume growth in 2015 estimated (by IMF) to have fallen below the World GDP growth to 2.8%. The ongoing slowdown and rebalancing in China (with more than 10% share in global trade), declining investments in commodity exporters like Brazil, Russia, etc., and significant exchange rate depreciation in many EMs (primarily triggered by dollar strength and exchange rate adjustment in China) resulted in weakening of global trade activity.

Subdued economic activity amid disinflationary conditions prompted many key central banks to further ease monetary policy through a combination of conventional and unconventional tools. While few major central banks extended their quantitative and credit easing measures, some of them like the European Central Bank and the Bank of Japan also pushed their monetary policy rate into negative territory.

In contrast, the US Federal Reserve remained an important outlier. After concluding its quantitative easing program in 2014, the Fed continued with its monetary policy normalization process by hiking interest rate by 25 bps to 0.25-0.50% in 2015. Nevertheless, global economic and financial conditions prompted it to moderate its projected interest rate trajectory for 2016 to a 50 bps hike from 100 bps hike earlier.

The Indian economy consolidated the gains achieved in restoring macroeconomic stability, a process that began in FY 2014-15.

As per Central Statistical Organization's advance estimates, India's GDP growth for FY 2015-16 is expected to increase to 7.6% from 7.2% in FY 2014-15. This is expected to be led by private consumption demand (primarily urban) and gross fixed capital formation (primarily through public capex). On the sectoral front, growth is projected to be led by manufacturing and agriculture allied activities.

Inflation continued to moderate. Average CPI inflation in FY 2015-16 decelerated to 4.9% from 6.0% in FY 2014-15. Despite monsoon deficiency for second consecutive year, food inflation declined, aided by a limited increase in minimum support prices for food grains, subdued rural wage growth and the government's timely offloading of surplus food stocks. Sharp drop in crude oil prices helped moderate fuel inflation. The central bank's anti-inflationary stance and quality fiscal consolidation bode well for core inflation, which remained below 5% through the course of the year.

The disinflationary momentum was more pronounced in case of WPI inflation, which remained in the negative territory throughout, averaging at -2.6% during Apr-Feb FY 2015-16 vis-à-vis 2.5% during Apr-Feb FY 2014-15.

India's external position strengthened further in FY 2015-16. As per the Economic Survey presented by the Finance Minister in February 2016, the current account deficit is expected to remain in the well within comfort at 1.0-1.5% of GDP. Foreign exchange reserves of USD 356 Billion (end March 2016) and robust net FDI inflows (USD 34 Billion between Apr-Feb FY 2015-16) were noteworthy developments against the background of global uncertainties.

FOREIGN EXCHANGE RESERVES OF USD 356 BILLION (END MARCH 2016) AND ROBUST NET FDI INFLOWS (USD 34 BILLION BETWEEN APR-FEB FY 2015-16) WERE NOTEWORTHY DEVELOPMENTS AGAINST THE BACKGROUND OF GLOBAL UNCERTAINTIES.

On the fiscal front, the government is expected to meet its FY 2015-16 fiscal deficit target of 3.9% of GDP accompanied by a healthy quality of adjustment. While the capital

expenditure is slated for a 20.9% growth in FY 2015-16, the subsidy bill is expected to contract marginally by 0.2%.

On the monetary policy front, the RBI reduced repo rate by a cumulative of 75 bps to 6.75% during the course of FY 2015-16, after reducing it by 50 bps in Q4 FY 2014-15. With CPI inflation for January 2016 turning out to be 31 bps lower than RBI's target of 6.0% and government maintaining fiscal discipline, the central bank opted for another cut of 25 bps in the repo rate to 6.50% in April 2016.

Money market liquidity conditions improved in the first half of FY 2015-16 (with average liquidity being in surplus between Jul-Sep) largely on the back of front loading of government expenditure and dollar purchases by the RBI. Thereafter, liquidity conditions started deteriorating sequentially and closed FY 2015-16 with a deficit of ₹ 2,145 Billion. Build-up of government cash balances with the RBI, above trend increase in currency in circulation and dollar sale by RBI contributed towards tightening of liquidity conditions in the second half of FY 2015-16.

Over the course of FY 2015-16, the Indian Rupee traded in a band of 62.19-68.71. Rupee was trading predominantly between 62-64 range during Apr-Jul. This was breached after the surprise Chinese Yuan devaluation in August 2015. Thereafter, a stronger Dollar on the back of expectations regarding interest rate hikes in the US resulted in weakness in EM currencies including Rupee. While the currency lost 6.0% to the US Dollar in FY 2015-16, it remained one of the outperformers in EM.

Despite global financial markets imparting volatility, the 10-year g-sec yield fell by 27 bps to 7.47% as of end March 2016 on account of monetary easing from the RBI during the course of the year and quality fiscal consolidation from the government.

BUSINESS SEGMENT OVERVIEW

Corporate Banking

Your Bank's Corporate Banking (CB) group provided comprehensive financial and risk management solutions to large corporate clients with a turnover greater than ₹ 1,500 Crores. Your Bank's professional relationship experts forged value-based long-term relationships with the top management and promoters of almost all large corporate houses in India.

Your Bank's CB group offered comprehensive client focused Services comprising Working Capital Finance, Term Loans,

Specialized Corporate Finance Products, Trade & Transaction Banking Products, Cash Management Services, Debt Capital Markets, Treasury Services, Investment Banking Solutions and Liquidity Management Solutions, among others. Your Bank prioritized credit quality and all offerings were made following a rigorous analysis of the client's risk profile as well as proactive monitoring of credit, market and operational risks.

Your Bank offered industry-specific products by understanding customer businesses, market conditions and industry developments. This distinctive approach translated into mutually-beneficial relationships with clients in knowledge-driven sectors like life sciences and healthcare, information technology, food and agribusiness, manufacturing, infrastructure, media and entertainment, hospitality and education, among others.

Your Bank remained committed to continuous improvement in terms of service, risk management and product portfolio through original research, benchmarking and client orientation.

Emerging Corporates Banking

To enhance the focus and coverage on emerging companies, your Bank has formed a new group to cater exclusively to the requirements of Emerging Corporates, with a turnover between ₹ 500 Crores to ₹ 1500 Crores, through customized, sector specific products and services combined with a knowledge banking approach for helping them manage financial, market and growth risks. This Group offers best in class banking services and works closely with growth companies to enable them to transition to become large, world class enterprises of the future. This Group has a special emphasis on the Sunrise sectors of the Indian economy including Auto Components, Food and Agri-processing, Media & Entertainment, Pharmaceuticals, IT/ITes, E-Commerce, Gems & Jewellery among others. This Group is a key part of the wholesale banking portfolio and is expected to grow significantly both in terms of revenue and exposure, while maintaining a sharp focus on asset quality and credit control.

Commercial Business Banking

India is in the midst of a rapid economic transformation and has fast emerged as a global manufacturing hub and service provider, underpinned by skilled manpower. Correspondingly, this reflected in the growth of your Bank's Commercial Business Banking business, focused on servicing high-growth corporate clients with a turnover in the range of ₹ 100 – 500 Crores.

Management Discussion and Analysis (contd.)

COMMERCIAL BUSINESS BANKING GROUP ADOPTED A 'LIFECYCLE BANKING' PHILOSOPHY TO FULFILL THE BANKING NEEDS OF THE CLIENTS ACROSS THE GROWTH CYCLE

Considering the high-growth nature and continuous expansion of your Bank's clients, the Commercial Business Banking group adopted a 'Lifecycle Banking' philosophy to fulfil the banking needs of the clients across the growth cycle. The impetus continued to be on servicing the clients through a 'Money Doctor' approach, balancing the client expectations and the Bank's risk strategies.

Your Bank's unique positioning provided an opportunity to offer the entire product suite with customized solution. Your Bank helped forge a number of success stories across industries, such as FMCG, life sciences, healthcare, gems and jewellery, food, agribusiness, auto ancillaries, IT, e-commerce, education and hospitality. With regional presence in 26 locations across India, Commercial Business Banking division catered to the financing needs of the clients with quick and efficient service.

Further, the Commercial Business Banking group addressed the banking requirements for linked and ancillary businesses of the clients, ensuring continuous deepening and retention of client relationships. The division concentrated on achieving capital efficiency by focusing on cross-sell and referral-led business origination techniques. The division also focused on increasing granularity in the business by offering customized solutions and leveraging its knowledge banking expertise to evolve into a trusted advisor to the clients.

Government Banking

At YES BANK, the Government Banking (GB) group addresses the financial and banking needs of Central and State Government undertakings and affiliates.

Over the years, your Bank has provided financial and advisory services to Ministries under the Union Government, State Governments, Central and State Public Sector Undertakings (PSUs), Boards and other affiliates. Your Bank remained committed to delivering innovative, structured and comprehensive solutions, accomplishing several landmark transactions with Maharatnas, Navratnas, Mini-Ratnas and other apex institutions and developed meaningful relationships with over 700 entities across India. The GB

group remained committed to the core values of client origination, innovation and superior service and has over 90 experienced and seasoned Bankers in 45 locations across the country.

Your Bank made concerted efforts to support educational, religious and sporting institutions across India through unique transaction banking offerings aimed at streamlining the working capital management of these apex and nationally important institutions.

Your Bank made inroads into the welfare trusts management of leading Central and State Public Sector Undertakings through its differentiated and competitive SA offering, complementing your Bank's efforts to build a sustainable CASA book.

Indian Financial Institutions Banking

Your Bank's Indian Financial Institutions Banking (IFIB) group interfaces with domestic financial institutions. The team primarily engages in offering banking solutions to domestic banks, non-banking finance companies, housing finance companies, insurance brokers and companies, small finance banks, payment banks, mutual funds, financial institutions, cooperative banks, regional rural banks and capital market participants (stock exchanges, stock brokers, commodity brokers and exchanges, foreign portfolio investors), primary dealers, depositories, AD II licence holders and payment aggregators. Your Bank customizes specific solutions for domestic financial institutions that enhances transactional efficiencies leading to enduring relationships.

As a strategy to offer greater benefits to the customers through reduced cost of funds, your Bank actively engages with institutions like SIDBI, NABARD, EXIM Bank and NHB to avail refinance, and with overseas branches of domestic banks to avail foreign currency long-term borrowings. The group also leverages its relationship for distribution of G-Sec, T-bills and SDLs thereby helping the bank's Primary dealer business.

Some of the new products that the group has offered during the year using the Bank's pioneering technological platform were:

- **Application Programming Interface (API) Banking** to offer real time/instant banking facility to NBFCs, Brokers, and other Financial Institutions, which is emerging as a key product to integrate and streamline the transaction processing cycle

- **Nodal Bank** offering for payment aggregators, Escrow arrangement for e-wallet players, and AD-II related transactions for money changers and foreign-exchange related players
- **Bunch Note Acceptor (BNA)** offering to large financial institutions to transform the cash transaction process with real-time credit, timely reporting and reconciliation, and detection of fake currency, which was widely acknowledged by Co-operative Banks, NBFs, among others
- **Online RTGS/NEFT collections (e-collections)** and National Automated Clearing House (NACH) offering with real time MIS which found favor among NBFCs, mutual funds, brokers and insurance companies
- **Correspondent Banking** with cooperative banks by offering of sub-membership of RTGS and NEFT services, improved and automated solutions for cheque clearing under CTS, integrated ATM transaction solutions, collection of subsidy and grants under DBTL scheme, and integrated investment solutions viz. CSGL account services to benefit them and their customers

International Banking

In order to address the global aspirations of clients, YES - International Banking has created a widespread partner network of over 950 international banks, financial institutions, exchange houses and official bodies. Your Bank executed marquee transactions across products and geographies through its global banking partner network.

YES - International Banking offers a complete suite of products (Debt, Trade Finance, Treasury Services, Investment Banking Solutions, Remittance Solutions, Financial Advisory and Global Indian Banking) to international customers. Your Bank was rated among preferred partners by international institutions to meet their clients' banking requirements in India. The International Banking Division, in coordination with MNC Corporate Banking, helped position your Bank as the preferred 'Host Country Bank' by leveraging its rich relationship capital.

In addition to active tie-ups with exchange houses in GCC and the ASEAN, the International Banking team made inroads into key Western economies like the US and the UK. These alliances increased remittance flow through your Bank. Leveraging on its YES Money platform which was setup to cater to Domestic remittances for migrant workers,

YES BANK has launched an Indo-Nepal Remittance service for Nepalese Citizens residing in India. YES - International Banking has partnered with 2 leading banks in Nepal – Global IME Bank and Mega Bank – to offer a seamless remittance solution for outward remittances to Nepal. YES-International Banking continues to raise large-ticket offshore borrowings for your Bank and negotiate overseas trade transactions for your Bank's clientele.

Your Bank raised USD 50 Million (₹ 315 Crores) through the issue of Green Infrastructure Bonds to International Finance Corporation, Washington which is the first investment by IFC in an Emerging Markets GREEN BOND issue in the World. Your Bank also signed the loan agreement with Overseas Private Investment Corporation (OPIC), the U.S. Government's Development Finance Institution for supporting small business growth in India. The loan facility with OPIC was increased from the original amount of USD 200 Million at the time of signing the memorandum of understanding to USD 245 Million now.

YES Bank signed a Technical Assistance agreement with Asian Development Bank, Manila, Philippines for a grant of USD 1 Million to finance capacity building activities related to the Rural Financial Inclusion and Farmer Access to Markets Project of YES BANK and to which YES BANK will contribute USD 2 Million.

YES-International Banking focused on emerging as a preferred host country banker and payments bank to global counterparts. As a result, more institutions utilized your Bank's network for their India-linked businesses.

International Footprint

Your Bank established its international footprint by inaugurating its maiden overseas office in the form of a Representative Office at Abu Dhabi, UAE. The Rep Office was officially inaugurated in April 2015 by H. E. Sheikh Nahyan Bin Mubarak Al Nahyan, Minister of Culture, Youth and Social Development, accompanied by Mr. T. P. Seetharaman, Ambassador of India to the UAE. The Representative Office has provided great convenience to NRI customers by facilitating host of Banking, Financial and Investment

**YOUR BANK RAISED USD 50 MILLION
(₹ 315 CRORES) THROUGH THE ISSUE OF GREEN
INFRASTRUCTURE BONDS TO INTERNATIONAL
FINANCE CORPORATION, WASHINGTON**

Management Discussion and Analysis (contd.)

consultation services of your Bank in UAE and has played an important role in promoting your Bank services to the larger NRI Diaspora in the country. Additionally, it has provided a significant Brand Value and visibility of your Bank in UAE.

Pursuant to receipt of the Reserve Bank of India's approval, in October 2015, Your Bank was the first bank in India to commence the operations at International Financial Services Centre (IFSC) at GIFT City, Gujarat. Setting up of an IFSC in India has been the vision of Hon'ble Prime Minister of India, as this would be a major game changer for the financial services

YOUR BANK WAS THE FIRST BANK IN INDIA TO COMMENCE THE OPERATIONS AT INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC) AT GIFT CITY, GUJARAT

sector in India. A banking unit at GIFT IFSC (IBU) is equivalent to a foreign branch and is a significant development in overall augmentation of Your Bank's business model whereby Bank will be in a position to provide comprehensive solutions for its client's foreign currency banking requirements. The opening of an IBU has boosted YES BANK's Cross Border Trade offerings, External Commercial Borrowings, Foreign Currency loans/syndications and offshore M&A funding business among others. Additionally, the IBU will also allow YES BANK to raise Foreign Currency funding through Bonds/bilateral loans and other routes. Your Bank is pleased to report that business momentum at IBU has been building up well with and given the positive feedback from clients, we expect significant ramp-up of business volumes at our IBU in the time to come.

Branch Banking

Your Bank's specialized relationship management architecture & superior customer service, augmented by its cutting-edge technology, were the key driving factors behind enhanced customer experience in the Branch Banking segment. The focus was not merely on facilitating transactions, but also in engaging, informing and involving customers in a personalized manner through specialized relationship channels. Your Bank continued to expand its footprints to facilitate financially-efficient inclusive banking. Your Bank has institutionalized a dedicated framework to increase penetration in the Metro/Urban geographies in All States Capitals, Top 30 and Top 200 Deposit Centres and Semi-urban/Rural geographies covering DMIC, Special Economic Zones, Economic Promotion Zones, Food Parks,

Agri Parks, Ports etc. Your Bank's customers were served through more than 860 branches across 600 locations and over 1,609 ATMs and BNAs at the close of 2015-16 Your Bank undertook numerous initiatives in 2015-16 to reinforce its commitment on Branch Banking.

SME Branches

Your Bank has launched 26 specialized branches in High-density commercial centers, exclusively designed for offering banking products and services to the SME segment. These branches cater as 'One-stop shop' for all the business and financial needs of SMEs offering Assets, Trade/Fx & Remittances, Bulk Payments, Bulk Cheque Printing, etc. Transactional requests are provided high priority and completed within faster turn around times, thereby eliminating customer queues. These branches are better equipped to serve the needs of MSMEs, thereby providing impetus to the Government's Make-in-India program as well.

ATMs / Recyclers

Your Bank has 1,250 ATMs and 359 Bunch Note Acceptors/ Recyclers (BNA) as of March 31, 2016. Bunch Note Acceptors have been appreciated by many Corporate Clients as they offer multiple advantages while fulfilling Corporate cash collection needs. The innovation has automated the cash handling processes in various sectors which largely relied on traditional methods of cash management. Your Bank has won the prestigious 'Bank in a Box' award from Banking Frontier. Your Bank's ATM network is recognized as the Second Best in the mid-sized banks by NPCI.

Currency Chest

Your Bank has launched its first Currency Chest and Small Coin Depot in Mumbai on March 3, 2016. Opening of Currency Chest reflects YES BANK's support to Reserve Bank of India's endeavor to increase the efficiency of currency management in the banking system. The currency chest will supply and distribute adequate quantity of currency in YES BANK branches, thereby ensuring the quality of bank notes in circulation through continuous supply of clean notes and timely withdrawal of soiled notes.

Digitized Banking

In order to achieve significant strides in the digital banking segment, your Bank has created a dedicated 'Digital Banking' vertical with the objective of creating the 'Best-in-Class' Digital Channels, Innovative Payment Instruments and Acquiring Platforms. Your Bank has empowered the YES Mobile and Retail Internet Banking Channels with advanced

and user friendly navigation features. Your Bank has also activated the National Unified USSD Platform (NUUP) based services to offer banking services on USSD channel. It has also forayed into offering banking solutions on Social Media and Chat Messengers. As part of introducing new payment instruments, Your Bank has launched its Virtual Prepaid Card in partnership with Freecharge Wallet and the product has been widely accepted with over 1.5 million signups within 12 weeks of its launch. During the year, your Bank also launched YES PAY – a mobile wallet offering for retail consumers. Your Bank continues to build innovative channels and interfaces in merchant transaction, prepaid partnerships, wallets and e-commerce segments. Your Bank has also partnered the National Payments Corporation of India for the launch of UPI – Unified Payments Interface.

Internet Payment Gateway and POS

Your Bank implemented various initiatives to strengthen its Internet Payment Gateway and POS offerings with an objective of becoming a Primary Banker in the merchant acquiring space. Your Bank now has close to 10,000 merchants spread across 90 cities covering various sectors and segments offering GPRS, MPOS and NFC enabled terminals. Choice of terminal options have substantially provided ease of collection benefits to merchants offering 'Cash on Delivery' facilities.

Contact Centre

Your Bank has dedicated Contact Centres for both inbound and outbound calling services catering to domestic as well as NRI customers. While the inbound Contact Centre resolves queries, complaints and service requests initiated by customers, the Outbound Contact Centre triggers service calls to a select set of clients to facilitate their service and product requirements. The Outbound Contact Centre has set-up dedicated teams for different client segments covering Saving Accounts, Current Accounts, Salaried, NRIs, Retail loans and Business Banking clients.

New Customizable Current Account proposition

Your Bank launched a fully-revamped, first-of-its-kind Customizable Current Account proposition aimed at placing the power of choice in the hands of the consumers. Based on extensive market research and customer feedback Your Bank has launched a dynamic and integrated current account program, which offers three tiers – Edge Business, Prime Business and Exclusive Business. A business owner can choose to start at any of the three tiers according to his business requirements. The Bank will periodically review the

customer's usage of the account and automatically upgrade to a higher tier if applicable.

Interactive Statements

Your Bank launched first in the industry interactive statements for select YES First customers. Capitalizing on the eco-friendly e-statements platform, interactive statements offer unmatched convenience based on customer preferences. Features such as unified view of the entire relationship with the Bank, dynamic search & sort and personalized information graphics provide a differentiated user experience compared to the regular bank statements. Your Bank will over time extend this service to other customers as well.

Government Initiatives

Your Bank partnered with Insurance Companies and other agencies to support and assist the Government in their financial and social security mission. Your Bank has actively participated in Government initiatives like Pradhan Mantri Jan-Dhan Yojana (PMJDY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Atal Pension Yojana (APY). Your Bank is fully committed to support all efforts and programs/schemes initiated by the Government from time to time.

E-KYC

As an important step towards its digital transformation journey, Your Bank has launched its E-KYC module with the objective of relieving the customers from the hassles of documentation. Additionally, E-KYC also facilitates the Bank with verifying customer credentials through a reliable digital source. Aadhaar Card holders can give their consent to the Bank to access their data from UIDAI's Central Data Repository. This facility is successfully launched in all Cluster Hub Branches of your Bank.

Global Indian Banking

Your Bank has recently launched 'Global Relationship Managers' Channel for providing superior relationship management and investment advisory expertise to select overseas NRI clients. Your Bank launched new corridors for NRI remittances from Singapore and Switzerland through its state of the art remittance platform. Your Bank now provides NRI remittance facility for NRIs based out of United Kingdom, Europe, United Arab Emirates, Australia, Singapore and Switzerland. To facilitate quicker remittances your Bank has launched 'YES Smart Remit Kits' for NRIs based out of UAE through the YES BANK Abu Dhabi Representative Office. To maximize channel penetration and customer base, your Bank

Management Discussion and Analysis (contd.)

has also started offline registrations for 'YES Remit' through Branch Banking Channels. Additionally, GIB customers can now book online appointments with their Branch Leaders before their visit to India through the YES BANK website.

Retail Banking

In line with its objectives of building quality, granularity and profitability in the loans portfolio, Your Bank has launched a number of Retail Banking Asset products in 2015-16. Your Bank's customers can select from a wide range of Retail Loan products like Secured Business Loans, Car Loans, Super Bike Loans, Commercial Vehicle Loans, Construction Equipment Loans, Loans Against Securities, Gold Loans, Personal Loan and Home Loans. Your Bank is aggressively focusing in designing superior products for tapping the affordable housing segment.

Your Bank has designed a 'Hub-Spoke' model for aggressive market penetration which covers 130 key locations across the country. Your Bank's objective in 2016-17 would be to harness Priority Sector Lending (PSL) opportunities, Digitization and seamless lending process, building a granular portfolio and obtain better yields.

Business Banking

Your Bank has adopted a highly focused approach for serving MSMEs, where dedicated verticals with requisite expertise have been created to provide segment specific and need based financial solutions during the entire life cycle of the MSMEs. Your Bank has been consistently following the knowledge banking approach, which clearly distinguishes it from its peers in the MSME space. Your Bank's offerings are also providing impetus to the Government's vision of the Make in India program by catering to MSMEs in the relevant sectors. Your Bank fostered growth, competitiveness and employment creation through financing the MSMEs. For making the banking experience much more convenient and to reduce overall process turn-around time your Bank has adopted large scale digitization of its processes which has helped in automation of various activities and paperless movement of CAMs (Credit Appraisal Memos).

A greater focus in lending to MSMEs and agri-linked businesses helped the Bank fulfil its priority sector lending requirements. Your Bank also partnered with the NSIC, SIDBI, CRISIL, FIEO, Brickwork and other key institutions in the MSME space to ensure that the best schemes and benefits were passed on to customers.

PRODUCT CAPITAL

Transaction Banking

Your Bank's Transaction Banking Group (TBG) won several international awards and accolades in FY 2015-16 including Best Trade Finance Bank in India and Best Cash Management Bank in India for conceptualization and seamless delivery of quality products and services. The Group specialized in core banking offerings like Corporate Current Accounts, Cash Management Services, Capital Markets & Escrow Services and Trade Finance & Services and Bullion (Gold & Silver) trading, provided under the aegis of the YES Transact brand. The TBG team comprised competent domain specialists from diverse backgrounds, personally interacting with customers to understand, address and service their strategic, financial and operating needs in the following areas:

- Working capital and liquidity management
- Treasury integration
- Exposure and risk management
- Inbound and outbound remittances
- State of the art Integrations with client end ERP's to provide seamless Receivables and Payables Solutions
- Innovative technological solutions for process automation and for integration of customers' and inter-bank systems
- Regulatory and International Trade Advisory
- Bullion (Gold & Silver) purchase, and fulfilling working capital requirement in form of Gold on Loan
- Rel-ID(Relative Identity) and EIPP (Electronic Invoice Presentment and Payment) services have also been launched

The core group developed and implemented unique and customized product propositions across industry verticals. Your Bank exceeded customer expectations by offering an efficient transaction banking desk, continuously expanding its product suite through its Knowledge Banking-led strategy and strengthening its delivery channels to ensure superior services. The Unit has embarked on a focused Digital strategy to build synergy among different verticals and enabling unique opportunities for clients, thus differentiating YES BANK's product and service propositions.

In FY 2015-16, Your Bank was privileged to get the very First License from Reserve Bank of India(RBI) to establish its IFSC Banking Unit (IBU) at International Finance Tec-City (GIFT City), Gandhi Nagar in Gujarat. GIFT CITY IBU has broad base product offerings such as External Commercial Borrowings (ECBs), Trade Loans to Correspondent Banks, Direct Lending to JV/WOS of Indian Corporate & Foreign Currency Current Account (FCCA) which are handled by TBG across various customer segments with more products in pipeline to be launched in FY 2016-17.

In the same year, the TBG also started offering API Banking service which enables instant banking facility for the corporate clients. Corporates and Institutions welcomed this initiative and it created new benchmarks including India's first instant refund facility in e-commerce.

Financial Markets

Backed by experienced professionals, the Financial Markets Group at your Bank offers a competitive and comprehensive line of financial market products and services to its clients. Your Bank's Financial Markets (FM) business model provides effective risk management solutions relating to foreign currency and interest rate exposures faced by its corporate clients. The FM group proactively assists clients by making them aware about the risks they face with respect to capital raising, investments, exports, imports and other market risks.

Your Bank has created a buoyant Debt Capital Markets (DCM) franchise with a deep-rooted knowledge of the underlying market dynamics, coupled with strong distribution and structuring capabilities. Since its inception, the DCM group has originated and efficiently executed numerous transactions, across the product suite, for clients including corporates, PSUs, Central and State Government entities and many NBFCs.

Your Bank was ranked No. 4 by Prime Database in the 'Private Issuers Category' of the Arrangers tables and was ranked No. 6 in the 'All issuers category' League table by Prime Database for 2014-15. Further, your Bank was ranked No. 7 by Bloomberg in the India Domestic Bonds league table for CY 2015.

Your Bank now has the Primary Dealership License for underwriting and bidding for Government of India. As a part of this mandate, Your Bank underwrites and bids for these securities in the auction of Government Bonds held by Reserve

YOUR BANK WAS RANKED NO. 4 BY PRIME DATABASE IN THE 'PRIVATE ISSUERS CATEGORY' OF THE ARRANGERS TABLES AND WAS RANKED NO. 6 IN THE 'ALL ISSUERS CATEGORY' LEAGUE TABLE BY PRIME DATABASE

Bank of India. The PD desk actively trades and distributes dated securities, T-bills and State Government Bonds, thus covering the complete sovereign debt product needs of clients including Mutual Funds, Insurance Companies, FPIs, Cooperative Banks, Provident Funds and Retail Customers. The PD desk also trades in interest rate swaps.

Financial Markets also conducts proprietary trading to maximize earnings by optimal risk taking across key fixed income, equities and global foreign exchange markets. Additionally, it is responsible for Balance Sheet Management, Liquidity Monitoring, Maintenance of Cash and Statutory Reserve requirements and day-to-day Fund Management of the Bank. Subordinated and hybrid debt capital for your Bank is also raised by the FM Group. Your Bank continues to excel as ICRA (Moody's affiliate in India) has reaffirmed your Bank's A1+ rating for its 10,000 Crores Certificate of Deposit program. A1+ rating indicates the highest level of safety in the short-term.

Loan Syndications

The Loan Syndication (LS) team has sold down long term bulk exposures to banks & financial institutions to improve the overall yields on the loan book of your Bank thereby creating a strong brand equity across stakeholders like Banks, NBFCs and other financial institutions. Over the years, the team has demonstrated strong credit appraisal & structuring skills, sectoral knowledge and relationship management which has been appreciated across the stakeholders spectrum and is reflected in the results below.

- The LS team has successfully placed approximately ₹ 21,400 Crores (~USD 3.3 Billion) across 63 transactions in FY 2015-16 as against ~ ₹ 14,000 Crores (USD 2.3 Billion) across 49 transactions in FY 2014-15 to its partner Banks, NBFCs and financial institutions within India as well as internationally. The clientele involved pedigreed players across the renewable energy, manufacturing and real estate sectors.

Management Discussion and Analysis (contd.)

- The team's consistent performance has placed your Bank as 9th (maiden entry into top 10) in Indian Borrower Loans Bookrunner (both Domestic and Foreign Currency) by Bloomberg for CY 2015 up from 26th rank in CY 2014.

Structured Credits Group

An ongoing challenge faced by the Indian banking industry is a increasing stress and asset quality concerns in the banking sector. Preservation of capital as well as resolution of non-performing and restructured assets have been focused priority for your Bank. Towards this, Structured Credits Group (SCG) was created as an in-house team of specialists for the early resolution, effective management of distressed and non-performing assets. With in depth analysis and taking advantages of the supportive guidelines in recent times, SCG provides effective solutions for resolving stressed assets by way of early identification of performance deterioration, close monitoring, and thereafter implementing pragmatic solutions by leveraging deeply embedded business, regulatory and legal understanding.

SCG employed multi-pronged resolution strategies, which included operational and financial restructuring, identifying strategic investors for the takeover of stressed assets, arranging last mile financing for business turnarounds, recoveries/resolution within regulatory and legal framework and working closely with ARCs with customized resolution for each case..

SCG's focus resulted in your Bank emerging with one of the lowest non-performing asset ratios in the Indian banking industry.

YES Securities

YES Securities (India) Limited (YSIL), your Bank's Broking and Investment Banking subsidiary, completed two years of operations in FY 2015-16. During the year, YSIL

expanded its coverage beyond Mumbai and NCR to offer its best-in-class 3-in-1 proposition to customers in 8 additional cities – Bangalore, Chennai, Hyderabad, Kolkata, Chandigarh, Pune, Ahmedabad and Jaipur. YSIL now offers customers a best-in-class investment experience on the web and across mobile devices (app available for iOS and Android) and continues to strengthen its research and execution capabilities. The company also built robust Institutional Broking capabilities and has been empanelled as a Broker by several leading institutional and corporate clients.

YES Securities is a well-integrated financial services firm offering a gamut of services, such as Investment Banking (including Equity Capital Markets and Sustainable Investment Banking), Institutional Sales & Trading and Equity Research to its clients. The firm is a registered securities broker with SEBI and is also a member of NSE and BSE

- **Investment Banking:** The Investment Banking team provides M&A and capital advisory services to large and midmarket corporate and financial sponsor clients through key products such as Mergers & Acquisition Advisory, Private Equity fund-raising and Equity Capital Markets. The team offers expertise across a variety of sectors including Food & Agribusiness, Media & Entertainment, Internet & E-Commerce, Consumer Markets, Infrastructure & EPC, BFSI, Industrials and Logistics. The firm was rated by a leading international publication as the 'Investment Bank of the Year' in India in 2015. Some of the representative transactions consummated by the team during the year under review include:
 - Book Running Lead Manager to the ₹ 11.5 Billion IPO of Coffee Day Enterprises Limited
 - Exclusive advisor to GTPL Hathway for raising structured finance from an Indian NBFC

				
				
Investment Banking	Equity Capital Markets	Sustainable Investment Banking	Institutional Sales & Trading	Technical & Fundamental Research

- Exclusive strategic and financial advisor to Jain Irrigation Systems Limited for raising private equity funds from Mandala Capital amounting to approx. USD 120 Million
- Book Running Lead Manager to the ₹ 6.5 Billion IPO of Healthcare Global Enterprises Limited

● **Sustainable Investment Banking (SIB):** The SIB practice focuses on providing advisory services exclusively in the areas of Clean Technology, Renewable Energy, Environmental Services and Education. Key transactions by the team during the year under review are as follows:

- Exclusive strategic and financial advisor to Jaiprakash Associates Limited for the divestment of 49 MW wind assets
- Exclusive strategic and financial advisor for sale of majority stake in Test Funda to ThinkCell Learning Solutions
- Exclusive strategic advisor to Environmental Clean Technologies (ECT) for commercialization of ECT's clean coal technology in India
- Exclusive strategic and financial advisor to Indorama Renewable for sale of 30 MW wind assets to Tata Power [Pending Closing]

● **Institutional Sales & Trading:** The Institutional Equities team caters to Domestic Institutional Investors and Foreign Institutional Investors across geographies. The client focused sales team follows a thorough research based and customized service oriented approach. With a keen focus on understanding client-specific objectives, the sales team works closely with the research team to provide market insight, actionable ideas and opportunities relevant to the firm's clients. The trading team provides trading strategies across the spectrum and ensures seamless execution of every transaction.

● **Equity Research:** YES Securities provides Equity Research services to clients, to enhance portfolio performance and minimize risk, through an experienced fundamental and technical research team covering 25+ companies across diverse sectors.

Responsible Banking

In line with its Responsible Banking ethos, your Bank has created a positive impact for its stakeholders spectrum

through, its positive impact financing such as climate finance & inclusive banking, nurturing talent, social outcome based initiatives, contribution to national goals of inclusivity, skill development, digitalization & natural environment and participating in the global public discourse on sustainable development.

Strengthening its ties with global and national thought leaders, Responsible Banking produced key knowledge reports at significant platforms to drive policy advocacy on pertinent issues of the day, including:

- Imperatives of Scaling up Off-Grid Renewable Energy in India
- Climate Finance: Innovating for India

● Accomplishing Energy Efficiency in MSME: A cluster based study

● Water: The next sustainability frontier

Your Bank has been actively involved with protocols established by national and international bodies including UN Global Compact, Natural Capital Declaration, CDP, India GHG Program and TERI Council for Business Sustainability. In the reporting period, your Bank became the first Indian Bank to join the World Business Council for Sustainable Development (WBCSD) and the <IR> Lab India, a collaborative effort between CII-ITC Centre of Excellence for Sustainable Development (CESD) and the International Integrated Reporting Council (IIRC) to further the adoption of <IR> by Indian companies.

Your Bank had underlined its commitment to natural capital by becoming the first Indian signatory to the Natural Capital Declaration (NCD) in 2013. As the Chair of the Steering Committee of NCD (effective from January 1, 2016), your Bank will oversee NCD's strategy and provide direction/oversight for the working groups and the Secretariat.

During the year, your Bank strengthened its relationship with the UNEP Finance Initiative, the global partnership between UNEP and the financial sector, with the Bank's Chief Sustainability Officer continuing as Asia Pacific Chair. Your Bank is also elected to its Global Steering Committee and sits on the Board of its Banking Commission. Your Bank was also the only bank in the world to be featured in the UN Secretary General's Climate Finance report which was launched at the Climate Finance Ministerial Meeting held in October 2015, ahead of the COP21.

Management Discussion and Analysis (contd.)

Your Bank continued to be a benchmark institution for triple bottom line accounting and reporting, becoming the first Indian Bank to release a GRI G4 'Comprehensive' Sustainability Report for FY 2014-15. As the first banking sector signatory to the UN Global Compact, your Bank's Communication On Progress (COP) continues to be at GC Advanced level, the highest level of disclosures.

As the first Indian banking signatory to the CDP, your Bank is now the only financial institution to be on its Carbon Disclosure Leadership Index for India for five consecutive years, 2011 to 2015, and scored 98 on the Index.

During the year, your Bank completed the third phase of its ISO 14001:2004 certification for Environmental Management System, certifying 105 additional locations across India, and re-certifying 79 locations from Phase I and II, thus covering all its cluster hub branches and corporate offices.

YES COMMUNITY, your Bank's unique engagement program scaled up its impact during the year, utilizing its branches as knowledge-sharing centres on pertinent social and environmental issues. Your Bank hosted 8,767 community events during the year, touching over 807,500 lives.

During the year, your Bank was recognized nationally and internationally for its sustainability performance, and has become the first Indian bank to be included in the prestigious **Dow Jones Sustainability Indices, Emerging Markets Index 2015**. Your Bank's climate finance efforts were recognized by the Karlsruhe Sustainable Finance Awards, Germany for 'Outstanding Business Sustainability Achievement', while its positive social impact initiatives recognized with Golden Peacock awards for Sustainability, Environment Management and CSR categories in 2015.

YES FOUNDATION, your Bank's social development arm was launched in 2012 with a vision of building an 'Empowered and Equitable India'. The Foundation's initiative, 'YES! i am the CHANGE' social film making challenge has emerged as the largest social film movement in the world. In its third edition, 140,132 teams from all over India submitted 2,755 short films, which were judged by a highly eminent jury.

Inclusive & Social Banking

In line with the Responsible Banking vision to mainstream sustainability within its core business and address needs of the 'next billion' customers, YES BANK created a special division

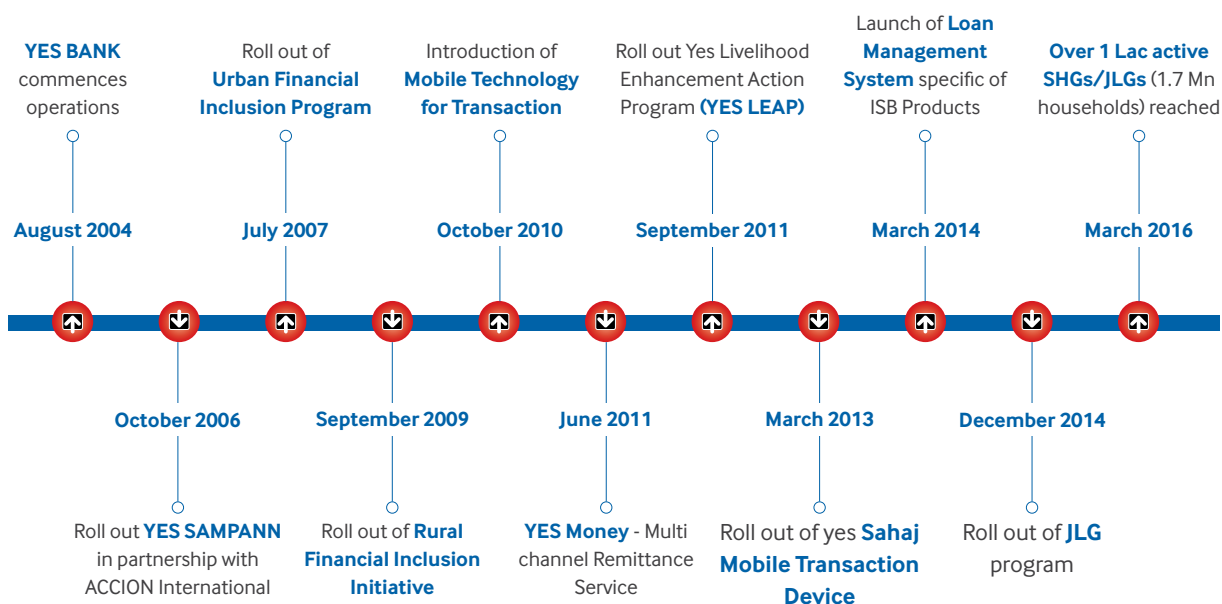
called Inclusive & Social Banking (ISB). ISB is responsible for the design and implementation of various financial inclusion initiatives. For YES BANK, financial inclusion is not just a social and regulatory obligation but a viable business opportunity. The mandate of the ISB was to reach the un-banked and under-banked population (urban, semi-urban and rural areas) by leveraging your Bank's branch network, technology edge and relationship capital in the public, private and social sectors. In line with the guiding principle of Frugal Innovations for Financial Inclusion (FI4FI), the ISB team developed innovative business models and forged partnerships leading to their seamless implementation. The ISB team aimed to create viable business models while providing 'access to finance' to the bottom-of-the-pyramid customers.

ISB offered various financial services comprising microcredit, micro-saving, micro-insurance and remittance services across geographical and socioeconomic contexts and partners. Through the flagship, YES Livelihood Enhancement Action Program (YES LEAP), YES BANK provided comprehensive financial services (credit, saving and insurance) to Self-Help groups/ Joint Liability Groups through partner organizations acting as Business Correspondents. Through YES LEAP, YES BANK touched over 1.8 million households across 19 states and 260 districts.

While being committed to Financial Inclusion, ISB's recent focus has been on enhancing technology solutions to efficiently scale YES BANK's outreach to cater to more unbanked and under banked population of India. ISB introduced a dedicated first of its kind loan origination & management system for booking SHG loans. It offers the flexibility of microfinance institutions along with regulations and risk controls required for banks at the same time. All field transactions were recorded in YES Sahaj mobile transaction device and monitored centrally. Furthermore, for improved monitoring over field operations, increased efficiency and transparency, tablet solution is being launched. This will help bridge the inability of banks to have brick and mortar branches for serving the remote rural population. There will be seamless integration between field operations and loan booking with this initiative.

**FIRST INDIAN BANK TO BE INCLUDED
IN THE PRESTIGIOUS DOW JONES
SUSTAINABILITY INDICES, EMERGING
MARKETS INDEX 2015**

Spearheading Financial Inclusion



The ISB team is also mandated with the implementation of your Bank's Financial Inclusion Plan (FIP) as approved by the Board and the RBI. Your Bank performed well across almost all financial inclusion parameters. Your Bank's radical FI4FI approach received several national and international accolades.

Microfinance Institutions Group

YES BANK remains committed to creating equal financial opportunities for all. YES BANK promoted microfinance as a new asset class, widening access to capital through a two-pronged strategy involving the Microfinance Institutions Group (MFIG), and mainstreaming bottom-of-the-pyramid clients through the Inclusive and Social Banking team. Via product suite of MFIG that comprises of Term Loan Facilities, loan syndications, rated capital market loan products like pool securitization, bonds, commercial paper, pass through certificates (PTCs), YES BANK catalyzes growth of the Indian microfinance industry.

YES BANK aims to access more investors and reduce fund costs, thereby making it possible to deliver affordable, fairly-priced and customized financial solutions. The MFIG engaged in advocacy at various levels, emerging as the primary channel to engage with stakeholders (MFIs, investors, rating agencies, policymakers, governmental agencies and regulatory bodies)

and making it possible for the Group's activities to touch the lives of millions of people.

Agribusiness Product Management

Agriculture is a prominent sector of our economy (17% of GDP) and Government of India's focus on this sector was evident in the Union Budget 2016-17 which has created tremendous opportunities for food processing, agri infrastructure and irrigation. Your Bank's continued focus on agri supply chain has enabled us to be well poised to take advantage of these emerging opportunities. Agribusiness Product Management (ABPM) team has experienced Banking and Industry professionals with in-depth knowledge of Priority Sector so that the Bank can deliver efficient and customized banking solutions to the core sectors, such as agriculture, dairy, sugar, agri MSMEs among others, thereby playing a significant part in driving the economic growth of rural India. Given the critical need for additional agri-infrastructure assets, your Bank took the lead in providing long-term structured term funding for related projects. Further, to ensure a seamless and cost-efficient delivery to valued Food and Agri (F&A) customers, your Bank forged strategic alliances with several leading warehouse-related service providers, steadily building a strong commodity funding portfolio with a stress on customized offerings. Your Bank will continue to add more reputed partners for strategic advantage to increase

Management Discussion and Analysis (contd.)

coverage of geographies and commodities. There is also a focus on various intermediaries in the F&A supply chain, ensuring an access to structured and financially appropriate banking products under agro processing domain. Your Bank is committed to timely credit delivery to farmer community, including small and marginal farmers, for providing loans for raising crops, pre & post harvest activities, developmental activities and plantation & horticulture activities that are a part of identified supply chain, for off-take of produce. For developing the evolving segment of Farmer Producer Companies (FPC), your Bank engaged with regulatory agencies such as NABARD and SFAC (Small Farmers' Agribusiness Consortium) to identify FPCs with sustainable business model and create a robust profitable portfolio.

PROCESS, SERVICE & TECHNOLOGY OVERVIEW

Service and Technology Capital

To enhance customer delight, your Bank leveraged state-of-the-art technology and innovative practices in Digital banking and Digitisation of end to end processes. Your Bank invested in upgrading the role of technology in various mission-critical back-end functions, including Quality Assurance, Technology Solutions Group, Risk Management, Internal Audit and Human Capital.

Business Processes - Creating a Quality Organization

In our pursuit to Build a Quality Organization, your Bank seamlessly extended its professional approach to business processes resulting in continuous improvement.

Some key initiatives comprised

- Centralized back office functions (NOC-National Operating Centres) of various businesses in Mumbai and Gurgaon, including 'Yes Touch Contact Centre' located in Gurgaon & Mumbai provide superior customer service and efficient business continuity planning.
- Your Bank is setting up its largest Operations Management and Services Delivery facility in Ambattur, Chennai which will be spread over 7 lakh sq. ft. to employ 9,000 employees at full capacity and expanded to 12,000 by 2020.
- Business Excellence frameworks and quality practices, such as Five S, Quality Circle, Lean, Six Sigma and ISO 9001 standards were established. Back-office operations at NOCs, 101 key branches and your Bank's Internal Audit

Function have been certified under ISO 9001 (Quality Management System).

- Your Bank's complaints management processes have been certified under ISO 10002 (Customer Service - Complaints Management system). Your Bank used the Complaints and Query Management System as a singular touch point to log, handle, escalate and resolve customer grievances.
- Your Bank strengthened its Business Continuity Management Framework (ISO 22301-certified) and Information Security Management Framework (ISO 27001-certified). There was an on-going evaluation of all critical parameters, including an end-to-end (e2e) review of critical business processes.
- Your Bank implemented a framework for the measurement of Customer Experience (internal and external) to ensure that customer feedback across each touch point (including customer complaint registers, customer satisfaction surveys, telephonic surveys and employee feedback) was collected, analyzed and acted upon.
- Your Bank has Digitised transaction processing in critical functions for straight through processing and enabling paper less transactions.
- Your Bank leveraged social media as a new channel for superior customer service to address queries/ complaints, receive feedback, garner inputs on service (VOC),
- Your Bank adhered 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, thereby ensuring compliance across its critical functions.

Embedding a Continuous Improvement Approach

Your Bank's Quality Assurance and Service Delivery Units provided a framework that facilitated 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 Finest Quality Bank of the World in India' by 2020.

The Service Quality Strategy

Your Bank's three-pronged structure to bolster customer service comprised customer experience, innovation and quality assurance. The Customer Experience unit captured the Voice of the Customer (VOC), and assessed performance across key service drivers. These initiatives were managed through the Innovation Centre, which acted as a clearing house for ideas, that helped your Bank implement 'next practices' across products, services and channels.

Specific quality goals were classified across the categories of Process Management and External and Internal Service Delivery in line with your Bank's Quality Policy and Objectives. Quality improvement drives, like workforce suggestion schemes, Lean Six Sigma, Quality Circles, Five S, ISO 9001 and ISO 10002 were implemented across business units and branches.

At your Bank, external and internal service delivery (customer satisfaction) was measured using dashboards, Voice of the Customer (VOC), Branch Service Committee Meetings, Sigma Scorecards and External/Internal Customer Satisfaction Surveys. These initiatives not only helped build mutually-beneficial customer relationships, but also ensured stringent Service Level Agreements (SLAs) across the Bank.

The YES Service Program, an internal service proposition, disseminated through a defined and on-going service marketing program, and measured through mystery shopping, on-job monitoring and Branch Executive Leadership Team (BELT) programs, were held periodically across key branches.

Your Bank created a knowledge pool of Six Sigma/Lean change agents to reinforce a culture of improvement. Your Bank undertook several improvement projects (strategic and tactical) during the fiscal year. The former were targeted towards projects that impacted strategic business objectives, while the latter were tactical improvements carried out by the shop-floor teams.

The leadership of each business unit reviewed existing processes, initiated improvements and instilled procedural orientation. Within a short period, your Bank reported the following achievements: Your Bank has been recognized as 'World Class' in the Service Category by Asia Pacific Quality Organization. Your Bank is also the only Indian Bank to win this prestigious global award based on Malcolm Baldrige Business Excellence Framework (USA).

YOUR BANK HAS BEEN RECOGNIZED AS 'WORLD CLASS' IN THE SERVICE CATEGORY BY ASIA PACIFIC QUALITY ORGANIZATION

Awards in Quality, Customer Service and Best Practices:

2015	'World's Best Corporate/Institutional Digital Banks' - Global Finance, London
2015	'Global Winner-Best Corporate Information Security Initiative' – Global Finance
2015	'Best Use of Technology to Enhance Customer Service'—SKOCH /IBA
2015	'Global Benchmarking Award – Runner's up Trophy' - GBN, New Zealand
2015	'Smart Technology Award-API Banking' – SKOCH
2015	'QimPro Qualtech Award for Sustainability' – Qimpro Foundation
2015	'The Best Trade Finance Bank in India'- Asian Banker Transaction Banking Award
2015	'Best Corporate Trade Finance Deal in India'- Asian Banker's Choice Awards
2015	'Best Cash Management Project in India'- Asian Banker's Choice Awards

Information Technology

Information Technology (IT) is a critical enabler of business transformation and growth needs to play a fundamentally distinctive role as it partners with the business. IT-enabled businesses, advances products and innovation and foster customer-led growth. 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 has recognize this and has committed to investing in Technology adopting an A-R-T (Alliances, Relationships, and Technology) approach where-in we have identified the need of the current times and pain points of the customers concluding on these as a set of opportunities without compromising on security to ensure the customers carry out their banking needs and services with ease and comfort frame of mind.

The vision of the Technology & Solutions Group (TSG) at Your Bank is 'To become the most efficient unit of Bank by enabling state-of-the-art technology services & solutions to deliver superior stakeholder experience'.

Management Discussion and Analysis (contd.)

Technology has its strategy broken into 2 parts i.e. 'Run the Bank' to continue work on Initiatives which are needed to keep the banks operations running effectively and 'Build The Bank' keeping laser-sharp focus on transformation initiatives to meet the Vision of the Group and Your Bank.

Many critical initiatives which were bank-wide were successfully completed in time during the year. Starting with rolling out of API Banking, which provides a secure abstraction layer with reliable access to launching its first own Digital Wallet called YES PAY which is an simple user friendly mobile applications available for all users in the country to pay for a wide range of services. Technology also led to launch an in-house developed Deliverable Management Solution (DMS) that helped automation of managing the tracking and reporting of various physical deliverables across multiple units within the Bank. In 2015, Your Bank has also made Remote Computing a reality with AnyTime Anywhere (ATAM) workstations thru End User Computing. This not only saves costs but also ensures optimum utilization of resources. In addition, Your Bank has launched its biggest initiative of upgrading the Bank's Core Banking Systems to best in class applications globally in order to meet the growing demands of Your Bank. Initiatives on Mobility Platform Revamp incorporating the latest state of art technology apps in digital banking and fresh look for its Corporate Website are already in full fledge execution mode. Technology Team is also working with the business to launch Your Bank's first own Credit Cards, a new Customer Relationship Management (CRM) tool, and upgrading the current Business Intelligence framework to enhance the Customers Behavioural Analytics.

2015	SKOCH Smart Technology Award – Facilitating Real Time Banking Facility to Corporates Through API Banking-ESB Platform
2015	Technology Award – CIO of the Year
2015	Smart Technology Awards – YES Money – Offering Best Mobility Solutions for Customers
2015	Indian Bank's Association (IBA) Awards – Best Use of Digital and Channels Technology, Runner-Up
2015	Indian Bank's Association (IBA) Awards – Best Payment Initiatives, Runner-Up
2016	Bankers Frontiers - Finnoviti Awards – API Banking-Innovative Solution
2016	Bankers Frontiers - Finnoviti Awards – Bank in a Box-Innovative Solution
2016	National Awards in IT Excellence – CIO of the Year
2016	National Awards in IT Excellence – Leadership in IT in Banking

HUMAN CAPITAL MANAGEMENT

Your Bank pursued a strong employee value proposition of 'Creating & Sharing Value' driven by the ethos of Professional Entrepreneurship and a talent philosophy of Owner-Partner-Manager model with all YES BANKers engaging, directing, managing and accelerating development.

The Human Capital engagement practices at your Bank were targeted at developing the Bank's brand as a **'Preferred Employer of Choice'**. Your Bank continued to attract and retain the best talent from within India and abroad. Besides, your Bank hired a number of experienced professionals from other private sector banks that strengthened our retail banking leadership. Your Bank continued to balance the recruitment of top and senior management professionals at one end, with middle, junior and general management professionals at the other. Within a short time, your Bank's management talent was regarded as one of the best in the Indian banking sector, demonstrated by the several recognitions and awards received over the last eleven years.

Your Bank made significant people investments in 2015-16, institutionalizing initiatives in the areas of executive engagement, improving workplace health and wellness, learning and development. The result of this investment in people was that, your Bank created a robust workforce of over **15,000 employees in just 12 years**.

Some of the key highlights of your Bank's Human Capital practices are illustrated below:

Executive engagement

Making YES BANK a 'Great Place to Work'

Your Bank has been participating in the **'India's Best Companies to Work for'** study since 2013. The study is conducted by **Great Place to Work® Institute**, a leading management research and consulting firm. During this study, confidential and anonymous feedback is sourced by the Institute from randomly-identified YES BANKers, to measure the Bank's 'Trust Index' across such parameters, as organizational credibility, respect, fairness, pride and camaraderie. The results are analyzed and relevant interventions launched, including leadership workshops, re-articulated integrated vision and values framework, YES to GRACE (Gender Respect and Commitment to Equality), Internal Complaints Committee (ICC) to investigate and inquire into complaints of sexual harassment, Hi-Potential Development Programs and Revitalized 5C's Employee Engagement Program, among others. Your Bank also

participated in the 2016 study. The Trust index score has consistently gone up from 70 in 2013 to 72 in 2014 and subsequently to 74 in 2015. The scores increased across all parameters. Your Bank was declared the 2nd Best Place to Work For in the Banking Sector in 2015.

While the detailed report is awaited, as per the preliminary report the Trust Index score continues to be at 74 for 2016 as well. Given the increase in headcount in the Bank over the last one year, sustaining the score is significant.

5 C's Employee Engagement Model

To engage the growing workforce, your Bank follows the 5 C's Engagement Model viz. Culture, Communication, Career, Connect, and Care. Your Bank ENGAGES and DEVELOPS Human Capital by disseminating/re-connecting YES BANKERS with YES BANK's core VALUES, by creating an intentional CULTURE, encouraging open and honest COMMUNICATION, strengthening CONNECT with employees and community, supporting CAREER development and showing their CARE as an organization.

YES CLUB FIT – A Wellness Initiative

YES BANK launched an innovative pedometer-based WELLNESS initiative called 'YES CLUB FIT' to help further augment the health quotient of YES BANK executives. YES CLUB FIT was designed to help YES BANKERS become more active, within the time and space constraints of modern life, via a format that is fun, team oriented and relevant to them. This was complemented with regular sessions on ergonomics, meditation, zumba and lifestyle management. This initiative attracted participation from all executives irrespective of age, gender, physical ability and fitness levels. This was launched pan Bank and 1500 YES BANKERS participated in this exciting journey to improved health and happiness.

University & Schools Relationship Management (USRM)

The University & Schools Relationship Management (USRM) initiative plays a pivotal role in building your Bank's brand as

a 'Preferred Employer of Choice' among the Best Educational Institutions in India and abroad. This program is designed to equip an encompassing knowledge sharing solution that will help propagate information about key developments in the Banking arena. Through this program, several outreaching engagement activities are planned, and executed with select B-Schools, Engineering colleges and Agricultural Institutes across the country and abroad.

The USRM Team launched 4th edition of YES BANK Transformation Series, a case study competition themed on innovation and digitization in the Banking sector saw participation from over 16,000 students from reputed Indian and international institutes. Also, 3 editions of **YES BANK USRM Newsletter** were launched to ensure effective and concise transmission of relevant information pertaining to YES BANK with the faculty & student community across 800+ campuses in India and select foreign universities abroad.



YES Professional Entrepreneurship Program (Y-PEP)

Your Bank launched this innovative and institutionalized Talent Acquisition program in 2006, to foster young leadership, by putting the participants in challenging roles and projects and driving high performance through structured Induction, learning programs, and mentorship by senior management, inculcating prudent risk taking attitude and developing leadership qualities. This program's notable feature is that, the Young professionals are selected for specific positions against the choices given by candidates.

YES BANK has hired 100 Y-PEPs for 2016 batch. Over the last 10 years, this program has inducted over 1000 Y-PEPs from premier institutions. This highly qualified talent pool

YES BANK VALUES				
Care	Connect	Communication	Career	Culture

Management Discussion and Analysis (contd.)

has contributed to consistently augment and support your Bank's knowledge based, state-of-the-art technology driven services across key banking relationships, products, knowledge advisory groups, and critical support functions.



YES SCHOOL OF BANKING
THE FUTURE OF LEARNING

YES SCHOOL OF BANKING (YSB)

Your Bank has always strongly believed that **'Knowledge' is a key differentiator**, and continues to invest in developing its Human Capital for creating differentiated Capacity, Capability, Culture & Confidence. In line with the same, YES School of Banking was institutionalized in 2007, with a vision to create a Centre of Excellence for learning solutions in Banking and related areas and drive alignment of Business Goals at every stage of the Organization's growth. All learning & development initiatives at YES BANK are domiciled under the aegis of this dedicated knowledge function.

The key focus areas for YSB are:

1. Building enablers for achieving SCALE in line with Vision 2020
2. Supporting YES BANK's priorities viz. Leadership Development, Productivity, Service Culture, Cross sell, Design Thinking & Innovation
3. Creating a Compliance Culture (system, controls & processes)
4. Building Hire & Train models to build a scalable Talent supply chain

YES UDAAN

Your Bank associated with Project Udaan, an ambitious project undertaken in partnership with the Ministry of Home Affairs and the National Skill Development Corporation (NSDC), to provide training and employment opportunities to Jammu & Kashmir's youth. Your Bank launched the 3rd edition of YES UDAAN in February 2016, offering Certification in Banking Fundamentals program. The program received

over 280 applications, out of which 23 youths were screened and selected through an online aptitude test, followed by a selection interview. The shortlist saw equal participation in terms of Gender, with 12 male and 11 female applicants selected for the training. These youths will undergo 3 months Classroom and on the job training.

Women Centric initiatives:

Safety for Women

In view of the current increase in incidents pertaining to women's safety in India, awareness/training workshops were organized for female executives on basic preparedness and response measures. The workshops were designed to sensitize, empower and support them in untoward situations. These guidelines were aimed at increasing safety awareness, and providing practical tips and tools that would help female executives avoid potentially hostile situations in the most practical manner. Another key initiative that was implemented was the **24*7 Helpline Number** for SOS situations for all YBL executives. **A List of Next of Kin, along with phone numbers** is made available with the 24X7 call center, to inform them about the emergency situations.

Say YES to G.R.A.C.E.

Your Bank has revised the Policy for Prevention of Sexual Harassment in line with the 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal)' Act & Rules, 2013.

With a view to create a robust framework for dissemination, awareness creation and periodic reiteration of Prevention of Sexual Harassment policy amongst all executives, the Bank launched 'Say YES to G.R.A.C.E.' (Gender Respect And Commitment to Equality). This initiative is applicable to all YES BANKers irrespective of gender. Though keeping in mind the focus on women safety in India, this initiative has played a key role in gender sensitization.

Rewards and Recognition

Your Bank was recognised as:

- No.1 'Dream Company to Work For', Best Employer of the Year', 'Best Employer Brand of the Year (Banking Sector)' by the World HRD Congress 2016
- Award for Excellence in HR Through Technology by the World HRD Congress 2015
- Most Inspiring Workplace of the Year 2015 – Private Sector Banks awarded by Banking Frontiers

- No. 2 in Banking under India's Best Companies to Work For 2015 (GPTW Institute)
- Runners up of BML Munjal Awards 2015 for Business Excellence through Learning & Development (Private Sector – Services category)
- **Top Learning & Development Organization** conferred under the 'Special Category' of CII HR Excellence Awards (in Dec 2014)

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.

The day-to-day functioning is managed by the Risk Management Department (RMD). The RMD is headed by the Chief Risk Officer (CRO), who leads the Credit Risk Unit and Risk Control Units. Credit Risk Unit is responsible for evaluating, rating and underwriting credit under respective Risk Heads. The Risk Control Units, such as Market Risk, Operational Risk, Enterprise Risk Management Unit, Information Security Unit, Portfolio Analytics Unit, Credit Risk Control Unit, Credit Mid Office and Risk Containment Unit are responsible for independent review, monitoring and reporting of all risk control parameters, and recommending appropriate corrective actions where necessary. These units are also responsible for ensuring compliance to internal policies and regulatory guidelines.

Enterprise Risk Management

Your Bank has an Enterprise Risk Management Unit (ERM) that is responsible for implementation of ERM framework, Risk Aggregation, Risk based pricing, Pillar II Risk assessment of – Reputational Risk, Compliance Risk, Concentration risk etc., BASEL II / III compliance, Internal Capital Adequacy Assessment Process (ICAAP) review, migration to advanced approaches for capital charge computation and Bank wide Stress testing. Your Bank has further constituted two Committees - Enterprise Risk and Capital Management Committee (ERCC) and Reputation Risk Management

Committee (RRMC). ERCC is responsible for overseeing Enterprise Risk Management, Capital Management, and ensuring that all material risks are identified, measured, monitored and controlled in accordance with Bank's Risk Appetite, as well as, within Regulatory guidelines. The RRMC oversees Reputation Risk Profile, designs proactive steps for enhancement of Reputation of the Bank and management of Reputation Risk events for the Bank

Your Bank has successfully migrated to BASEL-II capital adequacy norms since March 31, 2009. Under this, it has adopted the 'Standardized Approach' for measurement of Credit Risk, 'Basic Indicator Approach' for Operational Risk and 'The Standardized Duration Approach' for Market Risk. Your Bank has also implemented the Basel-III norms, and has laid down a roadmap for migration to advanced approaches for capital charge computation, across Credit Risk, Market Risk and Operational Risk. Your Bank has also formulated an extensive policy on ICAAP, commensurate with the Bank's size, level of complexity, risk profile and scope of operations. Your Bank has thus evolved a robust enterprise-wide risk management framework which is geared to support the business plans of the Bank.

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 proposals are approved either through a Committee approach or through Joint Delegation, depending on rating and exposure thresholds outlined in the Credit Policy. Your Bank currently has three committees for approving credits, viz. Board Credit Committee (BCC), Management Credit Committee (MCC) and Executive Credit committee (ECC). Of these, the BCC is a Board level sub-committee, while MCC and ECC comprise Top and Senior management personnel. Joint Delegation involves two or three approvers jointly approving the proposal, which primarily addresses large volume of small ticket proposals. While exercising their sanctioning powers, these designated committees/functionaries exercise the 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

Management Discussion and Analysis (contd.)

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. Your Bank additionally has in place, scorecards for specific schematic programs, in case of Retail and SME borrowers.

This function 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 is responsible for monitoring the entire credit portfolio across all segments, including monitoring of early warning signals, identifying portfolio trends, and generating portfolio level MIS, covering various credit quality indicators, conducting industry studies and determining industry outlook. Further, 'Credit Risk Control Unit' is responsible for independently reviewing your Bank's credit policies and programs, including rating models, scorecard development /implementation/ testing for retail / program based lending. The unit is also responsible for migration to Internal Ratings Based (IRB) approach for Credit Risk, under Basel II. 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 comprehensive Board approved 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 are within the stipulated risk appetite of the Bank, and also to ensure that similar risks are aggregated. These policies have been benchmarked with industry-best practices and RBI regulations.

Your Bank has an integrated, straight-through processing and state-of-the-art 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, Intraday Liquidity Monitoring, Liquidity Coverage Ratio, along with other Liquidity Ratios, Value at Risk (VaR), Earnings at Risk (EaR) and Market Value of Equity, Sensitivity Analysis, among others using robust internal risk models. Your Bank regularly conducts stress testing to monitor the Bank's vulnerability towards extreme, but plausible 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, among others.

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 minimize operating losses. Your Bank has constituted the Operational Risk Management Committee (ORMC), which is the primary driver for implementing the best industry practices in Operational Risk Management. Your Bank has further implemented a comprehensive Business Continuity Management (BCM) Policy, to safeguard the interests of the employees and customers, in the event of a disaster or significant disruption that may affect its operations and premises. The plan is designed to facilitate the safety and well being of employees, and continuity of the critical business processes in the event of various disaster scenarios.

Your Bank has also put in place a Product and Process Approval Policy, which covers the approval and risk evaluation process, of all the new products/modifications to existing processes. Additionally, your Bank has also constituted Outsourcing Management Committee (OMC) to ensure effective due diligence and monitoring of your bank's outsourced activities on continuous basis.

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 and extant regulations.

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 the RBI guidelines and internationally established practices. The Internal Audit department reports to the Managing Director & CEO for day-to-day activities and to the Audit 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 the 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 institutionalized a strong compliance culture across the organization, pursuant to its strategic goals of transparency and trust, among 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, among others. Your Bank has also put in place a 'Know Your Customer' and 'Anti-Money Laundering Policy,' approved by the Board of Directors, and transaction monitoring procedures, as per the RBI guidelines.

FINANCIAL AND OPERATING PERFORMANCE

Your Bank has delivered a steady financial and operating performance for FY 2015-16. Your Bank, in the back drop of challenging economic environment, has once again delivered superior Return on Equity (RoE) of 19.9% and Return on Assets (RoA) of 1.7% for the year ended March 31, 2016 along with a advance growth of 30.0% and asset growth of 21.4%.

	FY 2015-16	FY 2014-15
Return on Equity	19.9%	19.0%
Return on Annual Average Assets	1.7%	1.6%
Basic Earnings Per Share ₹	60.6	49.3
Diluted Earnings Per Share ₹	59.3	48.0
Book Value Per Share ₹	327.8	279.6
Non Interest Income to Net Revenues	37.3%	37.0%
Cost to Income	40.9%	41.3%
Gross NPA Ratio	0.76%	0.41%
Net NPA Ratio	0.29%	0.12%

Your Bank has continued to deliver on all key parameters with robust growth in net income, improving net interest margins, stable asset quality and improving liability franchise with a CASA ratio of 28.1% an improvement of 5% over March 31, 2015. This helped your Bank generate strong shareholder returns with basic and diluted EPS increasing to ₹ 60.6 and ₹ 59.3 respectively, taking the book value up to ₹ 327.8 after considering a dividend of ₹ 10 per share.

Balance Sheet

Particulars	(₹ in Crores)		
	March 31, 2016	March 31, 2015	Growth % over March 31, 2015
Assets			
Advances	98,209.9	75,549.8	30.0%
Investments	48,838.5	43,228.5	13.0%
Others	18,215.0	17,392.1	4.7%
Total Assets	165,263.4	136,170.4	21.4%
Liabilities			
Shareholders' Funds	13,786.6	11,680.0	18.0%
Deposits	111,719.5	91,175.8	22.5%
Borrowings	31,659.0	26,220.4	20.7%
Others	8,098.3	7,094.2	14.2%
Total Liabilities	165,263.4	136,170.4	21.4%

Your Bank's total Balance Sheet size increased by 21.4% from ₹ 136,170.4 Crores as of March 31, 2015 to ₹ 165,263.4 Crores as of March 31, 2016 primarily driven by growth in advances.

Advances

During this fiscal, your Bank recorded a growth of 30.0% in its loan book with advances increasing to ₹ 98,209.9 Crores, on the back of growth in lending in Corporate Banking (large corporations, government-owned corporations and institutions, multinational corporations and Indian financial institutions) & Commercial Banking (mid-market corporations, operating across various industries), Branch

Management Discussion and Analysis (contd.)

Banking (SMEs, MSMEs and Retail) and priority sector lending. The Yield on Advances for the year was 11.5%. As a result of growth in advances, CD ratio of the Bank has increased from 82.9% to 87.9%. During FY 2015-16, your Bank has raised Basel III compliant Tier II instruments amounting to ₹ 3,899.2 Crores with tenor of 10 years. Further, your Bank had commenced its operation, pursuant to RBI approval, in International Finance Service Centre (IFSC) Banking Unit in Gujarat International Finance Tec City (GIFT) and in period of less than half year of operations, the IFSC has an outstanding loan book amounting to ₹ 1,498.9 Crores.

Investments

Total investments as at March 31, 2016 increased by 13% to ₹ 48,838.5 Crores from ₹ 43,228.5 Crores as at March 31, 2015. This can be mainly attributed to the increase in Government Securities of ₹ 5,185.0 Crores and increase in Non-SLR investments of ₹ 424.9 Crores.

Deposits

Your Bank's deposits increased by 22.5% to ₹ 111,719.5 Crores as at March 31, 2016 which comprised of ₹ 10,925.1 Crores of demand deposits, ₹ 20,417.7 Crores of savings deposits and ₹ 80,376.8 Crores of term deposits. Term Deposits increased by 14.7% as at March 31, 2016 over March 31, 2015 while savings deposits increased by 62.3% and current deposits increased by 28.5% as at March 31, 2016 over March 31, 2015. The Bank has seen an increase in the composition of granular deposits on account of an increasing branch franchise and customer base of the Bank. Current and Savings Account (CASA) deposits grew by 48.7% to ₹ 31,342.8 Crores taking the CASA ratio to 28.1% as at March 31, 2016 up from 23.1% as of March 31, 2015. The Bank continues to witness increased traction in CASA on the back of growing branch network, improving productivity, improved brand franchise and enhanced Savings Rate offering.

Borrowings

Total borrowings of your Bank increased from ₹ 26,220.4 Crores as at March 31, 2015 to ₹ 31,659.0 Crores as at March 31, 2016. The foreign currency borrowing, including IFSC, increased from ₹ 9,903.7 Crores as on March 31, 2015 to ₹ 10,613.0 Crores as on March 31, 2016.

Profit and Loss Account

(₹ in Crores)

Particulars	FY 2015-16	FY 2014-15	Growth % over March 31, 2015
Net Interest Income	4,566.7	3,487.8	30.9%
Non Interest Income	2,712.1	2,046.5	32.5%
Total Net Income	7,278.9	5,534.3	31.5%
Operating Expenses	2,976.4	2,284.7	30.3%
Employee Costs	1,296.8	979.7	32.4%
Other Costs	1,679.6	1,305.0	28.7%
Operating Profit	4,302.5	3,249.6	32.4%
Provisions and Contingencies	536.3	339.5	58.0%
Profit before Tax	3,766.2	2,910.1	29.4%
Provision for Taxes	1,226.8	904.7	35.6%
Profit after Tax	2,539.4	2,005.4	26.6%

Interest Income

Your Bank's total interest income increased by 16.9%, from ₹ 11,572.0 Crores for the year ended March 31, 2015 to ₹ 13,533.4 Crores for the year ended March 31, 2016. Interest income on advances and discounts on bills increased by 21.1%, primarily due to an increase in gross advances. The average yield on your Bank's advances portfolio was 11.5% for the year ended March 31, 2016. Interest income on investments increased by 4.5%, due to higher average investment portfolio during the year. These investments were mainly 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 10.9%, from ₹ 8,084.2 Crores for the year ended March 31, 2015 to ₹ 8,966.7 Crores for the year ended March 31, 2016. Interest expense on deposits increased by 9.8%, due to a significant increase in average deposit held during the year. Average deposit cost was 7.4% for the year ended March 31, 2016.

Interest expense on RBI / inter-bank borrowings increased by 11.8% due to significant higher average borrowing during the year.

Net Interest Income

Your Bank's net interest income increased at a rate of 30.9% from ₹ 3,487.8 Crores for the year ended March 31, 2015 to ₹ 4,566.7 Crores for the year ended March 31, 2016. Overall yield on advances has reduced to 11.5% for the year ended March 31, 2016 from 12.2% for the year ended March 31, 2015. This was accompanied by a decrease in cost of deposits from 8.4% for the year ended March 31, 2015 to 7.5% for the year ended March 31, 2016 driven by increase in percentage of low cost deposits in the form of CASA. Both the above factors resulted in net interest margins improving from 3.2% for the year ended March 31, 2015 to 3.4% for the year ended March 31, 2016.

Other Income

Your Bank also displayed robust growth in non-interest income by 32.5% from ₹ 2,046.5 Crores for the year ended March 31, 2015 to ₹ 2,712.1 Crores for the year ended March 31, 2016, primarily due to increases in commission, exchange and brokerage income. Commission, exchange and brokerage income comprised of mainly income from opening and negotiating letters of credit, commission charged on financial guarantee and performance guarantee, cash management services, financial advisory services and fees for loan syndication. Income from these increased by 24.4% from ₹ 1,976.5 Crores for the year ended March 31, 2015 to ₹ 2,459.2 Crores for the year ended March 31, 2016. Net profit from the sale of investments increased from ₹ 142.1 Crores for the year ended March 31, 2015 to ₹ 260.6 Crores for the year ended March 31, 2016. Profit from exchange transactions and miscellaneous income had a loss of ₹ 7.8 Crores for the year ended March 2016 due to movement in currency and interest rates.

Operating Expenses

Your Bank continued to make substantial investments in human capital, information technology and branch expansion to meet its growth targets. As a result, operating expenses increased by 30.3% from ₹ 2,284.7 Crores for the year ended March 31, 2015 to ₹ 2,976.4 Crores for the year ended March 31, 2016. Employee costs increased by 32.4% from ₹ 979.7 Crores for the year ended March 31, 2015 to ₹ 1,296.8 Crores for the year ended March 31, 2016, primarily due to the expansion of the branch network resulting in head count increasing from 10,810 to 15,000. Employee costs accounted for 43.6% of our operating expenses for the year ended March 31, 2016 compared to 42.9% for the year ended March 31, 2015. Rent, taxes and lighting also increased by 14.4% to ₹ 304.7 Crores on account of the branch expansion to 860 from 630. Other significant reasons for an increase

in operating expense comprised 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. Despite increasing investments in people and branches, your Bank maintained a very healthy cost to income ratio of 40.9% for the year ended March 31, 2016.

Provisions and Contingencies

Provisions and contingencies increased by 41.7% from ₹ 1,244.2 Crores for the year ended March 31, 2015 to ₹ 1,763.1 Crores for the year ended March 31, 2016. The key components of provisions are provision for taxation of ₹ 1,226.8 Crores (FY 2014-15: ₹ 904.7 Crores), Provision on account of mark to market of investments of ₹ 2.5 Crores (FY 2014-15: release of ₹ 58.4 Crores), Provisions for NPAs of ₹ 497.9 Crores (FY 2014-15: ₹ 130.0 Crores) and Provision for Standard Assets ₹ 38.2 Crores (FY 2014-15: ₹ 244.0 Crores).

Net profit

As a result of the above, your Bank's net profit increased by 26.6% from ₹ 2,005.4 Crores for the year ended March 31, 2015 to ₹ 2,539.4 Crores for the year ended March 31, 2016.

Shareholders' Funds and Capital Management

Your Bank's shareholder funds were ₹ 13,786.6 Crores as at March 31, 2016 as compared to ₹ 11,680.0 Crores as at March 31, 2015. The increase is majorly on account of profit after tax net of proposed dividend of ₹ 2,033.3 Crores. The Book Value per share increased to ₹ 327.8 as at March 31, 2016 from ₹ 279.6 as at March 31, 2015 on the back of steady growth and earnings retention of approximately 80%. Total capital funds stood at ₹ 21,874.4 Crores as at March 31, 2016 as per Basel III.

Tier-I Capital

Tier I Capital of your Bank has increased from ₹ 11,875.5 Crores to ₹ 14,269.3 Crores which is 20.2% increase in FY 2015-16 over FY 2014-15. The increase is on account of retained profit after tax earned during FY 2015-16 amounting to ₹ 2,033.3 Crores.

Tier-II Capital

During 2015-16 your Bank mobilised Tier II capital amounting to ₹ 3,899.2 Crores.

As per Basel III norms, Your Bank had a capital adequacy ratio of 16.5% as at the end of FY 2015-16. As per Basel-III, Tier-I capital ratio was 10.7% and the Tier-II capital ratio was 5.8% as at March 31, 2016.

Management Discussion and Analysis (contd.)

Capital Adequacy Ratios	March 31, 2016	March 31, 2015
Total capital ratio (CAR) out of the above	16.5%	15.6%
- CET 1	10.3%	11.0%
- Tier I Capital	10.7%	11.5%
- Tier II Capital	5.8%	4.1%

In line with the RBI circular on Basel III Capital Regulations, currently for computing capital requirement, your Bank has adopted the standardized approach for credit risk, standardized 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.

SWOT ANALYSIS

Strengths

Your Bank has displayed strong financial health across macroeconomic cycles withstanding domestic and global adversaries, coming out even stronger and confident of its execution skills and competency. Within a span of 12 years, your Bank has witnessed the challenges of Global Financial crisis of 2008-09, Liquidity tightening measures by RBI in July 2013 and macro economic slowdown in past few years coupled with Asset Quality overhang marring the Indian Banking industry. However, your Bank has continued to deliver strong profitability while maintaining healthy Asset Quality. Your Bank had delivered RoA (annualized) at or above 1.5% and RoE (annualized) around 20%, over last eight years, with the best-in-class Net NPA and Gross NPA ratios. Your Bank's well maintained asset quality, even through tough macroeconomic challenges exemplifies well defined controls, checks and processes and is the testimony of strong risk ethos and culture that the Bank has developed since inception. Your Bank has a superior Credit Appraisal process with highest level of due diligence and adequate controls and supervision resulting in reduction of Adverse Selection. Apart from the aforementioned diligent Credit selection and maintaining process, your Bank has good Structural capabilities which have helped your Bank to contain Asset Quality challenges present in the current economic environment. These robust risk management practices have resulted in top quartile performance in asset quality delivery by your Bank over the last 5 years. Going forward, your Bank is committed to replicate the success of Corporate business into Retail/SME

businesses as well. Our perseverance in Liabilities is reflected in Retail liability contribution (including CASA) of over 55% of total deposits of the Bank today. Your Bank is also committed to provide outstanding service delivery and quality experience to its customers through our new age technology channels and continuously evolving digital channels. These alternative digital channels are tantamount to increasing efficiency, improving service, enhancing customer experience as well as reducing operative costs in the long run. Your Bank has had a proven track record to raise capital and long term funding, necessary to sustain growth and expansion in network. It has raised capital (both equity and other forms of capital) at appropriate times. This ability to augment capital funds will help to capture growth opportunities with the improving macroeconomic environment. Last but not the least, your Bank's performance is attributable to the finest human capital and talented management cadre. Your Bank has always emphasized on 'Knowledge' as a key differentiator and over the years has developed finest human and intellectual capital by equipping executives with skills and knowledge through initiatives of Yes School of Banking.

Weakness

Although your Bank has made significant strides over the last few years, it is still a relatively small player in the Indian banking space with over 1.2% market share in Advances and 1.1% market share in Deposits. However your Bank is capturing market share at rapid pace through significant investment in human capital, infrastructure and technology. Your Bank's gradual growth and development across the cycles has equipped your Bank with strong standing in the market, mainly due to its differentiated Knowledge Banking approach. Your Bank's network of branches is also relatively lesser compared to other larger players with lower presence in remote locations. Being a relatively newer bank, brand awareness among retail customers, although fast catching up, is lower than its peers, who have been in the business for a significantly longer time. Your Bank has made significant investments in enhancing its brand through appropriate media campaigns, expanding its branch network and ATM base, and thereby augmenting its customer base at a rapid pace. Your Bank also has minimal international presence which has limited your Bank's ability to raise low-cost foreign currency funding, and pursue international trade finance opportunities. However, it has recently made its maiden international foray, in the form of a Representative office at Abu Dhabi and commencing operations at International Banking Unit at GIFT city, Gujarat. This will significantly enhance your Bank's International Banking product offerings

for corporate clientele while enabling long term Foreign Currency Fund raising at competitive rates.

Opportunities

India is the oasis in a desert: Where most economies are facing headwinds to growth, concerted efforts by the government and RBI have enabled a right mix of growth and inflation to emerge. The government's efforts at reviving capex amid its focus on infrastructure sectors like roads, railways, ports, and power are creating new avenues for growth. IMD's forecast for above normal monsoon after 2 consecutive years of below par performance is likely to give a boost to consumption. While China's weak growth outlook will continue to weigh on global growth dynamics, relative stability in currency and financial markets after a brief period of volatility during early part of the current calendar year is comforting. The government's measure to reduce small savings rate in line with the prevailing market conditions is likely to be beneficial for the domestic banking industry. Also, government's continued focus on DBT, digitization, mobile banking and financial inclusion is opening up avenues for new age banking in India. Monetization of gold, conscious effort to maintain positive real interest rate along with financial inclusion are likely to incentivize financial savings and encourage the shift from physical savings in the medium term.

The Indian banking sector 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 an exciting opportunity. Additionally, the goal of financial inclusion would benefit immensely from key government initiatives, like, the PMJDY, use of Aadhar, mobile-based payments, mobile-based card transaction facilities, and thereby would help develop the knowledge infrastructure for enhancing reach of the banking sector. Mobile technology, with its extensive reach, rapid adoption rate amongst youth, coupled with the capacity to reduce transaction costs, is key to redefining financial services. With over 1 billion mobile phones in India, mobile banking has a huge opportunity. India has only about 50 million mobile banking customers currently; as compared to the global figure of 1 billion

mobile banking users – these numbers represent the scale of the untapped opportunity. Rapid digitization can be the single largest enabler of a massive 'financial revolution' and transform India and the world into a cashless economy – which is the future of money.

Threats

Private investment continues to remain tepid amid excess capacities, stressed balance sheets and excessive leverage especially in infrastructure companies is a major threat. Despite government's efforts at faster clearances of projects, non conducive market conditions and lack of promoter interest are holding back a sustained recovery in investment demand. Sharp fall in commodity prices especially of metals has led to massive dumping in turn affecting the prospects of some industries such as steel. Moreover, continued softness in prices of commodities like oil is impacting fortunes of countries dependent on oil exports in turn contributing to weak growth outlook.

Muted Credit demand from banks due to the weakness in economic activity together with heavily leveraged corporate balance sheets resulting in increase in stressed assets is one of the significant threats to the industry and your Bank. As India further integrates with the global economy, the rupee will get internationalized, the bond, currency and derivatives markets will further develop and deepen which are all positives for the economy. However, as global markets become more competitive and volatile, managing risk will become increasingly important. Technology and analytics will become the cornerstones of improved risk management in the country.

Changes in the RBI regulations, requiring banks to set up a higher number of rural branches could also result in lower profitability for banks. Also, the RBI awarding additional licenses could potentially result in increasing competition in the banking industry, over the medium to long-term. There may be some erosion in projected growth due to market captured by new entrants, and also due to the competition among banks in retaining quality staff. Your Bank could also face intense competition from allied firms in financial services (e.g. broking/investment banking, among others), who compete for human capital. Further, recent regulatory changes including revised priority sector norms, adoption of BASEL-III norms could result in lower profitability for the banking system in general, thereby also impacting your Bank.

Directors' Report

To the Members,

Your Directors are pleased to present the Twelfth Annual Report on business and operations of your Bank together with the audited accounts for the year ended March 31, 2016.

BUSINESS OVERVIEW AND OUTLOOK

Your Bank performed well in Financial Year (FY) 2015-16 with a net profit of ₹ 2,539.4 Crores which is an increase of 26.6% from FY 2014-15. Your Bank showed continued acceleration and momentum in building a strong liability franchise with CASA ratio at 28.1% at the end of FY 2015-16. Your Bank has also completed its Retail Assets Product Suite and remains focused on increasing diversification in advances by growing the Retail and SME book. In terms of Human Capital strength, your Bank has achieved a significant milestone in FY 2015-16 reaching the 15,000 mark.

Your Bank has continued to maintain best-in-class Asset Quality with a Net NPA ratio of 0.29% amidst a volatile environment, owing to its prudent risk management practices.

Your Bank's branch network stood at 860 branches and 1609+ ATMs (including Bunch Note Acceptors) as on March 31, 2016. Your Bank is also in the process of commissioning its single largest National Centralised Operations Management & Service Delivery facility in Ambattur, Chennai. Your Bank has adopted an 'Alliances, Relationships & Technologies – ART' approach to Digitized Banking by building strong relationships with financial technology firms and leveraging their innovations to provide a superior Banking experience.

STATE OF THE AFFAIRS OF THE BANK

FY 2015-16 was a significant year in your Bank's lifecycle. Your Bank continued on its consistent performance with PAT growing to ₹ 2,539.4 Crores from ₹ 2,005 Crores showing a Y-o-Y growth of 26.6%.

In FY 2015-16, your Bank raised ₹ 315 Crores (Approx. USD 50 Million) through the issue of Green Infrastructure Bonds to International Finance Corporation (IFC), Washington which is the first investment by IFC in an Emerging Markets GREEN BOND issue in the World. Your Bank also signed the loan agreement with Overseas Private Investment Corporation (OPIC), the U.S. Government's Development Finance

Institution for supporting small business growth in India. The loan facility with OPIC was increased from the original amount of USD 200 Million at the time of signing the Memorandum of Understanding (MoU) to USD 245 Million now.

Your Bank signed a Technical Assistance agreement with Asian Development Bank, Manila, Philippines for a grant of USD 1 Million to finance capacity building activities related to the Rural Financial Inclusion and Farmer Access to Markets Project of YES BANK and to which YES BANK will contribute USD 2 Million.

Your Bank signed an MoU for a USD 50 Million loan from IFC, Washington, to be used exclusively to lend to women-owned businesses. This project is part of the Women Entrepreneurs Opportunity Facility (WEOF), the first-of-its-kind global facility dedicated to expanding access to capital for approximately 100,000 women entrepreneurs.

Your Bank was the first bank in India to commence the operations at International Financial Services Centre (IFSC) at GIFT City, Gujarat. Setting up of an IFSC in India has been the vision of Hon'ble Prime Minister of India, as this would be a major game changer for the financial services sector in India. A banking unit at GIFT IFSC (IBU) is equivalent to a foreign branch and is a significant development in overall augmentation of your Bank's business model whereby Bank will be in a position to provide comprehensive solutions for its client's foreign currency banking requirements. The opening of an IBU has boosted YES BANK's Cross Border Trade offerings, External Commercial Borrowings, Foreign Currency loans/syndications and offshore M&A funding business among others. Your Bank is pleased to report that business momentum at IBU has been building up well with and given the positive feedback from clients, we expect significant ramp-up of business volumes at our IBU in the time to come.

Further information on the Business overview and outlook and State of the affairs of the Bank is discussed in detailed in the Management Discussion & Analysis.

There is no change in the nature of business of the Bank for the year under review.

FINANCIAL PERFORMANCE

Particulars	(₹ in Crores)	
	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
Deposits	111,720	91,176
Borrowings	31,659	26,220
Advances	98,210	75,550
Total Assets/Liabilities	165,263	136,170
Net Interest Income	4,567	3,488
Non Interest Income	2,712	2,046
Operating profit	4,302	3,250
Provisions and Contingencies	536	339
Profit before Tax	3,766	2,910
Provision for taxes	1,227	905
Net Profit	2,539	2,005
Add: Surplus/(Deficit) brought forward from last period	4,220	3,207
Amount available for appropriation	6,759	5,213
Appropriations		
Statutory Reserve under section 17 of the Banking Regulation Act, 1949	635	501
Capital Reserve	73	26
Investment Reserve	-	12
Proposed Dividend and Tax thereon	506	453
Adjustment to earlier year dividend and tax thereon	0	0
Surplus carried to Balance Sheet	5,545	4,220
Key Performance Indicators		
Net Interest Margin	3.4%	3.2%
Return on Annual Average Assets	1.7%	1.6%
Return on Equity	19.9%	19.0%
Cost to Income Ratio	40.9%	41.3%

Your Bank posted Net Revenues (Net Interest Income and other income) of ₹ 7,279 Crores and Net Profit of ₹ 2,539 Crores for FY 2015-16. The Net Revenues and Net Profit for FY 2014-15 was ₹ 5,534 Crores and ₹ 2,005 Crores respectively. Appropriations from the Net Profit have been effected as per the table given above. Please refer to the section on Financial and Operating Performance in the Management Discussion and Analysis for a detailed analysis of financial data.

DIVIDEND

Your Bank is rewarding its shareholders by way of consecutive cash dividends considering the consistent financial

performance of your Bank and promising future prospects while retaining capital to maintain a healthy Capital Adequacy Ratio and to support future growth. In view of the excellent financial performance of your Bank and in continuance of the earlier trends of cash dividends, the Board of Directors have recommended Dividend at a rate of ₹ 10 per equity share of ₹ 10 each for the year ended March 31, 2016 for approval by the Shareholders at the 12th Annual General Meeting as against ₹ 9 per equity share of ₹ 10 each for the previous year ended March 31, 2015. This dividend shall be subject to tax on dividend to be paid by the Bank. This increase reflects our confidence in the Bank's stability to consistently grow earnings over time.

Directors' Report (contd.)

TRANSFER TO RESERVES

As per requirement of RBI regulations, the Bank has transferred the following amounts to various reserves during Financial Year ended March 31, 2016 :

Amount transferred to	Amount in ₹ Crores
Statutory Reserve	635
Capital Reserve	73
Investment Reserve	-

CAPITAL RAISING & CAPITAL ADEQUACY RATIO (CAR)

During the year, your Bank has allotted 27,95,543 equity shares arising out of the exercise of Employees Stock Options.

Post allotment of equity shares as aforesaid, the issued, subscribed and paid-up share capital of your Bank stands at ₹ 420.53 Crores comprising of 420,531,641 equity shares of ₹ 10 each as on March 31, 2016.

Your Bank has not issued any equity shares with differential voting rights during the year.

During the year, your Bank has raised ₹ 315 Crores by way of issue of 'Senior Unsecured Redeemable Long Term Green Infra Bonds' and ₹ 3,899.2 Crores by way of issue of 'Non-convertible, Redeemable, Unsecured, BASEL III compliant Tier 2 Bonds'.

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 III accord as at March 31, 2016.

Your Bank is well capitalized with a Capital Adequacy Ratio of 16.5% as at March 31, 2016; of which Tier I Capital Ratio was 10.7% and Tier II Capital Ratio was 5.8%.

DEPOSITS

Being a banking company, the disclosures required as per Rule (8)(5)(v)&(vi) of the Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to your Bank.

AWARDS AND RECOGNITIONS

During the year under review, your Bank was recognized in various ways/by various institutions and some of the awards presented to the Bank are listed below:

- YES BANK was recognized as 'Bank of the Year – India – 2015', by the world's leading, The Banker magazine (part of the Financial Times Group, UK) at a ceremony in London. This is the most prestigious worldwide recognition awarded to Banks.
- YES BANK won multiple awards in the prestigious Business Today – KPMG India's Best Banks Survey in January 2016. This is the 7th year in a row, where YES BANK has been recognized by Business Today in its annual Banking survey. The awards include:
 - Best Mid Sized Bank (Overall)
 - Best Mid Sized Bank – Quality of Assets
 - Best Mid Sized Bank – Growth
 - Most Improved Bank
- YES BANK was adjudged 'Strongest Bank in India by Balance Sheet 2015' by The Asian Banker Magazine, Singapore. This is the 3rd time in the last 4 years that YES BANK has received this recognition.
- YES BANK won multiple awards at the Asian Banking and Finance Wholesale Banking Awards 2015 held in Singapore including:
 - Cash Management Bank of the Year - India
 - Trade Finance Bank of the Year - India
- YES BANK received 'Pioneer in Banking and Financial Services' award at ASSOCHAM Africa-India Champion in Biz Awards 2015.
- YES BANK was recognized with the prestigious 'ET Best Corporate Brand – 2016' award by The Economic Times publication.
- YES BANK was recognized in the Top 10 Brands in the Paul Writer Mumbai Hot 50 List:
 - Won the 'Excellence in Social Media' and 'Best Initiative in Financial Inclusion' Awards at the Retail Banker International Asia Trailblazer Awards 2015.
 - Adjudged as 'Most Promising Brand' at the Economic Times Most Promising Brands Awards at Mumbai, 2015.

- YES BANK was recognized as the 'Best Corporate/ Institutional Digital Bank' in India at the Global Finance World's Best Digital Banks Awards 2015. YES BANK was also recognized as Asia Pacific winner in the category of Best Information Security Initiatives.
- YES BANK continued its leadership for the 5th consecutive year on the Carbon Disclosure Leadership Index (CDLI) of CDP. YES BANK scored 98 points out of a maximum of 100 points making it a joint 3rd on the India Leader board of CDP.
- YES BANK is finalist for the Asia Sustainability Reporting Awards 2015 (Singapore), in the categories 'Asia's Best Sustainability Report' and 'Asia's Best Community Reporting'.
- YES BANK was awarded the Special CSR Recognition at the CREDAI Conclave 2015 held during 15 to 17 of December, 2015.
- YES BANK received the 'Outstanding Business Sustainability Achievement Award' at the prestigious Karlsruhe Sustainable Finance Awards, Germany. This is the 3rd year in a row that YES BANK has received this global recognition.
- YES BANK won the 'Golden Peacock Environment Management Award' at the 17th World Congress on Environment Management, and became the only Company to receive this prestigious award for the 2nd time.
- YES BANK received the 'Golden Peacock Award for Sustainability 2015', at the 15th London Global Convention hosted by the Institute of Directors.

EMPLOYEES STOCK OPTION SCHEME

Your Bank has instituted Stock Option Plans to enable its employees to participate in your Bank's future growth and financial success. Your Bank provides its employees a platform for participating in important decision making and instilling long term commitment towards future growth of the Bank by way of rewarding them through Stock Options. The Stock Option Schemes also enable the Bank to hire the best talent for its senior management and key positions.

The Bank has Four Employee Stock Option Schemes viz.:

- 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 Nomination & Remuneration Committee of the Board of the Bank.

The details of vesting of various schemes are as follows:

ESOP Schemes	Vesting period
JESOP II	50% at the end of 3 rd year and balance at the end of 5 th year from the Grant date
JESOP III	50% at the end of 3 rd year and balance at the end of 5 th year from the Grant date
JESOP IV	50% at the end of 3 rd year and balance at the end of 5 th year from the Grant date
JESOP V	50% at the end of 3 rd year and balance at the end of 5 th year from the Grant date
PESOP I	25% at the end of each year from the Grant date
PESOP II	30%, 30% & 40% at the end of 1 st year, 2 nd year and 3 rd year respectively from the Grant date
PESOP II - 2010	30%, 30% & 40% at the end of 3 rd year, 4 th year and 5 th year respectively from the Grant date

During the year, all new grants have been made in YBL JESOP V/PESOP II scheme.

Options under all the aforesaid 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.

No stock options were issued to the Directors of your Bank.

Various details including option movement during the year under Schemes i.e. JESOP II, JESOP III, YBL ESOP and YBL JESOP V/PESOP II respectively are as follows:

Directors' Report (contd.)

	JESOP II	JESOP III	YBL ESOP		YBL JESOP V / PESOP II		
			YBL ESOP (JESOP IV)	YBL ESOP (PESOP I)	YBL JESOP V	YBL PESOP II	YBL PESOP –II 2010
Date of Shareholders Approval	24-Jul-06	24-Jul-06	29-Aug-07	29-Aug-07	18-Sep-08*	18-Sep-08*	18-Sep-08*
Total Number of Options approved	5,000,000	5,000,000	5,000,000	5,000,000	9,500,000	15,228,000	20,272,000
Total Number of options outstanding at the Beginning of the period	258,200	14,500	163,935	342,315	4,093,653	1,320,785	12,786,400
Total No. of Options granted (during FY 2015-16)	-	-	-	-	1,427,250	-	2,378,350
The Pricing Formula	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1
Options Vested (during FY 2015-16)	-	-	-	-	1,017,750	-	2,955,550
Options Exercised (during FY 2015-16)	258,200	1,500	44,167	127,850	679,096	182,650	1,502,080
Total No of shares arising as a result of exercise of option	258,200	1,500	44,167	127,850	679,096	182,650	1,502,080
Options lapsed/ Forfeited (during FY 2015-16)	-	-	-	-	385,575	-	278,250
Total No of options exercisable at the end of the year	-	13,000	119,768	214,465	858,057	1,138,135	2,637,720
Total No of options outstanding at the end of the year	-	13,000	119,768	214,465	4,456,232	1,138,135	13,384,420
Variation in terms of options	Refer Note 2	Refer Note 2	Refer Note 2	Refer Note 2	Refer Note 2	Refer Note 2	Refer Note 2
Money realized by exercise of Options (during FY 2015-16) (in ₹)	22,644,130	132,600	8,338,280	22,819,190	207,242,374	22,488,058	455,846,812
(i) Total No of Options granted to Senior Management Personnel (SMP)	-	-	-	-	150,000	-	565,000
(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	-	-	-	-	Attached as Sub-table1	-	-
(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	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Diluted Earnings Per Share (EPS) of the Bank after considering the effect of potential equity shares on account of exercise of Options				59.31			

	JESOP II	JESOP III	YBL ESOP		YBL JESOP V / PESOP II		
			YBL ESOP (JESOP IV)	YBL ESOP (PESOP I)	YBL JESOP V	YBL PESOP II	YBL PESOP -II 2010
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, 2016 and March 31, 2015. 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 ₹ 414,226 thousands (Previous year: ₹ 353,234 thousands), the basic earnings per share would have been ₹ 59.63 (Previous year: ₹ 48.47) per share instead of ₹ 60.62 (Previous year: ₹ 49.34) per share; and diluted earnings per share would have been ₹ 58.34 (Previous year: ₹ 47.16) per share instead of ₹ 59.31 (Previous year: ₹ 48.01) per share.						
Weighted average share/exercise price of the shares exercised during the year (in ₹)	87.70	88.40	188.79	178.48	305.17	123.12	303.48
Weighted average fair values of the outstanding options (in ₹)	-	91.98	199.14	167.16	496.24	124.67	444.26
The options under the scheme was increased subsequently from 1 Crore to 3 Crores and finally to 4.5 Crores by the shareholders' approval dated September 3, 2009 and June 28, 2011 respectively.							

The Securities and Exchange Board of India ('SEBI') has prescribed two methods to account for stock grants; namely (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:

	March 31, 2016
Risk free interest rate	7.38%-9.23%
Expected life	1.5 yrs - 7.5 yrs
Expected volatility**	25.01%-57.52%
Expected dividends	1.5%

**Expected Volatility is the last one year average volatility.

Note 1: Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

Note 2: There is no variation in the terms of the options during the Financial Year ended March 31, 2016.

Sub-table 1: Following are the outstanding stock options that have been granted during the financial year ended March 31, 2016 amounting to 5% or more of options granted during that year under YBL JESOP V:

Options Granted	
Name of Employee	
Gaurav Goel	000.00
Rajan Pentel	000.05
Kumar Padmanabhan	000.51
Neeraj Dhawan	000.57
	125.00

Directors' Report (contd.)

SUBSIDIARY COMPANY

As on March 31, 2016, your Bank has one Subsidiary, YES Securities (India) Limited (YSIL).

Performance and financial positions of YSIL

YES Securities (India) Limited successfully completed its second full financial year of operations in March 2016. As on March 31, 2016, YSIL has 52,471 clients. Clients are offered 3 products from the group – A Current/ Savings Account and a Demat account from your Bank, and a Trading account from YSIL. With a view to provide customers with mobile access to its services, YSIL has launched the YES INVEST mobile application for smart phones – Android, Apple and Blackberry Systems. During FY 2015-16, YSIL has earned a total revenue of ₹ 2,445 Lakhs as against ₹ 443 Lakhs in the previous year. YSIL has incurred a loss of ₹ 976 Lakhs in FY 2015-16. YSIL monthly retail trading volume grew by 2.5 times to 293 Crores between April 2015 to March 2016 and the total turnover for the year stood at ₹ 2,318 Crores. The total trading volume from the institutional segment for the year ended March 31, 2016 was ₹ 127 Crores.

BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Appointments

Mr. Ajai Kumar

During the year under review, Mr. Ajai Kumar was appointed as Additional Director of the Bank with effect from January 29, 2016, to hold office as Non-Executive Non-Independent Director, liable to retire by rotation. He was earlier associated with the Bank as Strategic Advisor. Mr. Ajai Kumar will hold office as Additional Director of the Bank upto the date of this Annual General Meeting (AGM). Your Bank has received notice in writing from a member proposing the candidature of Mr. Ajai Kumar as Non-Executive Non-Independent Director of the Bank at the ensuing AGM.

The relevant details including profile of Mr. Ajai Kumar is included separately in the Notice and report on Corporate Governance forming part of the Annual Report.

Mr. Ashok Chawla

Mr. Ashok Chawla was appointed as Additional Director of the Bank with effect from March 5, 2016, to hold office upto the date of this AGM. In terms of provisions of Section 149 of the Companies Act, 2013, it is proposed to appoint Mr. Ashok Chawla as an Independent Director, for a period of

five (5) years. Your Bank has received notice in writing from a member proposing the candidature of Mr. Ashok Chawla as Independent Director of the Bank at the ensuing AGM.

The relevant details including profile of Mr. Ashok Chawla is included separately in the Notice and report on Corporate Governance forming part of the Annual Report.

Further, the Bank has made an application to the Reserve Bank of India for appointment of Mr. Ashok Chawla as Non Executive Part Time Chairman on the Board of the Bank with effect from October 30, 2016. The said appointment would be made upon the expiry of term of current Non-Executive Chairperson, which would expire on October 29, 2016.

Cessations

Mr. Ravish Chopra, Independent Director of the Bank, has resigned from the office of the Director with effect from March 30, 2016 on personal grounds due to his preoccupation with other engagements.

Further, Mr. Ajay Vohra, Independent Director of the Bank, on completion of continuous period of eight years, would vacate the office as a Director of the Bank with effect from April 28, 2016 in terms of the provisions of Section 10-A (2-A) of the Banking Regulation Act, 1949.

The Board places on record its appreciation for the valuable services rendered by Mr. Ravish Chopra and Mr. Ajay Vohra during their tenure as Directors of the Bank.

Considering the above changes, your Bank will have Ten (10) Directors consisting of Five (5) Independent Directors, Four (4) Non-Executive Directors and Managing Director & Chief Executive Officer (MD & CEO).

Retirement by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. M. R. Srinivasan, being director liable to retire by rotation, shall retire at the ensuing AGM and being eligible for re-appointment, offers himself for re-appointment.

Key Managerial Personnel

Mr. Rana Kapoor, MD & CEO, Mr. Rajat Monga, Chief Financial Officer and Mr. Shivanand R. Shettigar, Company Secretary of the Bank are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and rules made thereunder.

None of the Key Managerial Personnel has resigned or appointed during the year under review.

Declaration by Independent Directors

The Bank has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), that they meet the criteria of independence laid down in the Companies Act, 2013 and Listing Regulations.

Familiarization Program for Independent Directors

The various programs undertaken for familiarizing Independent Directors with the functions and procedures of the Bank are disclosed in the Corporate Governance Report.

Number of meetings of the Board

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. The schedule of the Board/Committee meetings to be held in the forthcoming financial year is being circulated to the Directors in advance to enable them to plan their schedule for effective participation in the meetings. Due to business exigencies, the Board has also approved several proposals by circulation from time to time.

The Board met four (4) times during FY 2015-16 viz. on April 22, 2015, July 29, 2015, October 29, 2015 and January 29, 2016. Detailed information on the meetings of the Board are included in the report on Corporate Governance, which forms part of this Annual Report.

Additionally, several Committee meetings were held including Audit Committee meeting, which met six (6) times during the year.

Committees of the Board

The Bank has several Committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Bank has following Committees of the Board:

- Audit Committee
- Risk Monitoring Committee
- Board Credit Committee

- Fraud Monitoring Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- IT Strategy Committee
- Service Excellence, Branding and Marketing Committee
- Board Committee on Willful Defaulters & Non Co-operative Borrowers
- Capital Raising Committee
- Committee of Independent Directors

The details with respect to the compositions, powers, roles, terms of reference, etc. of relevant committees are given in the report on Corporate Governance of the Bank which forms part of this Annual Report.

Corporate Social Responsibility Committee

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Bank has established Corporate Social Responsibility (CSR) Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as **Annexure 1**.

Performance Evaluation of the Board

In terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Bank has had laid down criteria for performance evaluation of Directors, Chairperson, MD & CEO, Board Level Committees and Board as a whole and also the evaluation process for the same.

The performances of the members of the Board, the Board level committees and Board as a whole were evaluated at the meeting of the Committee of the Independent Directors and the Board of Directors held on April 26, 2016.

CORPORATE GOVERNANCE

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an

Directors' Report (contd.)

organization's brand and reputation. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. Your Bank is committed to achieve the highest standards of Corporate Governance and also adheres to the Corporate Governance requirements set by the Regulators/ applicable laws. 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 and the relevant disclosures, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and rules made thereunder is enclosed as an Annexure to this report.

A Certificate from M/s. BNP & Associates, Practicing Company Secretaries, conforming compliance to the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of this Annual Report.

VIGIL MECHANISM

The Bank has put in place a 'Whistle Blower Policy' in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and erstwhile Clause 49 of the Listing Agreement entered with the Stock Exchanges, the Companies Act, 2013, other applicable laws and in accordance with principles of good corporate governance. This policy also incorporates suggestions of the Protected Disclosure Scheme for Private Sector and Foreign Banks, instituted by Reserve Bank of India. In line with the 'Whistle Blower Policy', a Whistle Blower can raise concerns relating to Reportable Matters (as defined in the said policy) such as breach of Bank's Code of Conduct, fraud, bribery, corruption, employee misconduct, illegality, health & safety, environmental issues and wastage/misappropriation of bank funds/assets, etc. However, a Whistle Blower can't use Whistle Blower Policy to report his/her personal grievances. Accordingly, the Bank has implemented a web-based 'Corporate Whistle Blower Initiative' (CWI) portal, which is an

independent online reporting service aimed at facilitating secure and confidential communication between the Bank and Whistle Blower.

Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee of the Board, in exceptional cases.

The functioning of the Vigil Mechanism is reviewed by the Audit Committee of the Board from time to time. None of the Whistle Blowers have been denied access to the Audit Committee of the Board. The details of the Whistle Blower Policy is explained in the report on Corporate Governance and also available on the website of the Bank (www.yesbank.in).

RISK MANAGEMENT POLICY

- The Board of Directors of the Bank has overall responsibility for Risk Management. The Board oversees the Bank's Risk and related control environment, approves and reviews the policies designed as part of overseeing the Risk Management practices. The Board ensures that comprehensive policies, systems and controls are in place to identify, monitor and manage material risks at a Bank-wide level, with clearly defined risk limits.
- The Board has put in place Five Board level committees viz. Risk Monitoring Committee (RMC), Audit Committee (AC), Fraud Monitoring Committee (FMC), Board Committee on Willful Defaulters & Non Co-operative Borrowers (BCWDNCB) and Board Credit Committee (BCC), to deal with risk management practices, policies, procedures and have adequate oversight on various risks, the Bank is exposed to. Further, these Committees have also put in place various management committees such as, Asset Liability Committee, Credit Committee, Investment Committee, Outsourcing Management Committee, Information Security Council, IT Apex council, Reputational Risk Management Committee, Enterprise Risk and Capital Committee and Operational Risk Management Committee for day to day management and oversight over various risks. Each Management Committee has a standardized agenda. The Risk events, potential threats, performance of the Bank vis-à-vis Risk Limits and Risk Appetite, Risk

Profile dashboard covering key risk indicators, etc. are presented to the Committees, with QoQ/YoY trends highlighted, as applicable. Regular reporting MIS are also prepared by Risk verticals for Top Management perusal and necessary action.

- The Risk Architecture of the Bank is based on Three Lines of Defence as given below:
 - Business, Operations and Technology team as first line of defence having the overall responsibility of the management and mitigation of the Risk.
 - Control functions such as Compliance, Risk Management, Fraud Containment Unit, Legal as second line of defence to ensure day to day management of risk such as identification of risk, assessment of risk, monitoring of risk, putting in place processes & policies, providing guidance to business & operations team on management of risks.
 - Internal & Statutory Audit as Third Line of Defence for independent assurance.

Further, in order to ensure successful implementation of the Three Lines of Defence model and establish a strong Risk Culture in the Bank, the Risk Management Unit also conducts various trainings for business units, on specific areas of relevance to the business units. Mandatory trainings are also in place for all employees in the Bank to reduce Conduct Risk. The roles and responsibilities of Bank employees clearly articulate Risk Management Key Performance Indicators.

- The Bank has Risk Management Department (RMD) under the Chief Risk Officer (CRO) is delegated with responsibilities of managing the risk - including risk assessment, measurement, control and reporting - by the Risk Monitoring Committee (RMC) of the Board. The Risk Management department consists of various teams such as Credit Risk Unit, General Legal Counsel and Risk Control Units. Credit Risk Unit is responsible for evaluating, rating and underwriting credit under respective Credit Risk Heads. Risk Control Units such as Market Risk, Operational Risk, Enterprise Risk, Information Security, Portfolio Analytics Unit, Credit Risk Control Unit, Credit Mid Office, Credit Intelligence & Analytics and Risk Containment Unit are responsible

for independent review, monitoring and reporting of all risk control parameters and take appropriate corrective actions where necessary. These units under the supervision of Chief Risk Control Officer (CRCO) are also responsible for ensuring compliance to internal policies and regulatory guidelines.

- The Bank also has a Risk Appetite framework in place that is an articulation and allocation of the quantum of risk YES BANK is willing and able to assume in its exposures and business activities in pursuit of its strategic objectives and desired returns. The Bank's expansive Risk Appetite framework covers financial and risk-based parameters and the status of the same is monitored on a quarterly basis and reported to the Top Management, Management Committees and the RMC & Board. The Risk Appetite framework is complemented by risk limits across material risks of the Bank.
- The Bank conducts a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) exercise as a consultative exercise involving business/operational and risk units of the Bank, on an annual basis. The Risk Management strategy of the Bank is laid down in the ICAAP document. The Risk units perform identification and assessment of risks through discussions with business units to identify all relevant material risks in their sphere of operation to which the Bank is, or may be exposed to, based on forward-looking strategic business plans and projection. The consolidation of the material risks from all business verticals provides a comprehensive view of risks for the Bank, as part of the ICAAP and form the 'Risk Universe' for the Bank. The ICAAP framework and policy are updated annually based on changes in Bank's risk profile, capital, business requirements and latest RBI guidelines/developments on Risk Management. The ICAAP is an integral part of the management and decision making process in the Bank.

LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given or securities provided or acquisition of securities by a Banking company in the ordinary course of its business are exempted from disclosure requirements under Section 134(3)(g) of the Companies Act, 2013.

Directors' Report (contd.)

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Bank and were on arm's length basis. There were no materially significant related party transactions entered by the Bank with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Bank.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval for normal banking transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as for the normal banking transactions which cannot be foreseen and accordingly the required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee.

The policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Bank and the link for the same is <https://www.yesbank.in/investor-relations/corporate-governance.html>.

Since all related party transactions entered into by the Bank were in the ordinary course of business and were on an arm's length basis, form AOC-2 is not applicable to the Bank.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129 of the Companies Act, 2013, the Bank has prepared a consolidated financial statement of the Bank and also of its Subsidiary, YES Securities (India) Limited, in the same form and manner as that of the Bank which shall be laid before the ensuing 12th Annual General Meeting of the Bank along with the laying of the Bank's Financial Statement under sub-section (2) of Section 129 i.e. Standalone Financial Statement of the Bank.

Further, pursuant to the provisions of Accounting Standard ('AS') 21, Consolidated Financial Statements notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 issued by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Bank along with its subsidiary for the year ended March 31, 2016 forms part of this Annual Report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Bank has implemented adequate procedures and internal controls which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements. The Bank also ensures that internal controls are operating effectively.

AUDITORS

(a) Statutory Auditors

M/s. S. R. Batliboi & Co., LLP, Chartered Accountants will complete a term of four (4) years at the ensuing AGM and accordingly, in terms of RBI Circular DBS.ARS. BC.7/08.91.001/2000-2001 dated January 30, 2001, they will retire at the conclusion of the 12th Annual General Meeting.

In terms of Section 139 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, the Board of Directors has recommended the appointment of M/s. B. S. R. & Co., LLP, Chartered Accountants as Statutory Auditors of the Bank for a period of 4 years, subject to the approval of the Reserve Bank of India, to hold office from the conclusion of the ensuing 12th AGM till the conclusion of 16th AGM on remuneration to be decided by the Board or Committee thereof.

The Bank has received the consent from the Auditors and confirmation to the effect that they are not disqualified to be appointed as the Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and rules made thereunder. The Shareholders are requested to consider and approve the appointment of the Statutory Auditors of the Bank.

(b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, your Bank had appointed M/s. Mehta & Mehta, Practising Company Secretaries, Mumbai as its Secretarial Auditors to conduct the secretarial audit of the Bank for FY 2015-16. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for FY 2015-16 is annexed to this report as **Annexure 2**.

There is no Audit Qualifications in the Statutory Auditors Report and in the Secretarial Audit Report as annexed elsewhere in this Annual Report.

BUSINESS RESPONSIBILITY REPORT

As stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report describing the initiatives taken by the Bank from environmental, social and governance perspective is attached as part of this Annual Report.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE BANK

There are no material changes and commitments, affecting the financial position of the Bank which has occurred between the end of the financial year of the Bank i.e. March 31, 2016 and the date of the Directors' report i.e. April 27, 2016.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Bank's operation in future.

REMUNERATION POLICY

The Board of Directors of the Bank formulated and adopted policies for Remuneration of Employees of the Bank, Remuneration of Directors including the Chairperson of the Bank. The details of the same have been included in the Report on Corporate Governance, which is forming part of this Annual Report.

Employee Remuneration:

- (a) The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. In terms of Section 136 of the Companies Act, 2013 the same is open for inspection at the Registered Office of your Bank. A copy of this statement may be obtained by the members by writing to the Company Secretary of your Bank.
- (b) The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of

Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure 3**.

DISCLOSURES UNDER GREEN INFRA BONDS

Given the Government of India's focus on India's renewable energy potential and the target of achieving 175 GW of additional capacity installation by 2022, it is estimated that the renewable energy sector will require significant structured financing. There is a need to evolve innovative instruments to finance projects in the renewable energy, and Green infrastructure bonds are one such specialized avenue that allows finances to flow to vital clean energy projects.

YES BANK, India's 5th largest private sector bank has successfully issued India's first ever Green Infrastructure Bonds raising an amount of ₹ 1,000 Crores. The issue launched on February 16, 2015 for ₹ 500 Crores plus green shoe option witnessed strong demand from leading investors including Insurance companies, Pension & Provident Funds, Foreign Portfolio Investors, New Pension Schemes and Mutual Funds, resulting in a total subscription of ₹ 1,000 Crores and was closed on February 24, 2015. These bonds are for a tenor of 10 years.

YES BANK has also raised ₹ 315 Crores through the issue of Green Infrastructure Bonds to International Finance Corporation on a private placement basis. This is the first investment by IFC in an Emerging Markets Green Bond issue in the world. The bonds are for a tenor of 10 years.

The amount raised through both these issues, are used to finance Green Infrastructure Projects as per 'Eligible Projects' outlined in the Bank's internal guidelines for adherence to Green Bond Principles. KPMG India is providing the Assurance Services this year, on the use of proceeds in accordance with the Green Bond principles.

Green Bond Principles

The Green Bond Principles (GBP) are voluntary process guidelines intended for broad use by the market that recommend transparency and disclosure, and promote integrity in the development of the Green Bond market. The Principles provide issuers guidance on the key components involved in launching a credible Green Bond; they aid investors by promoting availability of information necessary to evaluate the environmental impact of their Green Bond investments; and they assist underwriters by moving the market towards standard disclosures which will facilitate

Directors' Report (contd.)

transactions. The GBP emphasize transparency accuracy which may be increasingly used for strategic decision making by investors. The GBP has four components, YES BANK has adopted, outlining the following key elements of Green Bonds:

- Use of proceeds;
- Process to identify, evaluate and select eligible projects;
- Management of proceeds; and
- Reporting.

Use of Proceeds

The proceeds raised through the issue of these bonds/debentures would be used in eligible project categories to enhance the long term resources for funding infrastructure projects, and will include all projects funded in whole, or in part, in the fields of renewable and clean energy projects including generation (including Greenfield) from sources such as Wind, Solar, Biomass, Hydropower and other such projects'. Wind, Solar, Hydro and Biomass projects sanctioned post the closure of debenture subscription only (February 24, 2015 for the ₹ 1,000 Crores issue, and August 5, 2015 for the ₹ 315 Crores issue) are considered for the allocation of the proceeds from Green Bonds.

Process for Evaluation and Selection of Eligible Projects

Along with the Bank's credit policy that provides guidance for the identification, formulation and appraisal of projects, the Bank has also formally adopted an Environment and social Policy (ESP) which governs its lending decisions. The

Project evaluation process follows from the interactions with potential borrower to understand the overall aspects of the project and a comparison against the eligibility criteria. Post preliminary consideration, based on the merits of the project, the evaluation moves to the risk team which assesses it and convey opinion on detailed due-diligence, if required. The eligibility of the project is thus confirmed and further documentation is sought as per the Bank's policies and Green Bond Principles.

Management of Proceeds

The proceeds from Green Bond are tracked internally on a quarterly basis. A tracker maintains information on eligible projects as per the criteria outlined in the guidelines and respective allocated amounts, in a pre-decided format. The unallocated proceeds would be placed in temporary instruments on a quarterly basis.

Reporting

Communication to investors through an annual update would include information on allocation of proceeds:

- List of projects to which Green Bond proceeds have been allocated;
- Brief description of these projects including installed capacity and annual generation of renewable energy (wherever applicable);
- Summary of environmental and social impacts associated with these projects, if any; and
- Types of temporary investment instruments for the balance of unallocated proceeds.

The proceeds from Green Bonds have been allocated to the following eligible projects:

Renewable Energy Category	Project Location	Brief Project Details*	Estimated** positive E&S impacts - CO ₂ Emission Reduction (tCO ₂ e / yr)	Known significant negative E&S Impacts
Wind Energy	Maharashtra	31.5 MW capacity wind energy project	67,571	None
Wind Energy	Madhya Pradesh (6 MW) & Gujarat (18 MW)	24 MW capacity wind energy project	47,664	None
Wind Energy	Andhra Pradesh	100 MW capacity wind energy project	2,31,246	None
Wind Energy	Madhya Pradesh	20 MW capacity wind energy project	36,320	None
Solar Energy	Andhra Pradesh	60 MW capacity solar energy project	1,02,715	None

Renewable Energy Category	Project Location	Brief Project Details*	Estimated** positive E&S impacts - CO ₂ Emission Reduction (tCO ₂ e / yr)	Known significant negative E&S Impacts
Solar Energy	Andhra Pradesh	10 MW capacity solar energy project	17,594	None
Solar Energy	Madhya Pradesh	20 MW capacity solar energy project	34,926	None
Solar Energy	Tamil Nadu	576 MW capacity solar energy project	9,34,374	None
Solar Energy	Telangana	30 MW capacity solar energy project	56,871	None
Solar Energy	Telangana	5 MW capacity solar energy project	7,766	None
Solar Energy	Punjab	74 MW capacity solar energy project	1,21,010	None

* The total annual generation of units is based on total installed capacity of the project and project PLF/CUF data provided by the borrower

** The total CO₂ emission reductions have been estimated based on potential total annual generation of units and grid emission factors and calculated through the use of CDM Methodological tool: Tool to calculate the emission factor for an electricity system' Version 05.0

STATUTORY DISCLOSURES

(1) The disclosures to be made under sub-section (3) (m) of Section 134 of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 by your Bank are explained as under:

(A) Conservation of energy-

Environmental stewardship in the financial sector – ISO 14001:2004 Environmental Management System (EMS) certification for the Bank embarked on the 3rd year

Benchmarking continual improvement and exponential growth in the Indian Banking space, YES BANK has achieved significant internal natural resource consumption efficiencies and minimized its carbon footprint. YES BANK is the first commercial bank in India to achieve the ISO 14001:2004 certification and has aligned its Environment Management System to the international standard. As on March 31, 2016, 184 YES BANK locations, including 75 cluster hubs, 106 hubs and 3 corporate offices, have been ISO 14001:2004 certified.

Through a greater owner-manager-partner behavior and participation among all relevant internal stakeholders, the Bank has been able to demonstrate its commitment to the requirements of the certification and strengthen measurement and management of its carbon footprint. The certification is based on the Bank's Environmental Management Policy that was released in 2012 and firmly outlines the Bank's commitment to achieve a 5% reduction in its carbon emissions intensity through broad-level actions.

The Bank aims to achieve the revised ISO 14001:2015 compliance in the next financial year. Aggressive awareness creation on electricity, paper, water, diesel conservation in day-to-day activities at the Bank has been created through wide circulation of resource conservation mailers, signage and posters to employees. Periodic trainings on Environmental Management System through mandatory quizzes, workshops, among others have actively engaged employees in ideas generation and their implementation.

(i) the step taken or impact on conservation of energy;

YES BANK's energy management initiatives over a 2 year period will aim at reducing 15 to 20 % energy consumption in all our facilities. Some of the key initiatives undertaken include:

- Installation of energy intelligence software which helps in dynamic monitoring of consumption across facilities. This will result in 5 to 7 % savings. The pilot study conducted over few branches was successful. We will target 400 branches for implementation in 2016 and the rest in 2017.
- Testing of retrofit solutions for HVAC systems and which has a potential saving of 10 to 15 % we will be incorporating some of the solutions in a phased manner over a 2 year period.

Directors' Report (contd.)

- Incorporation of LED lighting in some of our facilities. It has a huge potential and will be taken up for implementation in to all of our facilities in phased manner. So far 2,812 nos of LED lights have been installed with a potential saving of 2,03,870 KWH of energy consumption and approx ₹ 16.5 Lakhs of saving.
- As a part of clean energy initiative we are doing a feasibility study in 10 of our branches for rooftop solar energy generation.
- Installation of Global Positioning System (GPS) in office runners: GPS tracking devices were installed in two wheelers across National Capital Region (NCR) region in phases to track the Km running on actual & save on fuel cost.

(ii) the steps taken by the Bank for utilizing alternate sources of energy:

Your Bank has explored the potential of using alternate sources of energy through pilot projects of installation of solar rooftop power generation & access of renewable energy through open access and your Bank would continue to explore alternative sources of energy in future.

(iii) the capital investment on energy conservation equipments:

₹ 39.48 Lakhs upto present financial year (LED Tube lights project at IFC, Mumbai).

(B) Technology Absorption-

(i) The efforts made towards technology absorption:

Technology is a key enabler and core facilitator to the key goals of your Bank and is identified as one of the strategic pillars of the Bank. Since inception your Bank has been at the forefront of leveraging technology to provide better products and services to its customers. Your Bank is a

truly differentiated Financial Institution with world-class, state-of-the-art technology. All departments within the Bank use IT to deliver superior products and services to the customers.

Your Bank has adopted innovative modern technology and best in class international banking practices in respect of governance frameworks – to ensure that it renders the highest standards of service quality and operational excellence to its customers. 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. The technology architecture and the innovative IT Outsourcing structure has enabled your Bank to achieve high standards of Customer Service at comparatively lower cost structures.

Your Bank is moving towards service oriented architecture by implementing Enterprise Service Bus (ESB). An ESB is a Web-services-capable infrastructure that supports intelligently directed communication and mediated relationships among loosely coupled and decoupled biz components. The service oriented architecture to assist your Bank's large and e-commerce firms who are technology-driven or require time sensitive processing to consume your Bank's ESB Services for their payment and receivables.

With a view to support new initiatives, innovations and ensure customer delight, your Bank has upgraded various systems and platforms as also implemented new systems and platforms. Your Bank has augmented direct channels infrastructure and further embarked on upgrading its core banking systems. Your Bank has implemented virtualization in its data centers, to ensure its IT Infrastructure is highly resilient and usage is optimized. As a result your Bank has reduced its carbon footprint.

The Bank has embarked upon implementing Virtual Desktop Infrastructure (VDI). VDI refers to the process of running a user desktop inside a virtual machine that resides on a server in the datacenter. It's a powerful form of desktop virtualization because it enables fully personalized desktops for each user with all the security and simplicity of centralized management. VDI will help us in streamlining management and costs by consolidating and centralizing the desktops while delivering end-users mobility. This will enable access to virtual desktops anytime, from anywhere, on any device. This means a more centralized, efficient client environment that is easier to maintain and able to respond more quickly to the changing needs of the user and business.

Your Bank has launched YES PAY, a digital wallet to carry cash in safe, secure and convenient way. YES PAY is a Digital Wallet enabling Social Media & smart phone users to register seamlessly and then spend wisely. It provides a host of facilities like Mobile/DTH recharge, purchase of gift vouchers and avail discount coupons. Your Bank has implemented YES SECURE which is an alternate second factor authentication mechanism to existing SMS and IVR/Email OTP. YES SECURE empowers customer to generate an OTP without having mobile connectivity, even in 'no network' zone

Your Bank was the first to launch API Banking platform which provides secure layer for reliable access to banking system and business process for corporates. Your Bank was the first private sector bank to launch a unique service names 'BANK in a BOX' by deploying Bunch Note Acceptors/Recyclers across corporate clients in sectors like Retail stores, Hospitals, Gold Showrooms, Co-operative banks, Logistics, Airlines etc. Presently your Bank has 359 live note acceptors/recyclers installed across the country, and plans to implement around 1,000 boxes in a year's time. This innovation has automated the cash handling process

in the mentioned sectors that previously relied on traditional methods of managing cash predicted on door step banking method. Your Bank has also won prestigious 'FINNOVITI Award 2016' for the API Banking and BANK in a BOX.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

Technology has responded by being true strategic partner with business. Many first mover implementations have provided business, long lasting advantages, as also won many accolades and awards for the Bank. One of the finest direct banking platforms, first bank in India to offer two factor authentication, single PIN access to all electronic channels, Wi-Fi branches are some of the examples.

Innovations like API Banking, 'Bank in a BOX', Money Monitor (aggregation of customer accounts of all types across 11,000 institutions globally), Mobile Money Services, dual factor authentication, one view of customer relationship and most advanced voice enabled IVR helps the products and sales teams to offer superior products and services.

Your Bank has evaluated and implemented cutting edge technologies like virtualization, cloud computing 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.

Apart from product development, product improvement & effective cost management, technology has also played a major role in customer acquisition & ensuring high level of service delivery & customer excellence. Your Bank has also been able to cater to Financial Inclusion needs through its award winning and globally recognized technology solution platform which offers doorstep banking services.

Directors' Report (contd.)

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

Details of Technology Imported	Year of Import	Whether the Technology been fully absorbed	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
IBM Xseries Server and FC Cards	Jul-13	Yes	NA
VTL Backup Solution for Enterprise backup	Dec-13	Yes	NA
Hardware Purchase of BI platform refresh, Contact Center upgrade and Capacity upgrade	Dec-13	Yes	NA
Portwise Authentication Platform (Portwise Authentication Server + Access Manager - 10,000 concurrent users)	Mar-14	Yes	NA
Software Tokens for Net Banking, Implementation fees and delivery of Branded Software Tokens	Aug-14	Yes	NA

(iv) Your Bank has not incurred any expenditure on Research and Development during the year under review.

(C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

During the year ended March 31, 2016, the Bank earned ₹ 195.52 Crores and spent ₹ 377.94 Crores in foreign currency. This does not include foreign currency cash flows in derivatives and foreign currency exchange transactions.

for prevention and redressal of such complaints. Further, Bank has a plan in place for ongoing training to create awareness on this policy among executives under the Gender Respect And Commitment to Equality (GRACE) program.

(2). Number of cases filed, if any, and their disposal under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Bank has Zero tolerance towards any action on the part of any executive which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women executive working in the Bank. The Policy provides for protection against sexual harassment of women at workplace and

Number of complaints pending as on the beginning of the financial year	Nil
Number of complaints filed during the financial year	Six
Number of complaints pending as on the end of the financial year	One*

* The open complaint as on the end of the financial year has since been resolved.

EXTRACTS OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of the Annual Return as at March 31, 2016 forms part of this report as **Annexure 4.**

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit of the Bank for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors, had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and

- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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, Securities and Exchange Board of India, Government of India and other 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 continued robust performance on all fronts. Your Directors would also like to thank the employees for their continued support as the Bank evolves as the 'Professionals' Bank of India' with a vision of 'Building the Finest Quality Bank of the World in India by 2020'

For and on behalf of the Board of Directors

Rana Kapoor

Managing Director & CEO
(DIN No: 00320702)

Radha Singh

Non-Executive Part-time Chairperson
(DIN No: 02227854)

Place: Mumbai

Date: April 27, 2016

Directors' Report (contd.)

ANNEXURE 1

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

A brief outline of the Bank's CSR policy, including overview of projects or programs proposed to be undertaken

YES BANK's CSR Policy:

Through its Responsible Banking ethos, YES BANK has created stakeholder value by implementing projects based on unique models with scalable and sustainable impact. Guided by its Corporate Social Responsibility (CSR) policy the Bank has delivered internal and external positive socio-environmental impact by following a unique approach.

Approach towards CSR:

- **Promote** principles of social responsibility and inclusive growth through awareness and support
- **Invest** in socially and environmentally responsible activities to create positive impact
- **Engage** with stakeholders to further the sustainability agenda of the Bank and empower with knowledge
- **Collaborate** with likeminded institutions and forge partnerships towards addressing the needs of the stakeholders
- **Monitor** the environmental and social investment of YES BANK Limited through structured governance and transparent performance indicators

Your Bank's focus areas under CSR:

1. Livelihood security and enhancement
 - a) Education
 - b) Skills/ Employability training
2. Healthcare and Social welfare
3. Environment Sustainability
4. Arts/Sports and culture

Overview of activities:

In line with the CSR policy and in accordance of Schedule VII of the Companies Act, 2013, your Bank undertook various initiatives during the year which positively impacted lives. The initiatives for FY 2015-16 focused on deepening impact and scaling up of projects launched last year. The key initiatives undertaken during the year:

- Access to safe and clean drinking water
- Environmental conservation
- Skill building and entrepreneurship
- Livelihood enhancement
- Awareness and educating communities on environmental and social topics of national importance

Web-link to the CSR policy:

https://www.yesbank.in/images/all_pdf/YBL_Corporate_Social_Responsibility_Policy.pdf

Composition of CSR Committee

Your Bank recognizes its responsibility towards the society and environment in which it operates and accordingly has worked towards CSR and Sustainable Development focusing on the 'Triple Bottom line' ethos since its inception. Your Bank's Corporate Social Responsibility Committee monitors the CSR activities on a periodic basis.

Members of the committee as on March 31, 2016 were:

1. Ms. Radha Singh (Chairperson of the Committee)
(Non-Executive Part-time Chairperson of the Board)
2. Mr. Diwan Arun Nanda (Independent Director)
3. Mr. Brahm Dutt (Independent Director)
4. Mr. Ajay Vohra (Independent Director)
5. Mr. Rana Kapoor (MD & CEO)

Average net profit before tax of the Bank for last three financial years

₹ 2,387 Crores

Prescribed CSR Expenditure (two per cent. of the amount as above)

₹ 47.75 Crores

Details of CSR spent during the financial year.

- a. Total amount to be spent for the financial year : ₹ 34.00 Crores
The Bank has spent ₹ 29.52 Crores during FY 2015-16
- b. Amount unspent , if any: ₹ 4.48 Crores
- c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative Expenditure upto the Reporting Period	Amount spent: Direct or through implementing agency
(In ₹)							
1	YES COMMUNITY	<ul style="list-style-type: none"> • Livelihood Enhancement • Education • Promoting Preventive Healthcare 	Pan India	5.50 Crores	5.85 Crores	9.82 Crores	Direct
2	Livelihood and Water Security	<ul style="list-style-type: none"> • Making available Safe Drinking Water 	Maharashtra, Goa, Karnataka	8.50 Crores	7.53 Crores	12.26 Crores	Direct YES Foundation Swades Foundation
3	Say YES to Sustainable MSMEs in India	<ul style="list-style-type: none"> • Ensuring Environment Sustainability • Promoting preventive healthcare & Education 	Punjab, Rajasthan, Haryana, Delhi/NCR, Madhya Pradesh, Tamil Nadu, Telangana, Gujarat, West Bengal	3.27 Crores	2.71 Crores	3.14 Crores	Foundation for MSME Clusters (FMC) and The Entrepreneurship Development Institute of India (EDI)
4	YES STEADY (Skills Training and Enhancement for Development of Youth)	<ul style="list-style-type: none"> • Promoting Education • Livelihood Enhancement 	Pan India	6.0 Crores	3.52 Crores	5.41 Crores	Direct & Deshpande Foundation
5	Natural Capital Initiatives	<ul style="list-style-type: none"> • Ensuring Environment Sustainability • Promoting Education 	Pan India	3.23 Crores	1.01 Crores	1.95 Crores	Direct
6	Support to YES Foundation	<ul style="list-style-type: none"> • Promoting Education 	Pan India	7.50 Crores	7.50 Crores	10.50 Crores	YES Foundation
7	Expenditure on administrative overheads				1.40 Crores	2.15 Crores	
TOTAL				29.52 Crores	45.23 Crores		

Directors' Report (contd.)

Your Bank continues to work towards becoming the benchmark financial institution for inclusivity and sustainability, thereby integrating it with the ethos of Responsible Banking. To ensure maximum social and environment impact, your Bank, along with competitive and result oriented partners implemented its CSR vision by focusing on livelihood and water security, environmental sustainability and, skill building and entrepreneurship. In FY 2015-16, your Bank extensively worked within grass root communities to provide access to safe and clean drinking water in partnership with the Indian Railways and NGO partners touching more than 2,00,000 lives every day. Your Bank enhanced its focus on the critical MSME sector through intensive interventions that helped educate and support 973 MSMEs with their operations on energy efficiency and occupational health and safety of their workers, thereby helping feed into larger goals of 'Make in India'. In order to contribute to the 'Skill India', your Bank was able to impart livelihood training to 4,500 beneficiaries. Under the Bank's unique flagship community engagement initiative, worked with diverse age groups across India to catalyse positive action and educate on socio-environmental issues of national importance like Swachh Bharat, road safety, financial literacy and tree plantation, thereby touching 8,00,000 lives.

As a responsible corporate and establishing itself as a leader in the sustainable finance space, your Bank has committed to mobilize USD 5 Billion from 2015 to 2020 for climate

action through lending, investing and raising capital towards mitigation, adaptation and resilience. The Bank continued to work extensively on livelihood enhancement programs especially with women, and financial inclusion with migrants. While these interventions are beyond the ambit of the definition of CSR under the Companies Act, 2013, it has helped your Bank, create a larger socio-economic impact. In FY 2015-16, your Bank spent 1.24% towards CSR activities, a gradual increase over last year's spend of 0.83%. As a public trust institution, the Bank exercises prudence in selecting projects and implementation partners for fulfilling its CSR objectives by ensuring strong governance, due-diligence and monitoring framework. Your Bank is committed to widen its geographical influence and deepen its CSR impact in the subsequent years by investing in mission critical developmental issues faced by India. Building on this long term vision to create holistic socio-environmental impact, the Bank has taken a target of planting 2 million trees towards creating a carbon sink and touching 100 million lives through its safe and clean drinking water program by 2020.

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Bank.

Rana Kapoor

Managing Director & CEO
(DIN No: 00320702)

Radha Singh

Non-Executive Part-time Chairperson
(DIN No: 02227854)

ANNEXURE 2

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and the rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
YES BANK Limited
9th Floor, Nehru Centre, Discovery of India,
Dr. A.B. Road, Worli,
Mumbai- 400018.

Foreign Direct Investment, Overseas Direct Investment
and External Commercial Borrowing;

(v) The following Regulations and Guidelines prescribed
under the Securities and Exchange Board of India Act,
1992 ('SEBI Act'):-

We have conducted the secretarial audit of the compliance
of applicable statutory provisions and the adherence to good
corporate practices by YES BANK Limited (hereinafter called 'the
Bank'). Secretarial audit was conducted in a manner that provided
us a reasonable basis for evaluating the corporate conducts /
statutory compliances and expressing our opinion thereon.

a. The Securities and Exchange Board of India
(Substantial Acquisition of Shares and Takeovers)
Regulations, 2011;

b. The Securities and Exchange Board of India
(Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India
(Issue of Capital and Disclosure Requirements)
Regulations, 2009 (during the year under review
not applicable to the Bank);

d. The Securities and Exchange Board of India (Share
Based Employee Benefits) Regulations, 2014;

e. The Securities and Exchange Board of India (Issue
and Listing of Debt Securities) Regulations, 2008;

f. The Securities and Exchange Board of India
(Registrars to an Issue and Share Transfer Agents)
Regulations, 1993 regarding the Companies Act
and dealing with client;

g. The Securities and Exchange Board of India (Delisting
of Equity Shares) Regulations, 2009 (during the year
under review not applicable to the Bank); and

h. The Securities and Exchange Board of India
(Buyback of Securities) Regulations, 1998 (during
the year under review not applicable to the Bank);

Based on our verification of the Bank's books, papers, minutes
books, forms and returns filed and other records maintained by
the Bank and also the information provided by the Bank, its officer,
agents and authorized representatives during the conduct of
secretarial audit, we hereby report that in our opinion, the Bank
has, during the audit period covering the financial year ended
on March 31, 2016, complied with the statutory provisions listed
hereunder and also that the Bank has proper Board processes and
compliance mechanism in place to the extent, in the manner and
subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms
and returns filed and other records maintained by the Bank
for the financial year ended on March 31, 2016 according to
the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made
thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA')
and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and
Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the
rules and regulations made there under to the extent of

(vi) The Banking Regulation Act, 1949

(vii) SEBI (Bankers to an Issue) Regulations, 1994

Directors' Report (contd.)

(viii) SEBI (Merchant Bankers) Regulations, 1992

(ix) SEBI (Underwriters) Regulations, 1993

(x) SEBI (Depositories & Participants) Regulations, 1993

We have examined compliance with the applicable clauses/ regulations of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India;
- b) Equity Listing Agreement and Debt Listing Agreement entered with National Stock Exchange of India Ltd. and BSE Ltd. and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Bank has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above.

We further report that:

The Board of Directors of the Bank is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Director that took place during the period under review were carried out in compliance with the provision of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the Board are carried through unanimously. As per the records provided by the Bank, none of the member of the Board dissented on any resolution passed at the meetings of the Board and any of its committee.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were following specific events / actions having a major bearing

on the Bank's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc. which are: -

1. Issue of debt securities by raising fund in India/Foreign Currency upto ₹ 4,214.2 Crores to eligible investors through private placement out of the total limit of ₹ 10,000 Crores which was approved by the Members in Annual General Meeting held on June 06, 2015 and allotted in following tranches during the period:
 - a) 5,542 Tier II Bonds having face value of ₹ 1,000,000 at par amounting to ₹ 5,542,000,000 allotted on June 29, 2015.
 - b) 3,150 Green Infra Bonds having face value of ₹ 1,000,000 at par amounting to ₹ 3,150,000,000 allotted on August 05, 2015.
 - c) 15,000 Tier II Bonds having face value of ₹ 1,000,000 at par amounting to ₹ 15,000,000,000 allotted on December 31, 2015.
 - d) 8,000 Tier II Bonds having face value of ₹ 1,000,000 at par amounting to ₹ 8,000,000,000 allotted on January 15, 2016.
 - e) 5,000 Tier II Bonds having face value of ₹ 1,000,000 at par amounting to ₹ 5,000,000,000 were allotted on January 20, 2016.
 - f) 5,450 Tier II Bonds having face value of ₹ 1,000,000 at par amounting to ₹ 5,450,000,000 were allotted on March 31, 2016.
2. The Bank had acquired 500,750 equity shares of Institutional Investor Advisory Services (IIAS) equivalent to 5.006% of the paid-up capital of IIAS on March 03, 2016 which was proposed in the Board Meeting held on January 29, 2016.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Dipti Mehta

Partner

Place : Mumbai

Date : April 27, 2016

FCS No. 3667 / CP No. 3202

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE A

To,
The Members,
YES BANK Limited
9th Floor, Nehru Centre, Discovery of India,
Dr. A.B. Road, Worli,
Mumbai-400018

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report 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 Bank.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Dipti Mehta

Partner

Place : Mumbai
Date : April 27, 2016

FCS No. 3667 / CP No. 3202

Directors' Report (contd.)

ANNEXURE 3

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure								
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	<table><tr><td>MD & CEO</td><td>91.3x</td></tr><tr><td>Radha Singh</td><td>3.3x</td></tr></table>	MD & CEO	91.3x	Radha Singh	3.3x				
MD & CEO	91.3x									
Radha Singh	3.3x									
II	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	<table><tr><td>MD & CEO</td><td>20.8%</td></tr><tr><td>CFO ^(GN1)</td><td>16.8%</td></tr><tr><td>CS</td><td>6.1%</td></tr><tr><td>Radha Singh</td><td>13.9%</td></tr></table>	MD & CEO	20.8%	CFO ^(GN1)	16.8%	CS	6.1%	Radha Singh	13.9%
MD & CEO	20.8%									
CFO ^(GN1)	16.8%									
CS	6.1%									
Radha Singh	13.9%									
III	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 14.4% . The calculation of % Increase in Median Remuneration is done based on comparable employees. For this we have excluded employees who were not eligible for any increment.								
IV	The number of permanent employees on the rolls of the Bank	There were 15,000 employees as on March 31, 2016								
V	The explanation on the relationship between average increase in remuneration and company performance	<p>Factors considered while recommending increase in the fixed compensation:</p> <ul style="list-style-type: none">(a) Financial performance of the Bank(b) Comparison with peer Banks(c) Industry Benchmarking and consideration towards cost of living adjustment/inflation(d) Regulatory guidelines as applicable(e) All forms of compensation (fixed, variable, ESOPs) to be consistent with risk alignment(f) ESOP schemes, which are part of the 'Sum-of-Parts' Compensation on a mid to long term basis, are prepared in accordance with SEBI and other Regulatory guidelines which are approved by the Nomination and Remuneration Committee, Board of Directors and Shareholders. Average increase in employee remuneration for FY 2015-16 is 15.5% <i>(Computed based on Weighted Average basis considering TCC + Approved Bonus. The calculation of Average increase in employee remuneration is done based on comparable employees. For this we have excluded employees who were not eligible for any increment).</i> <p>As mentioned above the Bank follows holistic performance review mechanism to ensure that the increase is commensurate with the effort and it is aligned with the performance of the Bank.</p>								
VI	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	For the year ended March 31, 2016, KMPs were paid approx 0.6% of the net profit for the year.								
VII	Variations in the market capitalisation of the Bank, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer	The Market capitalization of the Bank has increased from ₹ 34,076.82 Crores as of March 31, 2015 to ₹ 36,370.21 Crores as of March 31, 2016. Over the same period, the price to earnings ratio moved from 16.6x to 14.3x. The YES Bank stock price as at March 31, 2016 has increased over 19x to ₹ 865.05 over the last public offering, i.e. IPO in June 2005 at the price of ₹ 45 per share.								

Sr. No.	Requirements	Disclosure										
VIII	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Not Applicable to the Bank, as all the employees are considered under Managerial role.										
IX	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	<table><tr><th colspan="2">The comparison of remuneration of each of the Key Managerial personnel against the performance of the Bank is as under :</th></tr><tr><th>Particulars</th><th>% of Net Profit for FY 2015-16</th></tr><tr><td>MD & CEO</td><td>0.22%</td></tr><tr><td>CFO</td><td>0.31%</td></tr><tr><td>CS</td><td>0.04%</td></tr></table>	The comparison of remuneration of each of the Key Managerial personnel against the performance of the Bank is as under :		Particulars	% of Net Profit for FY 2015-16	MD & CEO	0.22%	CFO	0.31%	CS	0.04%
The comparison of remuneration of each of the Key Managerial personnel against the performance of the Bank is as under :												
Particulars	% of Net Profit for FY 2015-16											
MD & CEO	0.22%											
CFO	0.31%											
CS	0.04%											
X	The key parameters for any variable component of remuneration availed by the directors	<p>The broad factors and guidelines considered for the Performance Bonus are:</p> <ul style="list-style-type: none">(a) Annual Performance Review based on the Key Result Areas (KRAs) / measurable Key Performance Indicators (KPIs).(b) Financial outcomes and profitability of the Bank(c) Risk factors which shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk(d) Variable pay shall not exceed 70% of fixed pay in a year(e) Where variable pay is 50% or more, 40-60% shall be deferred over a minimum period of 3 years(f) In the event of a negative contribution, deferred compensation shall be subject to appropriate malus/claw back arrangements as decided by the Nomination and Remuneration Committee.(g) Regulatory guidelines as applicable. (RBI /Shareholders approval) <p>The Variable component of remuneration is considered for MD&CEO.</p>										
XI	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	<p>There are 2 Top Management Executives who are not directors but receive remuneration in excess of the highest paid director during the year:^(GN1)</p> <table><tr><td>Employee 1: Senior Group President - FM & CFO</td><td>1.40x</td></tr><tr><td>Employee 2: Senior Group President & Senior MD</td><td>1.36x</td></tr></table>	Employee 1: Senior Group President - FM & CFO	1.40x	Employee 2: Senior Group President & Senior MD	1.36x						
Employee 1: Senior Group President - FM & CFO	1.40x											
Employee 2: Senior Group President & Senior MD	1.36x											
XII	Affirmation that the remuneration is as per the remuneration policy of the company	Yes, it is confirmed										

General Notes (GN):

- (1) ● Remuneration in case of MD & CEO is regulated by RBI guidelines.
- In case of the CFO, he is also responsible for Company Secretarial (CS); Digital Banking; Business Economics Banking (BEB); Financial and Investor Strategy (FIS); Financial Management (FINMGT); Financial Markets (FM); Indian Financial Institutions Banking (IFIB); International Banking (IB); Multinational Corporate Banking (MCB); Infrastructure & Network Management (IMN); Liabilities Product Management (LPM); Technology & Solutions Group (TSG) and Transaction Banking Group (TBG). He is also part of the Bank since inception and has contributed significantly in the Bank's overall growth. His overall remuneration is arrived after considering the wide scope of his responsibilities, his contribution to Bank and market benchmarking. Similarly the remuneration of the other one top management executive is also linked to the market and is commensurate with his diverse responsibilities and experience.
- (2) The Remuneration for the purpose of this table is defined as 'Total Cost to the Company (TCC) + Approved Bonus' for all the employees except for KMPs. KMPs remuneration is as per the Form 16 (on an annualized basis) excluding stock option exercised since it does not form part of TCC.

Directors' Report (contd.)

ANNEXURE 4

EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2016

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	:	L65190MH2003PLC143249
(ii)	Registration Date	:	21-11-03
(iii)	Name of the Company	:	YES BANK Limited
(iv)	Category/Sub-Category of the Company	:	Public Company
(v)	Address of the Registered office and contact details	:	9 th Floor, Nehru Centre, Discovery of India, Dr. A. B. Road, Worli, Mumbai - 400018 Tel.: 022 6669 9000
(vi)	Whether listed company	:	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Board No: 040 6716 1559 Contact Persons: Ms. Shobha Anand / Mr. U. S. Singh

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Banking Services	64191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/associate	% of shares held	Applicable Section
1	YES Securities (India) Limited	U74992MH2013PLC240971	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2015 i.e. on the basis of SHP of March 31, 2015)				No. of Shares held at the end of the year (as on March 31, 2016 i.e. on the basis of SHP of March 31, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter / Promoter Group									
(1) Indian									
a) Individual / HUF	55,125,000	0	55,125,000	13.20	55,125,000	0	55,125,000	13.11	-0.09
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	37,017,450	0	37,017,450	8.86	37,017,450	0	37,017,450	8.80	-0.06
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other...	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total(A)(1):	92,142,450	0	92,142,450	22.06	92,142,450	0	92,142,450	21.91	-0.15
(2) Foreign									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other...	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total(A)(2):									
Total shareholding of Promoter / Promoter Group (A)=(A)(1)+(A)(2)	92,142,450	0	92,142,450	22.06	92,142,450	0	92,142,450	21.91	-0.15

Directors' Report (contd.)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2015 i.e. on the basis of SHP of March 31, 2015)			No. of Shares held at the end of the year (as on March 31, 2016 i.e. on the basis of SHP of March 31, 2016)			% Change during the year		
	Demat	Physical	Total	%of Total Shares	Demat	Physical		Total	%of Total Shares
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	35,033,101	0	35,033,101	8.39	47,911,475	0	47,911,475	11.39	3.00
b) Banks/ FI	560,535	0	560,535	0.13	457,261	0	457,261	0.11	-0.02
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	50,709,841	0	50,709,841	12.14	53,653,401	0	53,653,401	12.76	0.62
j) FIs	188,203,096	0	188,203,096	45.05	173,466,349	0	173,466,349	41.25	-3.80
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify - Qualified Foreign Investor)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total(B)(1):	274,506,573	0	274,506,573	65.71	275,488,486	0	275,488,486	65.51	-0.20
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	10,935,724	0	10,935,724	2.62	10,181,116	0	10,181,116	2.42	-0.20
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	23,241,054	21,621	23,262,675	5.57	24,505,488	65,341	24,570,829	5.84	0.27
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	12,305,851	0	12,305,851	2.95	12,760,251	48,000	12,808,251	3.05	0.10
c) Others (Foreign Nationals, HUF, Clearing members, NRIs, Trusts, NBFC)	4,582,825	0	4,582,825	1.10	5,340,509	0	5,340,509	1.27	0.17
Sub-total(B)(2):	51,065,454	21,621	51,087,075	12.23	52,775,369	113,341	52,888,710	12.58	0.35
Total Public Shareholding (B)=(B)(1)+ (B)(2)	325,572,027	21,621	325,593,648	77.94	328,275,850	113,341	328,389,191	78.09	0.15
C. Shares held by Custodian for GDRs & ADRs									
	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	417,714,477	21,621	417,736,098	100.00	420,418,300	113,341	420,531,641	100.00	0

ii) Shareholding of Promoter / Promoter Group

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 1, 2015 i.e. on the basis of SHP of March 31, 2015)			Share holding at the end of the year (as on March 31, 2016 i.e. on the basis of SHP of March 31, 2016)			% change in share holding during the year
		No. of Shares	% of total Shares of the Bank	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Bank	% of Shares Pledged / encumbered to total shares	
1.	Rana Kapoor (Promoter)	20,000,000	4.79	0.00	20,000,000	4.76	0.00	-0.03
2.	Yes Capital (India) Private Limited (Promoter Entity)	15,125,000	3.62	0.00	15,125,000	3.60	0.00	-0.02
3.	Morgan Credits Private Limited (Promoter Entity)	14,050,000	3.36	0.00	14,050,000	3.34	0.00	-0.02
4.	Madhu Kapur	35,125,000	8.41	0.80	35,125,000	8.35	0.79	-0.01
5.	MAGS Finvest Private Ltd	7,842,450	1.88	0.00	7,842,450	1.86	0.00	0.00
TOTAL		92,142,450	22.06	3.62	92,142,450	21.91	0.79	-0.15

The term 'encumbrance' has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

iii) Change in Promoter / Promoter Group Shareholding (please specify, if there is no change)

Sr. No.	Shareholding at the beginning of the year (as on April 1, 2015 i.e. on the basis of SHP of March 31, 2015)			Cumulative Shareholding during the year		
	No. of Shares	% of total shares of the Bank	% of total shares of the Bank	No. of Shares	% of total shares of the Bank	% of total shares of the Bank
At the beginning of the year			No Change*			
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):			No Change			
At the End of the year			No Change*			

* The shareholding of Promoter / Promoter's Group has not changed in absolute terms. The variation in terms of percentage is due to increase in paid up share capital of the Bank on account of allotment of shares pursuant to exercise of options under the ESOP scheme(s) during the year ended March 31, 2016.

Directors' Report (contd.)

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl No.	Name of Shareholder	Shareholding at the beginning of the year		Change in shareholding (No. of Shares)		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Bank	Increase	Decrease	No. of Shares	% of total shares of the Bank
1.	Life Insurance Corporation of India along with its various schemes	30,581,796	7.32	6,871,955	-	37,453,751	8.91
2.	Franklin India Monthly Income Plan along with its various schemes	11,328,398	2.71	136,154	-	11,464,552	2.73
3.	Birla Sun Life Trustee Company Private Limited along with its various schemes	5,582,904	1.34	3,507,598	-	9,090,502	2.16
4.	Franklin Templeton Investment Funds	10,281,653	2.46	-	1,839,259	8,442,394	2.01
5.	Platinum Asia Fund	1,620,000	0.39	6,413,357	-	8,033,357	1.91
6.	DB International (Asia) Ltd	10,889,257	2.61	-	3,371,125	7,518,132	1.79
7.	Coronation Global Emerging Markets Fund	4,212,566	1.01	1,470,704	-	5,683,270	1.35
8.	Bajaj Allianz Life Insurance Company Ltd.	7,762,330	1.86	-	2,595,741	5,166,589	1.23
9.	Credit Suisse (Singapore) Limited	6,512,092	1.56	-	1,364,159	5,147,933	1.22
10.	UTI along with its various schemes	582,624	0.14	4,211,848	-	4,794,472	1.14

Note:

- The shares of the Bank are substantially held in dematerialized form, and are traded on a daily basis and hence date-wise increase/decrease in shareholding is not indicated.
- Top ten shareholders of the Bank as on March 31, 2016 has been considered for the above disclosure.

(v) Shareholding of Directors and Key Managerial Personnel

Sr No.	Name of Director and KMP	Shareholding at the beginning of the year		Change in shareholding (No. of Shares)		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Bank	Increase	Decrease	No. of Shares	% of total shares of the Bank
Directors							
1.	Saurabh Srivastava	1,610	0.00	-	-	1,610	0.00
2.	Vasant V. Gujarathi	1,000	0.00	-	-	1,000	0.00
3.	Ajai Kumar*	-	-	-	-	105	0.00
4.	Rana Kapoor	20,000,000	4.79	-	-	20,000,000	4.76
KMPs							
1.	Rajat Monga (CFO)	751,271	0.18	150,000	-	901,271	0.21
2.	Shivanand Shettigar (CS)	450	0.00	-	-	450	0.00

*appointed w.e.f. January 29, 2016

V. INDEBTEDNESS**Indebtedness of the Bank including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits*	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,400	23,821	-	26,221
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10	479	-	489
TOTAL (i+ii+iii)	2,410	24,300	-	26,710
Change in Indebtedness during the financial year				
• Addition	36,125	165,499	-	201,624
• Reduction	37,535	158,538	-	196,073
Net Change	(1,410)	6,960	-	5,551
Indebtedness at the end of the financial year				
i) Principal Amount	1,000	30,659	-	31,659
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	601	-	601
TOTAL (i+ii+iii)	1,000	31,260	-	32,260

*Deposits received by the Bank are in the ordinary course of business does not amount to deposit in terms of the provisions of the Companies Act, 2013, hence, not included herein above.

Directors' Report (contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount In ₹
		Rana Kapoor (MD & CEO)	WTD	Manager	
	Gross salary				
1.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Fixed pay, pension, LTA, Bonus and medical)	44,172,996	-	-	44,172,996
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10,149,217	-	-	10,149,217
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
	Stock Option				
2.	● Granted during the year	-	-	-	-
	● Exercised during the year				
3.	Sweat Equity	-	-	-	-
	Commission				
4.	- as % of profit	-	-	-	-
	- others, specify				
5.	Others (Company contribution towards PF, Medical Reimbursement)	2,395,869	-	-	2,395,869
	Total (A) (Total of remuneration does not include the number of Stock Options)	56,718,082	-	-	56,718,082
	Ceiling as per the Act*				Refer note

*In terms of the provisions of the Companies Act, 2013, the remuneration payable to MD&CEO shall not exceed 5% of the net profit of the Bank. The remuneration paid to the MD&CEO is well within the said limit.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors											Total Amount
		Radha Singh	Diwan Arun Nanda	Ravish Chopra	M. R. Srinivasan	Ajay Vohra	Lt. Gen. (Retd.) Mukesh Sabharwal	Vasant Gujarathi	Brahm Dutt	Saurabh Srivastava	Ajai Kumar	Ashok Chawla	
(1)	Independent Directors												
	● Fee for attending board / committee meetings	-	300,000	1,60,000	-	500,000	1,50,000	1,20,000	1,30,000	750,000	-	-	
	● Commission	-	-	-	-	-	-	-	-	-	-	-	
	● Others, please specify	-	-	-	-	-	-	-	-	-	-	-	
	TOTAL (1)	-	300,000	1,60,000	-	500,000	1,50,000	1,20,000	1,30,000	750,000	-	-	
(2)	Other Non-Executive Directors												
	● Fee for attending board / committee meetings	1,35,000	-	-	1,15,000	-	-	-	-	-	-	-	
	● Commission	-	-	-	-	-	-	-	-	-	-	-	
	● Others, please specify (Fixed pay, pension, LTA, Bonus and medical)	2,05,000	-	-	-	-	-	-	-	-	-	-	
	TOTAL (2)	3,40,000	-	-	1,15,000	-	-	-	-	-	-	-	
	TOTAL (B)=(1+2)	3,40,000	300,000	1,60,000	1,15,000	500,000	1,50,000	1,20,000	1,30,000	750,000	-	-	
Total Managerial Remuneration													
Overall Ceiling as per the Act		‘Refer Note’											

Note: In terms of the provisions of the Companies Act, 2013, the remuneration payable to directors other than executive directors shall not exceed 1% of the net profit of the Bank. The Remuneration paid to the directors is well within the said limits.

Directors' Report (contd.)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Name of KMP		Total Amount
		CFO	CS	
1.	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Fixed pay, pension, LTA, Bonus and medical)	76,879,618	8,759,878	85,639,496
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	779,000	32,400	811,400
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	● Granted during the year	100,000 options	-	-
4.	Sweat Equity	-	-	-
	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others (Company contribution towards PF, Medical Reimbursement)	1,944,000	288,000	2,232,000
	Total (A) (Total of remuneration does not include the number of Stock Options)	79,602,618	9,080,278	88,682,896

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
COMPANY					
Penalty			None		
Punishment					
Compounding					
DIRECTORS					
Penalty			None		
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

Certificate of Compliance of Conditions of Corporate Governance

To
The Members of
YES Bank Limited

We have examined the compliance of conditions of corporate governance by YES Bank Limited ('the Bank') for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement executed by the Bank with the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE') for the period from April 1, 2015 to November 30, 2015; and as prescribed in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) for the period from December 1, 2015 to March 31, 2016. We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

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 above mentioned Listing Agreement/ LODR.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For BNP & Associates
Company Secretaries

Keyoor Bakshi
FCS 1844 / CP no. 2720

Place: Mumbai
Date: April 27, 2016

Report on Corporate Governance

(The Report on Corporate Governance forms part of the Directors' Report for the year ended March 31, 2016)

BANK'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 in class practices across the globe. Effective Corporate Governance is the manifestation of professional beliefs and values, which configures the organizational values, credo and actions of its employees. Transparency and accountability are the fundamental principles to sound Corporate Governance, which ensures that the organization 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 organization of business, corporate responsibility and shareholder's wealth maximization. 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.

We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. It is well-recognized that an effective Board is a pre-requisite for a strong and effective Corporate Governance. At YES BANK, the Board of Directors ('the Board') is at the core of our Corporate Governance practices and oversees how the Management serves and protects the long-term interests of our stakeholders.

Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Bank.

BOARD OF DIRECTORS

The Board of Directors of your Bank is broad based and varied in terms of experience of the members of the Board. The Board has been constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and in accordance with best practices in Corporate Governance. The Board of Directors consists of optimum mix of the executive and non-executive Directors with 6 independent Directors on the Board and One woman

Director. During the year under review, two new Directors, namely Mr. Ajai Kumar and Mr. Ashok Chawla, were inducted on the Board, who bring diverse experience, knowledge and expertise on the Board of the Bank.

Mr. Ajai Kumar has been appointed as Additional (Non Executive Non Independent) Director on the Board of the Bank in its meeting held on January 29, 2016. Mr. Ajai Kumar, M. Sc (Physics), LL.B., CAIIB, has more than forty years of experience in Public Sector Banking Industry holding eminent leadership positions in India and Overseas (New York, USA) including as CMD of Corporation Bank, Executive Director of UCO Bank and as General Manager & Head of Technology and Retail Banking at Bank of Baroda. Prior to his appointment on the Board, Mr. Kumar has served as Senior Strategic Advisor to the Bank since 2014. He has wide exposure in Banking and Finance, HR, Agriculture, Investments, and Treasury Operations encompassing International and domestic operations. He also has strong IT orientation and insight into areas of technology environment project management and operations.

Mr. Ashok Chawla has been appointed as Additional (Non-Executive) Director on the Board of the Bank w.e.f. March 5, 2016. Mr. Ashok Chawla, MA (Economics), ex-IAS, has over 40 years of experience in various sectors of the economy in India as well as in International Multilateral agencies as a distinguished civil servant. Mr. Ashok Chawla is the ex-Chairman of the Competition Commission of India ('CCI'). He had been on the Boards of Reserve Bank of India, Insurance Regulatory and Development Authority, State Bank of India and Life Insurance Corporation of India. He held key positions in several ministries, Government of India, including top administrative post in Ministry of Finance, Department of Economic Affairs, and Ministry of Civil Aviation etc. He was also India's Executive Director on the International Fund for Agricultural Development, Alternate Governor for India at the World Bank and at the Asian Development Bank. Mr. Chawla had also held leadership position in the Public Sector Units and Corporate Sector. Presently, Mr. Chawla is appointed as Chairman of the Governing Council of The Energy and Research Institute (TERI), a not-for-profit policy research organization, working in the fields of energy, environment and sustainable development. As per the declarations of independence received from Mr. Ashok Chawla pursuant to Section 149, of the Companies Act, 2013 and Listing Regulations at the time of his appointment as Additional Director, he is meeting all the criteria for independence and is hence independent of the management of the Bank.

The Board functions as a full Board and through various Committees constituted to oversee specific areas. Overall direction and strategy, Policy formulation, Succession Planning, setting up of goals, evaluation of performance and control functions vest with the Board. The Committees have oversight of operational issues assigned to them by the Board. The dates of the meetings of the Board and Committees are decided in advance and the Agenda documents are sent to the Board and the Committee members in compliance

with the provisions of the Companies Act, 2013, Secretarial Standards and the Listing Regulations. This enables the Board members to manage their schedule effectively and prepare for the meeting in advance.

The Corporate Governance philosophy of your Bank establishes that the Board's independence is essential to bring objectivity and transparency in the Management and in the dealings of the Bank.

The Composition of the Board of Directors of the Bank as on March 31, 2016, was as follows:

Sr. No.	Name of the Director	Category
1	Mr. Rana Kapoor	Promoter, Managing Director & CEO
2	Ms. Radha Singh	Non-Executive, Non-Independent, Part-Time Chairperson
3	Mr. M. R. Srinivasan	Non-Executive, Non-Independent Director
4	Mr. Ajay Vohra	Independent Director
5	Mr. Saurabh Srivastava	Independent Director
6	Lt. Gen. (Retd.) Mukesh Sabharwal	Independent Director
7	Mr. Diwan Arun Nanda	Independent Director
8	Mr. Brahm Dutt	Independent Director
9	Mr. Vasant V. Gujarathi	Independent Director
10	Mr. Ajai Kumar	Additional (Non-Executive Non-Independent) Director
11	Mr. Ashok Chawla	Additional (Non-Executive) Director

Note:

- 1) Mr. Ajay Vohra will complete 8 years of directorship in the Bank on April 28, 2016 (the maximum permitted tenure of directorship as per the Banking Regulation Act, 1949) and would cease to be the Director of the Bank from that date.
- 2) Mr. Ajai Kumar is appointed as Additional Director w.e.f. January 29, 2016.
- 3) Mr. Ashok Chawla is appointed as Additional Director w.e.f. March 5, 2016.
- 4) Mr. Ravish Chopra had resigned from directorship on March 30, 2016, on personal grounds due to his preoccupation with other engagements.

Brief profiles of all the Directors are available on the website of the Bank at <https://www.yesbank.in/about-us/board-of-directors.html>.

BOARD MEETINGS

Four Board Meetings were held during the Financial Year ended March 31, 2016 i.e. April 22, 2015, July 29, 2015, October 29, 2015 and January 29, 2016. The maximum gap between any two Board meetings was less than One Hundred and Twenty days.

The Board was presented with the information on various important matters of operations and business, new initiatives in business, budgets, financial results, minutes of audit and other committees, appointment or cessation and

remuneration of the Senior Management and Key Managerial Personnel, details of joint ventures or collaborations, if any, information on subsidiaries, sale of investments, assets which are material in nature and not in the normal course of business, foreign exposure and non-compliance, if any with regulatory or statutory guidelines or in the listing regulations etc., and other matters which are required to be placed before the Board in terms of the Companies Act, 2013, Listing Regulations, theme based review agenda as prescribed by RBI, etc.

Report on Corporate Governance (contd.)

The names of the members of the Board, their status, their attendance at the Board Meetings and the last Annual General Meeting (AGM), number of other Directorships and Committee membership(s)/chairmanship(s) of each Director are as under:

Name of the Director	Category	No. of Board meetings held	No. of Board meetings attended	Attendance at AGM held on June 06, 2015	Number of other Directorships		Number of Committee memberships (Chairmanship) in other companies ²
					Of Indian Public Limited Companies	Of other Companies ¹	
Mr. Rana Kapoor	Promoter, MD & CEO	4	4	Yes	1	3	-
Ms. Radha Singh	Non-Executive, Part-Time Chairperson	4	4	Yes	3	-	(1) 3
Mr. M. R. Srinivasan	Non-Executive, Non-Independent Director	4	4	Yes	-	-	-
Mr. Ajay Vohra*	Independent Director	4	1	Yes	-	1	-
Mr. Saurabh Srivastava	Independent Director	4	3	Yes	4	10	1
Lt. Gen. (Retd.) Mukesh Sabharwal	Independent Director	4	4	Yes	1	-	1
Mr. Diwan Arun Nanda**	Independent Director	4	2	No	2	7	-
Mr. Brahm Dutt	Independent Director	4	4	Yes	2	-	(2)
Mr. Vasant V. Gujarathi	Independent Director	4	4	Yes	1	-	(1)
Mr. Ravish Chopra***	Independent Director	4	4	Yes	-	-	-
Mr. Ajai Kumar	Additional (Non-Executive Non-Independent) Director	NA	NA	NA	2	-	(1) 1
Mr. Ashok Chawla	Additional (Non-Executive) Director	NA	NA	NA	1	-	-

* Due to unavoidable circumstances, Mr. Ajay Vohra was not able to attend few of the Board Meetings. However, he has been actively participating in the Board processes in disposal of various Board matters. He has also been actively involved in approval process of various Board and Committees resolutions through circulation. Given his professional stature and outstanding background, he has also provided important perspectives on all matters relating to taxation and legal affairs to Board from time to time. Mr. Ajay Vohra will cease to be Director of the Bank w.e.f. April 28, 2016, due to completion of his tenure of directorship of 8 years in terms of Section 10A (2-A) of the Banking Regulation Act, 1949.

** With 40+ years of experience, Mr. Diwan Arun Nanda is an industry veteran and brings to the Board extensive experience in marketing, finance, communication and advertisement. Mr. Diwan Arun Nanda was not able to attend few of the Board Meetings due to medical reasons. However, he has been an active participant in the board processes and has provided valuable inputs to Board from time to time.

*** Mr. Ravish Chopra had resigned from directorship on March 30, 2016, on personal grounds due to his preoccupation with other engagements.

¹ Includes directorship held in Foreign Companies, Private Limited Companies and Section 8 Companies in India.

² Includes memberships of Audit Committee and Stakeholders Relationship Committee of all Indian Public Limited Companies; figures in brackets indicate number of Committee Chairmanships as per Regulation 26 of the Listing Regulations.

Notes:

- None of the Directors of the Bank were members of more than 10 committees or acted as Chairperson of more than 5 committees across all Public Limited Companies in which they were Directors in terms of Regulation 26 of the Listing Regulations.
- None of the Directors held directorship in more than 10 Public Limited Companies.
- None of the Directors were related to any Director or were a member of an extended family.
- None of the Independent Directors of the Bank served as Independent Director in more than 7 listed companies.
- Mr. Rana Kapoor, MD & CEO, was not an Independent Director of any other listed company.

BOARD COMMITTEES

The Board has constituted various Committees of Directors to monitor the activities falling within their terms of reference. These Committees take informed decisions on the specific businesses assigned to them in the best interest of the Bank. The Company Secretary adheres to all the applicable laws and regulations for conducting the meeting of the Committees as adhered to the Board meetings. During the year under review, the Board has constituted one new Committee namely 'Board Committee on Willful Defaulters and Non Co-operative Borrowers' which would take care of the matters relating to Willful Defaulters and Non Co-operative Borrowers as required under the RBI Regulations. Some of the Committees of the Board were reconstituted and terms of reference were revised to align with the provisions of the Companies Act, 2013, Listing Regulations, Banking Regulation Act, 1949 and to meet the business requirements during the year under review.

The Bank has twelve Committees as on March 31, 2016 and these are briefly described below.

1) Audit Committee

Terms of Reference:

The terms of reference of the Audit Committee include:

- i. Providing directions and oversee the operation of the total audit function in the Bank (internal as well as external);
- ii. Creating an open avenue for communication between the Board of Directors, Internal Auditors and the Independent Auditors;
- iii. Recommending the appointment including terms of appointment and removal of statutory, internal and concurrent auditors, fixation of audit fees and also to approve payment for other services;
- iv. Review and monitoring the auditor's independence and performance, and effectiveness of audit process;
- v. 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;
- vi. Reviewing the results / financial statements (quarterly, half yearly, annual) standalone as well as consolidated and analyze performance of the Bank, along with the Management, before the same are forwarded to the Board with primary focus on:
 - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013 and rules made thereunder;
 - b. accounting policies and practices and changes, if any, with reasons for the same;
 - c. compliance with accounting standards;
 - d. major accounting entries involving estimates based on the exercise of judgment by management;
 - e. significant adjustments made in the financial statements arising out of audit findings;
 - f. compliance with listing and other legal requirements relating to financial statements;
 - g. disclosure of any related party transactions; and
 - h. modified opinions in the draft audit report.
- vii. Examination of the financial statement and the auditors' report thereon;
- viii. Scrutiny of inter-corporate loans and investments;
- ix. Valuation of undertakings or assets of the Bank, wherever it is necessary;
- x. Annual Tax Audit statement and auditors report thereon;
- xi. Review of Annual Long Form Audit Report as prepared by the Statutory Auditors;
- xii. Periodic inspection report submitted by the RBI;
- xiii. Certificates/returns/reports to the RBI pertaining to the Audit Committee function.

Report on Corporate Governance (contd.)

- xiv. Monitoring the adequacy of the internal control environment, adequacy of checks and balances including Management Information Systems (MIS) and the adequacy of internal audit function, its policies, its structure viz. staffing and seniority of the official heading the department, coverage and frequency of internal audits;
- xv. Discussions and review with the Internal and Concurrent Auditors their reports / findings with an objective of reporting any significant / material findings to the Board;
- xvi. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvii. Approving any subsequent modification of transactions with related parties;
- xviii. Instituting special investigation teams with complete access to all records, information and personnel of the Bank, if necessary;
- xix. 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;
- xx. Reviewing the Whistle blower policy and Vigil Mechanism for Directors and Employees;
- xxi. Evaluating the internal financial controls and risk management systems;
- xxii. Calling for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Bank;
- xxiii. Investigating into any matter in relation to the items specified or referred to it by the Board and for the said purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Bank;
- xxiv. To investigate any activity within its terms of reference;
- xxv. Seeking information from any employee;
- xxvi. Obtaining outside legal or other professional advice;
- xxvii. Securing attendance of outsiders with relevant expertise, if it considers necessary;
- xxviii. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- xxix. Reviewing compliance function of the Bank on quarterly and annual basis;
- xxx. To review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- xxxi. Approve appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
- xxxii. Review the following information:
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

- c. Management letters/letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xxxiv. Performing any other functions, duty as stipulated by the Companies Act, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges, and any other regulatory authority or under any applicable laws, as prescribed from time to time.

xxxiii. Review the statement of deviations:

- a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Six Audit Committee Meetings were held during FY 2015-16 i.e. on April 21, 2015, July 28, 2015, August 22, 2015, October 28, 2015, January 28, 2016 and March 19, 2016 and not more than one hundred and twenty days lapsed between two consecutive meetings of the Audit Committee. The Statutory Auditors and the Internal Auditors are permanent invitees to the meetings of the Audit Committee.

The Composition of the Audit Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

Name of the Member	Category	No. of meetings held ^Q	No. of Meetings attended
Mr. Ajay Vohra, Chairman*	Independent Director	6	4
Ms. Radha Singh (Ceased to be a member w.e.f. October 29, 2015)	Non-Executive Non-Independent Director	4	4
Lt. Gen. (Retd.) Mukesh Sabharwal (Ceased to be a member w.e.f. October 29, 2015)	Independent Director	4	4
Mr. M. R. Srinivasan	Non-Executive Non-Independent Director	6	6
Mr. Vasant V. Gujarathi	Independent Director	6	5
Mr. Brahm Dutt	Independent Director	6	6
Mr. Ravish Chopra (Ceased to be a member w.e.f. October 29, 2015)	Independent Director	4	4
Mr. Saurabh Srivastava (appointed w.e.f. July 29, 2015)	Independent Director	4	3

^Q Number of meetings held during the tenure of the Director as a member/Chairman of the Committee

* As the tenure of directorship of Mr. Ajay Vohra is getting completed on April 28, 2016 in terms of Banking Regulation Act, 1949, the Board of Directors of the Bank, basis the recommendation of Nomination & Remuneration Committee, has reconstituted this Committee and has appointed Mr. Vasant V. Gujarathi as Chairman of the Committee w.e.f. April 27, 2016.

Note: Due to business exigencies, two resolutions were passed through Circulation and the said resolutions have been noted at the subsequent committee meetings.

The terms of reference of the Committee has been amended to align with the provisions of the Listing Regulations and Companies Act, 2013 during the year under review.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

Mr. Shivanand R. Shettigar, Company Secretary, acts as the Secretary to the Audit Committee.

Report on Corporate Governance (contd.)

2) Risk Monitoring Committee

Terms of Reference:

The terms of reference include:

- i. Identification, monitoring and measurement of the risk profile of the Bank (including market risk, operational risk, transactional risk and credit risk);
- ii. Overseeing its integrated risk measurement system and review of the risk models;
- iii. Approval of the risk management policies and structure of risk management systems;
- iv. Overseeing the credit approval process;
- v. Developing policies and procedures for setting of quantitative prudential limits on various products and segments of the Bank's operations;
- vi. Monitoring compliance of various risk parameters by operating departments;
- vii. Developing an integrated framework for charting/ categorizing various types of loans, determining implications on quality;
- viii. Review of returns and reports to the Reserve Bank of India pertaining to the Risk Monitoring function; and
- ix. To review the minutes of Executive level Committees such as Asset Liability Management Committee, Management Credit Committee, Operational Risk Management Committee, Outsourcing Management Committee, Security Council Meeting – Information & Physical Security, Reputational Risk Management Committee, Enterprise Risk and Capital Committee and any other risk related Committees.

Four Risk Monitoring Committee meetings were held during FY 2015-16 i.e. on April 21, 2015, July 28, 2015, October 28, 2015 and January 28, 2016. The Composition of the Risk Monitoring Committee and details of participation of the Members at the Meetings of the Committee were as under:

Name of the Member	Category	No. of meetings held ^(a)	No. of Meetings attended
Mr. M. R. Srinivasan, Chairman	Non-Executive Non-Independent Director	4	4
Mr. Rana Kapoor	MD & CEO	4	4
Mr. Ajay Vohra	Independent Director	4	2
Ms. Radha Singh (Ceased to be a member w.e.f. October 29, 2015)	Non-Executive Non-Independent Director	3	3
Lt. Gen (Retd.) Mukesh Sabharwal (Ceased to be a member w.e.f. October 29, 2015)	Independent Director	3	3
Mr. Brahm Dutt (Ceased to be a member w.e.f. October 29, 2015)	Independent Director	3	3
Mr. Ravish Chopra	Independent Director	4	4
Mr. Vasant V. Gujarathi	Independent Director	4	4

^(a) Number of meetings held during the tenure of the Director as a member/Chairman of the Committee

Note: Due to business exigencies, several resolutions were passed through Circulation and the said resolutions have been noted at the subsequent committee meetings

3) Nomination & Remuneration Committee:**Terms of Reference:**

The terms of reference include:

- i. Reviewing the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval;
- ii. Examining the qualification, knowledge, skill sets and experience of each director vis-a-vis the Bank's requirements and their effectiveness to the Board on a yearly basis and accordingly recommend to the Board for the induction of new Directors;
- iii. To review the composition of the existing Committees of the Board and to examine annually whether there is any need to have a special committee of directors to meet the business requirements of the Bank and accordingly recommend to the Board for formation of a special committee;
- iv. To scrutinize nominations for Independent/ Non Executive Directors with reference to their qualifications and experience and making recommendations to the Board for appointment/ filling of vacancies;
- v. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- vi. Formulating the criteria for evaluation of performance of independent directors and the board of directors;
- vii. Carrying out evaluation of every director's performance;
- viii. To evaluate whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- ix. To validate 'fit and proper' status of all Directors on the Board of the Bank in terms of the Guidelines issued by the RBI or other regulatory authorities;
- x. To develop and recommend to the Board Corporate Governance guidelines applicable to the Bank for incorporating best practices;
- xi. To implement policies and processes relating to Corporate Governance principles;
- xii. To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- xiii. To devise a Policy on Board diversity;
- xiv. To recommend to the Board a policy relating to, the remuneration for the directors, key managerial personnel and other employees;
- xv. Reviewing 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;
- xvi. Ensuring the following while formulating the policy on the aforesaid matters:
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long- term performance objectives appropriate to the working of the company and its goals,
- xvii. To formulate and determine the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/achievement bonus, perquisites, retirals, sitting fee, etc.,

Report on Corporate Governance (contd.)

- xviii. To consider grant of Stock Options to employees including employees of subsidiaries and administer and supervise the Employee Stock Option Plans;
- xix. To function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 and is authorized to allot shares pursuant to exercise of Stock Options by employees;
- xx. Performing any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

The Nomination & Remuneration Committee met four times during FY 2015-16 i.e. on April 22, 2015, July 28, 2015, October 28, 2015 and January 28, 2016. The Composition of the Nomination & Remuneration Committee and details of participation of the Members at the Meetings of the Committee were as under:

Name of the Member	Category	No. of meetings held	No. of Meetings attended
Mr. Brahm Dutt, Chairman	Independent Director	4	4
Ms. Radha Singh	Non-Executive Non-Independent Director	4	4
Lt. Gen. (Retd.) Mukesh Sabharwal	Independent Director	4	4

Note: Due to business exigencies, few resolutions were passed through Circulation and the said resolutions have been noted at the subsequent committee meetings.

4) Board Credit Committee:

Terms of Reference:

The terms of reference include:

- i. To approve credit proposals that is beyond the approval authority of the Management Credit Committee (MCC).
- ii. Reviewing specific cases that might need special attention as and when recommended by MCC.
- iii. Performing any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory

authority or under any applicable laws, as may be prescribed from time to time.

The Terms of Reference of the Board Credit Committee has been modified by the Board of Directors at its Meeting held on January 29, 2016 by carving out the roles relating to Non-Cooperative Borrowers and by constitution of a Committee namely 'Board Committee on Willful Defaulters and Non-Co-operative Borrowers'. The Terms of reference of the Board Credit Committee relating to Non-Cooperative Borrowers are now being undertaken by the newly formed Committee. Details on the 'Board Committee on Willful Defaulters and Non-Co-operative Borrowers' are mentioned elsewhere in this report.

Six Board Credit Committee meetings were held during FY 2015-16 i.e. on April 21, 2015, July 28, 2015, September 30, 2015, January 28, 2016, March 19, 2016 and March 28, 2016. The Composition of the Board Credit Committee and details of participation of the Members at the Meetings of the Committee were as under:

Name of the Member	Category	No. of meetings held	No. of Meetings attended
Mr. M. R. Srinivasan, Chairman	Non-Executive Non-Independent Director	6	4*
Mr. Rana Kapoor	MD & CEO	6	3
Ms. Radha Singh	Non-Executive Non-Independent Director	6	6
Lt. Gen. (Retd.) Mukesh Sabharwal	Independent Director	6	6
Mr. Ravish Chopra	Independent Director	6	6

* Mr. M. R. Srinivasan, the Chairman of the Committee, took part in the deliberations of two of the meetings of the Committee through Video Conferencing. However, as the requisite process laid down under the Companies Act, 2013 and rules thereunder for the meeting through Video Conferencing could not be followed due to technical reasons, his attendance was not counted for these two meetings.

Note: Due to business exigencies, several resolutions were passed through Circulation and the said resolutions have been noted at the immediately next Committee meeting

5) Stakeholders Relationship Committee

Terms of Reference:

The terms of reference include:

- Reviewing and redressing complaints from various security holders such as shareholders, debenture holders and any other security holders such as non receipt of dividend, non receipt of interest on debentures, annual report, transfer of shares or debentures, issue of duplicate share / debenture certificates, etc.;
- Overseeing and reviewing all matters connected with transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of securities issued by the Bank;
- Overseeing the performance of the Registrar and Transfer Agent of the Bank and recommends measures for overall improvement in the quality of investor services;
- Reviewing/taking note of various investors presentations/communication with stakeholders;
- Performing any other function, duty as stipulated by the Companies Act, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges, and any other regulatory authority or under any applicable laws, as amended from time to time.

Mr. Shivanand R. Shettigar, Company Secretary also acts as the Compliance Officer of the Bank.

The Stakeholders Relationship Committee met two times during FY 2015-16 i.e. on October 28, 2015 and March 19, 2016. The Composition of the Stakeholders Relationship Committee and details of Members participation at the Meetings of the Committee are as under:

Name of the Member	Category	No. of meetings held	No. of Meetings attended
Mr. Vasant V. Gujarathi, Chairman *	Independent Director	2	2
Mr. Diwan Arun Nanda*	Independent Director	2	0
Mr. Saurabh Srivastava	Independent Director	2	2

Note: Due to business exigencies, two resolutions were passed through Circulation and the said resolutions have been noted at the subsequent committee meetings.

* The Board of Directors of the Bank, basis the recommendation of Nomination & Remuneration Committee, has reconstituted this Committee and has appointed Mr. Ashok Chawla as Chairman of the Committee w.e.f. April 27, 2016 in place of Mr. Vasant V Gujarathi.

* Mr. Diwan Arun Nanda was not able to attend the meetings of the Committee due to medical reasons. However, he has been an active participant in the board processes and has provided valuable inputs to Committee from time to time.

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Details of Shareholders' Complaints:

Particulars	No. of Complaints
Investor complaints pending as at April 1, 2015	0
Investor complaints received during the year ended on March 31, 2016	92
Investor complaints resolved during the year ended March 31, 2016	92
Investor complaints pending as on March 31, 2016	0

The Bank receives investor complaints through various sources and informs the Committee on the resolution and redressal of the complaints. The Bank receives investor complaints from Stock Exchanges, SEBI Complaints Redress System (SCORES), through the Bank's Registrar and Transfer Agents, directly from investors' correspondence and from the investors personal visits to the Bank.

6) Corporate Social Responsibility Committee

Terms of Reference:

The terms of reference include:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on CSR activities as indicated in the CSR Policy;
- To monitor the CSR Policy of the Bank from time to time;
- Instituting a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Bank;
- Performing any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws, as may be prescribed from time to time.

The Committee met two times and the dates of the meeting were April 21, 2015 and October 28, 2015. The Composition of the Corporate Social Responsibility Committee and details of participation of the Members at the Meeting of the Committee were as under:

Name of the Member	Category	No. of meetings held ^Q	No. of Meetings attended
Ms. Radha Singh, Chairperson	Non-Executive Non-Independent Director	2	2
Mr. Rana Kapoor	MD & CEO	2	2
Mr. Diwan Arun Nanda*	Independent Director	2	0
Mr. Ravish Chopra (ceased to be a member w.e.f. October 29, 2015)	Independent Director	2	2
Mr. Brahm Dutt	Independent Director	2	2
Mr. Ajay Vohra (appointed w.e.f. October 29, 2015)	Independent Director	-	-

^Q Number of meetings held during the tenure of the Director as a member/Chairman of the Committee

* Mr. Diwan Arun Nanda was not able to attend the meetings of the Committee due to medical reasons. However, he has been an active participant in the board processes and has provided valuable inputs to Committee from time to time.

Your Bank recognizes its responsibility towards the society and environment in which it operates and is committed to India's Social and Developmental agenda. As a corporate best practice and to have a Board oversight to CSR initiatives, Board members of the Bank visited CSR project sites to observe the on-ground impact of the Bank's CSR initiatives and the focused intervention.

7) Service Excellence, Branding And Marketing Committee**Terms of Reference**

The terms of reference include:

- i. Reviewing of the product approval process;
- ii. Formulating comprehensive deposit policy;
- iii. Conducting and reviewing annual survey of depositor satisfaction;
- iv. Taking measures for enhancing the quality of customer service;
- v. Improving the level of customer satisfaction for all categories of clientele;
- vi. Reviewing of branding and marketing activities of the Bank; and
- vii. 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 Committee met two times and the dates of the meeting were July 28, 2015 and January 28, 2016. The Composition of the Service Excellence, Branding and Marketing Committee and details of participation of the Members at the Meeting of the Committee were as under:

Name of the Member	Category	No. of meetings held ^Q	No. of Meetings attended
Mr. Diwan Arun Nanda, Chairman	Independent Director	2	1
Mr. Rana Kapoor	MD & CEO	2	2
Lt. Gen. (Retd.) Mukesh Sabharwal	Independent Director	2	2
Mr. Ravish Chopra (Ceased to be a member w.e.f. October 29, 2015)	Independent Director	1	1
Mr. Saurabh Srivastava*	Independent Director	2	0
Brahm Dutt (appointed w.e.f October 29, 2015)	Independent Director	1	1

^QNumber of meetings held during the tenure of the Director as a member/Chairman of the Committee

*Mr. Saurabh Srivastava could not attend the meeting held on July 28, 2015 due to his pre-occupation and the meeting held on January 28, 2016 due to health issues.

8) IT Strategy Committee**Terms of Reference:**

The terms of reference include:

- i. Performing oversight functions over the IT Steering Committee (at a senior management level);
- ii. Investigating activities within this scope;
- iii. Seeking information from any employee;
- iv. Obtaining outside legal or professional advice;
- v. Securing attendance of outsiders with relevant expertise, if it considers necessary;
- vi. Working in partnership with other Board committees and Senior Management to provide input, review and amend the aligned corporate and IT strategies;
- vii. To approve IT strategy and policy documents;
- viii. Reviewing that the management has put an effective strategic planning process in place;
- ix. To ratify the IT strategy in alignment with the business strategy;
- x. Providing guidance on the IT organizational structure to complement the business model;

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- xi. Reviewing whether the management has implemented processes and practices that ensure that the IT delivers value to the business;
- xii. Reviewing that IT investments represent a balance of risks and benefits and that budgets are acceptable;
- xiii. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- xiv. Reviewing whether there is a proper balance of IT investments for sustaining Bank's growth;
- xv. To become aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks;
- xvi. Assessing Senior Management's performance in implementing IT strategies;
- xvii. To issue high-level policy guidance (e.g. related to risk, funding, or sourcing tasks);
- xviii. To confirm whether IT or business architecture is to be designed, so as to derive the maximum business value from IT;
- xix. Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks;
- xx. Reviewing the IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value);
- xxi. Performing any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

Four meetings of the IT Strategy Committee were held during FY 2015-16 i.e. on April 21, 2015, July 29, 2015, October 28, 2015 and January 29, 2016. The Composition of the IT Strategy Committee and details of participation of the Members at the Meetings of the Committee were as under:

Name of the Member	Category	No. of meetings held ^Q	No. of Meetings attended
Mr. Saurabh Srivastava, Chairman	Independent Director	4	3
Mr. Ravish Chopra	Independent Director	4	4
Mr. Vasant V. Gujarathi	Independent Director	4	4
Mr. Diwan Arun Nanda*	Independent Director	4	1

^Q Number of meetings held during the tenure of the Director as a member/Chairman of the Committee

* Mr. Diwan Arun Nanda was not able to attend the meetings of the Committee due to medical reasons. However, he has been an active participant in the board processes and has provided valuable inputs to Committee from time to time.

9) Fraud Monitoring Committee

Terms of Reference

The terms of reference include:

- i. Monitoring and reviewing in detail all frauds in excess of ₹ 1 Crore;
- ii. Identifying the systematic lacunae if any, that facilitate perpetration of the fraud and put in place measures to plug the same;
- iii. Identifying reasons for delay in detection, if any and reporting of frauds to top management of the Bank and the Reserve Bank of India;
- iv. Monitoring progress of Central Bureau of Investigation/ Police investigation, and recovery position thereof;
- v. Ensuring 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;
- vi. Reviewing the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal control environment;
- vii. 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 Fraud Monitoring Committee met two times during FY 2015-16 i.e. on August 22, 2015 and January 28, 2016. The Composition of the Fraud Monitoring Committee and details of participation of the Members at the Meetings of the Committee were as under:

Name of the Member	Category	No. of meetings held ^(a)	No. of Meetings attended
Mr. Rana Kapoor, Chairman	MD & CEO	2	2
Lt. Gen. (Retd.) Mukesh Sabharwal	Independent Director	2	2
Mr. Ravish Chopra	Independent Director	2	2
Mr. Brahm Dutt (ceased to be a member w.e.f. October 29, 2015)	Independent Director	1	1
Mr. Ajay Vohra	Independent Director	2	2
Mr. M. R. Srinivasan (appointed w.e.f. October 29, 2015)	Non-Executive, Non - Independent Director	1	1

^(a) Number of meetings held during the tenure of the Director as a member/Chairman of the Committee

10) Capital Raising Committee

Terms of Reference

The terms of reference include:

- To analyze various options for infusion of capital;
- To crystallize pricing and size after negotiations by the management with the potential investment bankers / investors and recommend the same to the shareholders and seek their approval by convening a general meeting/ through postal ballot etc;
- To appoint the issue management and issue related agencies;
- Incurring necessary expenditure;
- Delegating all its powers to any member of the Committee;
- To do all such acts, deeds as the Board may delegate in connection with the capital raising exercise.

The Capital Raising Committee did not meet during FY 2015-16 since there was no proposal for consideration of the committee. The Composition of the Capital Raising Committee is as under:

Name of the Member	Category	Designation
Mr. Rana Kapoor	MD & CEO	Chairman
Mr. Diwan Arun Nanda	Independent Director	Member
Mr. M. R. Srinivasan	Non-Executive Non-Independent Director	Member
Mr. Vasant V. Gujarathi	Independent Director	Member

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11) Board Committee On Willful Defaulters & Non Co-Operative Borrowers

This is a newly constituted Committee of the Board. The Board of Directors of the Bank constituted the 'Board Committee on Willful Defaulters and Non-Co-operative Borrowers' in January 29, 2016 meeting.

The terms of reference of the Committee include

- i. Review and confirmation of the order of the Committee for Classification of borrowers as 'Non-Cooperative Borrowers' or 'Willful Defaulters';
- ii. Reviewing the status of 'Non-Cooperative

Borrowers' or 'Willful Defaulters' at least on an annual interval or at such other intervals as may be required by RBI;

- iii. Deciding on removal of the names from the list of 'Non-Cooperative Borrowers' or 'Willful Defaulters' as reported to Central Repository of Information of Large Credits (CRILC); and
- iv. Reviewing, noting and deciding on any matter pertaining to 'Non-Cooperative Borrowers' or 'Willful Defaulters'.

Pursuant to the RBI Guidelines, the Committee is required to comprise of MD & CEO as Chairman and at least two Independent Directors. Accordingly, the constitution of the Committee is:

Name of the Director	Category	Designation
Mr. Rana Kapoor	Managing Director & CEO	Chairman
Mr. Vasant Gujarathi	Independent Director	Member
Mr. Brahm Dutt	Independent Director	Member

No meeting of the Committee held since its inception till March 31, 2016.

12) Committee Of Independent Directors:

Terms of Reference:

The terms of reference of the Committee includes:

- i. Reviewing the performance of non-independent directors and the Board as a whole;
- ii. Reviewing the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- iii. Assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties;

- iv. Submitting its report as above to Nomination & Remuneration Committee and the Board of Directors, as the case may be;
- v. Performing such other roles as may be prescribed by the Companies Act, 2013, Listing Regulations, SEBI Regulations, Banking Regulation Act, 1949 and the Circulars/Regulations issued by the Regulatory Authorities from time to time.

Composition:

The Committee shall comprise of all the Independent Directors of the Bank as on the date of the meeting of the said Committee. The Committee met once during FY 2015-16 on April 22, 2015. The meeting was attended by 5 Independent Directors.

BOARD LEVEL PERFORMANCE EVALUATION

The Companies Act, 2013 and revised Regulation 19 of the Listing Regulations stipulate the performance evaluation of the Directors including Chairperson, Board and its Committees. Considering the said provisions, the Bank has devised the process and the criteria for the performance evaluation which had been recommended by the Nomination & Remuneration Committee and approved by the Board.

The process for performance evaluation is as under:

- The Committee of Independent Directors evaluates the performance of Non-Independent Directors including Chairperson of the Bank taking into account the views of Executive Director and Non-Executive Directors, Managing Director & CEO and the Board as a whole and submit its report to the Nomination & Remuneration Committee (N&RC).
- The Board evaluates the performance of the Independent Directors, excluding the director being evaluated, and submit its report to the N&RC.
- Self Assessment of Performance Evaluation of the Board level committees are done by the respective committees and reported to the Board.
- N&RC reviews the reports of the Committee of Independent Directors and Board and accordingly, recommends the appointment/re-appointment/continuation of Directors to the Board.
- Based on the recommendation of N&RC, Board may take the appropriate action.

An annual performance evaluation of the Board, Committees of the Board and the individual members of the Board was conducted in April 2016 as per the aforesaid process and the findings of the evaluation were presented at the meeting of the Nomination and Remuneration Committee and the Board of Directors.

REMUNERATION POLICY

Remuneration policy for employees of the Bank

The objective of the Compensation and Benefits Policy of the Bank is to provide a fair and transparent structure that helps in retaining and acquiring the talent pool critical to build competitive advantage and an Employer brand under adequate supervision and control. The Policy of the Bank is

aligned to the organizational values aimed at encouraging Professional Entrepreneurship and reinforcing a strong culture promoting meritocracy, performance, potential and prudent risk taking. The Bank's compensation framework is aligned with the performance management system and differentiates pay appropriately amongst its executives based on degree of contribution, skill and availability of talent owing to competitive market forces by taking into account factors such as role, skills, competencies, experience and grade / seniority. Your Bank would also strive to achieve the long term association with its employees by providing long term wealth creation opportunities through stock option schemes.

Remuneration Policy for Directors

In terms of the provisions of the Companies Act, 2013 and Listing Regulations, the Bank has a Board approved Remuneration Policy for Directors including Chairperson. The Board annually reviews the policy and last reviewed on April 27, 2016. The details of the said policy are as follows:

Remuneration of Executive Directors

The Bank has a Board approved 'Compensation & Benefits Policy' (C&B Policy) which deals with the Compensation & Benefits of the Managing Director & CEO and the Whole-time Directors. The remuneration of all the Executive Directors shall be governed by the C&B Policy.

The remuneration of the Executive Directors is recommended by the Nomination & Remuneration Committee (N&RC) to the Board for approval after considering the factors prescribed under the C&B Policy.

The Board considers the recommendations of N&RC and approves the remuneration, with or without modifications, subject to shareholders' and regulatory approvals.

The remuneration payable to Executive Directors is subject to prior approval of the RBI. Therefore, the remuneration or any revision in remuneration to Executive Directors is payable only after receipt of the approval from RBI.

Remuneration of Chairperson

The N&RC recommends the remuneration of the Non-executive Chairperson to the Board which is considered and approved by the Board in the same manner subject to Shareholders' and regulatory approvals. The N&RC, while recommending the remuneration of the Part-time Chairperson considers the following factors:

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- (a) Function, Role and Responsibilities of the Chairperson,
- (b) Comparison with the peer banks,
- (c) Industry benchmarking,
- (d) Regulatory guidelines as applicable, etc.

The remuneration payable to the Chairperson is subject to prior approval of the RBI. Therefore, the remuneration or any revision in remuneration of the Chairperson is payable only after receipt of the approval from RBI.

Remuneration of Non-Executive Directors (NEDs)

The NEDs are paid sitting fees for attending each meeting of the Board of Directors or any committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, Listing Regulations and other regulatory/statutory guidelines, as amended from time to time. Any change in sitting fees shall be recommended by the N&RC and approved by the Board of Directors of the Bank. The N&RC considers the following factors while recommending the change in the sitting fees to the Board:

- (a) Contribution expected from Directors considering size and complexity of organization,
- (b) Comparison with the peer Banks / Industry benchmarking,
- (c) Regulatory guidelines as applicable, etc.

The Board while approving the revision in the sitting fees payable to Directors for attending the meeting of the Board and Committee thereof, considers the recommendation of the N&RC.

The NEDs are entitled to reimbursement of expenses for participation in the meeting of the Board and Committee thereof.

The RBI vide Circular No. DBR. No.BC.97/29.67.001/2014-15 dated June 1, 2015 issued Guidelines on Compensation of Non-executive Directors of Private Sector Banks emphasizing that in order to enable banks to attract and retain professional directors, it is essential that such directors are appropriately compensated. Also, section 197 of the Companies Act, 2013 provides for the payment of profit based commission to the Directors who are neither Managing Directors nor Whole-

time Directors not exceeding One per cent (1%) of the net profits of the company, if there is a Managing /Whole-time Director/Manager or three per cent (3%) of the net profits in any other case. Accordingly, the N&RC and the Board of Directors of the Bank had approved the proposal for payment of profit-based commission to the Non-Executive Directors (excluding the Chairperson of the Bank) and have modified the Remuneration Policy of the Bank. The Bank has not paid any commission on profit to the Non-Executive Directors in past, however the Bank is proposing profit based commission to the Non-Executive Directors (excluding the Chairperson of the Bank), subject to approval of the members, in the ensuing Annual General Meeting. If approved by the members, the Directors will be paid commission on profit for FY 2015-16 upto a maximum of Rupees Ten Lakh per Director which is the maximum permitted by Reserve Bank of India and within the overall cap of One percent (1%) of the Net Profits of the Bank, as computed in the manner laid down in Section 198 of the Companies Act, 2013. The amount of profit based commission payable to Non-Executive Directors will be basis the criteria laid down by the Board.

The Bank does not grant any Stock Options to any Non-Executive Directors.

REMUNERATION OF DIRECTORS FOR FY 2015-16:

- a) The Managing Director & CEO is being paid remuneration as recommended by the N&RC and approved by the Board of Directors, Reserve Bank of India and subject to approval of members. The details of remuneration of Mr. Rana Kapoor, Managing Director & CEO for FY 2015-16 have been disclosed in the Directors Report.
- b) Ms. Radha Singh is the Part-Time Chairperson of the Bank. Ms. Singh is being paid remuneration as recommended by the N&RC and approved by the Board of Directors, Reserve Bank of India and Shareholders. The revision in the remuneration of Ms. Radha Singh w.e.f. November 1, 2015 as approved by RBI will be placed before the members in the ensuing AGM for their approval. The details of the remuneration including sitting fees paid to Ms. Radha Singh have been disclosed in the Directors Report.
- c) The Non Executive Directors were paid sitting fees of ₹ 100,000/- for attending each meeting of the Board of Directors and ₹ 50,000 for attending any Committee Meeting of Directors.

During the financial year ended March 31, 2016 the Bank paid ₹ 9,650,000/- as sitting fees to the Non Executive Directors as per the details given here below:

Sr. No.	Name of the Director	Sitting fees paid (amount in ₹)
1.	Mr. M. R. Srinivasan	1,150,000
2.	Ms. Radha Singh	1,350,000
3.	Lt. Gen. (Retd.) Mukesh Sabharwal	1,500,000
4.	Mr. Diwan Arun Nanda	300,000
5.	Mr. Ajay Vohra	500,000
6.	Mr. Ravish Chopra	1,600,000
7.	Mr. Brahm Dutt	1,300,000
8.	Mr. Vasant V. Gujarathi	1,200,000
9.	Mr. Saurabh Srivastava	750,000
10.	Mr. Ajai Kumar	Nil
11.	Mr. Ashok Chawla	Nil
Total		9,650,000

Notes:

- The Bank did not pay any amount to directors by way of salary and perquisites except to the MD & CEO and the Part time Chairperson.
- The Bank has not issued any stock options to its Directors.
- There were no other pecuniary relationships or transactions of non-executive Directors vis-à-vis the Bank (except normal banking transactions).
- Mr. Ajai Kumar and Mr. Ashok Chawla were inducted in the Board on January 29, 2016 and March 5, 2016, respectively, and no meetings of the Board were held after their date of joining till March 31, 2016.

Details of Number of Shares and Convertible Instruments Held By Non-Executive Directors as on March 31, 2016:

Sr. No.	Name of the Director	Instrument (Equity Shares)
1	Ms. Radha Singh	Nil
2	Mr. Ajay Vohra	Nil
3	Lt. Gen. (Retd.) Mukesh Sabharwal	Nil
4	Mr. Diwan Arun Nanda	Nil
5	Mr. M. R. Srinivasan	Nil
6	Mr. Brahm Dutt	Nil
7	Mr. Vasant V. Gujarathi	1,000
8	Mr. Saurabh Srivastava	1,610
9	Mr. Ajai Kumar	105
10	Mr. Ashok Chawla	Nil

SHARE SUSPENSE ACCOUNT

The Bank has 5,400 Equity shares in the 'YES Bank Limited Unclaimed Suspense Account' in the name of 36 shareholders at the beginning of FY 2015-16. The Bank has been transferring the shares lying unclaimed under the IPO to the eligible shareholders as and when the request for the same has been received after proper verification. However, during the year ended March 31, 2016, the Bank has not received any request for the claiming these shares. As on March 31, 2016, there were 5,400 shares remaining unclaimed in the Unclaimed Suspense Account in the name of 36 shareholders.

The voting rights on the shares outstanding in the suspense account as on March 31, 2016 shall remain frozen till the rightful owner of such shares claims the shares.

Details of shares lying in the 'Unclaimed Suspense Account' as on March 31, 2016 are as under:

Particulars	Number of shareholders	Shares
Opening Balance as on April 1, 2015	36	5,400
Additions, if any, during FY 2015-16	0	0
Less: Claims received and shares transferred	0	0
Closing Balance as on March 31, 2016	36	5,400

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GENERAL BODY MEETINGS

The details of the last three Annual General Meeting(s) of the Bank and the special resolutions passed thereat are given below:

Year	Location	Day, Date and time	Special Resolution
2015	Hall of Culture, Ground Floor, Nehru Centre, Dr. A. B. Road, Worli, Mumbai – 400 018	Saturday, June 06, 2015, 11.00 A.M.	<ul style="list-style-type: none"> Approval for raising of capital upto USD 1 Billion by issue of shares or convertible securities in one or more tranches provided however that the aggregate amount raised shall not result in increase of the issued and subscribed equity share capital of the Bank by more than 15% of the then issued and subscribed equity shares of the Bank Approval for increase in the borrowing limits from ₹ 30,000 Crores to ₹ 50,000 Crores; Approval for borrowing/raising funds in Indian/ foreign currency by issue of debt securities upto ₹ 10,000 Crores to eligible investors on private placement basis; Approval for increasing the FII/FPI holding limit to 74% of the paid-up equity share capital of the Bank or such other limit as may be permissible under applicable laws.
2014	Hall of Culture, Ground Floor, Nehru Centre, Dr. A. B. Road, Worli, Mumbai – 400 018	Saturday, June 14, 2014, 11.00 A.M.	Approval for authorizing the Board or any committee authorized 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.
2013	Hall of Culture, Ground Floor, Nehru Centre, Dr. A. B. Road, Worli, Mumbai – 400 018	Saturday, June 8, 2013, 11.00 A.M.	Approval for authorizing the Board or any committee authorized 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

During the year, no Resolutions were passed through Postal Ballot.

The Bank proposes to pass the following resolutions through postal ballot on or before the ensuing Annual General Meeting of the Bank:

1. Increase in Authorized Share Capital of the Bank and consequential amendments to the Capital Clause of Memorandum of Association of the Bank.
2. Amendments to the Main Objects and other Clauses of the Memorandum of Association of the Bank
3. Amendments to the Articles of Association of the Bank

The detailed procedure of passing of resolutions through Postal Ballot is explained in the Notice of Postal Ballot circulated to the members and is also uploaded in the website of the Bank (www.yesbank.in).

DISCLOSURES

Subsidiary Companies

The Bank did not have any material subsidiary having investment of the Bank during the previous financial year. The Bank has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the Listing Regulations and the same is displayed on the website of the Bank (<http://www.yesbank.in/investor-relations/corporate-governance.html>).

YES Securities (India) Limited ('YSIL') is the only subsidiary of the Bank and the Audited Annual Financial Statements of the YSIL has been provided to the Audit Committee and Board. Mr. Vasant V. Gujarathi, Independent Non-executive Director of the Bank is a Director on the Board of the YSIL. Minutes of the meetings of the Board of Directors of the YSIL are placed before the Board of the Bank.

Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arms' length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Bank. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time.

The Board of Directors has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and Listing Regulations. The same is displayed on the website of the Bank at (<http://www.yesbank.in/investor-relations/corporate-governance.html>).

MD & CEO / CFO Certification

The MD & CEO and the CFO have issued certificate pursuant to the provisions of Regulation 17 of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. They also certify that no transactions entered into during the year were fraudulent, illegal or violative of the code of conduct of the Bank, they are responsible for establishment and maintenance of the Internal Financial Controls for financial reporting and they have indicated to the auditors and the Audit Committee about any significant changes in internal control over financial reporting, significant changes in the accounting policies and instances of significant frauds, if any, which they were aware. The said certificate is annexed and forms part of the Annual Report.

Code of Conduct and Ethics

The confirmation from the Managing Director & CEO regarding compliance with the code by all the Directors and Senior Management forms part of the Report. The Code of Conduct and Ethics is displayed on the website of the Bank (www.yesbank.in).

Code of Conduct for Prevention of Insider Trading

The Bank has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations 2015 and Companies Act, 2013 with a view to regulate trading in securities by the Directors, KMPs and designated employees of the Bank. The Board of Directors of the Bank at its meeting held on April 22, 2015 had adopted the new Insider Trading Code effective from May 15, 2015. This code is applicable to all Directors, KMPs, and Employees of the Bank and its Subsidiaries and they are required to abide by the Code of Conduct for Prevention of Insider Trading of the Bank, SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time and provisions under Section 195 the Companies Act, 2013 as amended. The Board has delegated powers to MD&CEO for carrying out amendments, if any, in the Code to align it with the amendments in the regulatory requirements from time to time.

The Code requires pre-clearance for dealing in the Bank's shares beyond threshold limits. Further, it prohibits the purchase or sale of Bank shares by the Directors, KMPs and the employees while in possession of unpublished price sensitive information in relation to the Bank and categorically prohibits the purchase or sale of Bank shares by the Directors, KMPs and the designated employees during the period when the Trading Window is closed. Timely disclosures are made to the Stock Exchanges of the transactions in excess of ₹ 10 Lakhs. The Bank periodically monitors and facilitates the compliance by the employees with the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Bank has also encouraged all the employees of the Bank to undergo assessment on the understanding of the SEBI (Prohibition of Insider Trading) Regulations, 2015 / Bank's Code of Conduct for Prevention of Insider Trading.

Whistle Blower Policy

Your Bank has put in place a Whistle Blower Policy in compliance with the provisions of Regulation 4(2)(d) of

Report on Corporate Governance (contd.)

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013, other applicable laws and in accordance with principles of good corporate governance. This policy also incorporates suggestions of the Protected Disclosure Scheme for Private Sector and Foreign Banks, instituted by Reserve Bank of India. In line with the Whistle Blower Policy, a Whistle Blower can raise concerns relating to Reportable Matters (as defined in the said policy) such as breach of Bank's Code of Conduct, fraud, bribery, corruption, employee misconduct, illegality, health & safety, environmental issues and wastage/misappropriation of bank funds/assets, etc. However, a Whistle Blower can't use Whistle Blower Policy to report his/her personal grievances. Accordingly, the Bank has implemented a web-based 'Corporate Whistle Blower Initiative' (CWI) portal, which is an independent online reporting service aimed at facilitating secure and confidential communication between the Bank and Whistle Blower.

Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee of the Board, in exceptional cases. The details of complaints received and the action taken thereon are also reviewed periodically by the Audit Committee of the Board. None of the Whistle Blowers have been denied access to the Audit Committee of the Board.

The details of the Whistle Blower Policy are also available on the website of the Bank (www.yesbank.in) for reference.

Strictures and Penalties

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.

Green Initiative in Corporate Governance

Your Bank has promoted and administered the 'Green Initiative' proposed by the Ministry of Corporate Affairs and the Bank has been effecting the electronic delivery of Notice of Annual General Meeting and Annual Report to the shareholders whose email ids are registered with the respective depository participants. The Companies Act, 2013 and Rules thereunder, Listing Regulations provides for circulation of Financial Statements electronically to the shareholders.

Your Bank has initiated and implemented successfully the process of conducting the Board and Committee meetings using Ipads based e-meeting application and web based meeting tool. This initiative of the Bank has resulted in considerable saving on paper and expenditure.

Other Disclosures:

- Disclosure of commodity price risks and commodity hedging activities.
 - Information on the commodity price risk or foreign exchange risk and hedging activities in the Bank

Your Bank has Board approved Market Risk policy which defines risk control framework for undertaking any Commodity price risk and Foreign exchange risk. Vide Market Risk policy, Board of the Bank has defined overall Net Overnight Open Position (NOOP) Limit, Stop Loss Limit, Aggregate Gap limit (AGL), Value at Risk (VaR) limit to control the Commodity Price / Foreign exchange risk within its risk control framework. The Bank has not undertaken any commodity price risk during the period. Bank has undertaken all commodity transactions on back to back basis. Further, the Bank has not exceeded any of its Board approved risk limit framework with respect to Foreign Exchange Risk during the period.

Your Bank uses Derivatives including Forwards & swaps for hedging its currency risk in its balance sheet, customer offerings and proprietary trading in compliance with overall risk limit and control framework. The management of these products and businesses is governed by Board approved Market Risk Policy, Investment Policy, Derivatives Policy, Hedging Policy and ALM policy of the Bank.

- Whether the commodity price risks and commodity hedging activities are disclosed to the shareholders/publically

Your Bank has not undertaken any commodity price risk during the period. Bank has undertaken all commodity transactions on back to back basis.

- Your Bank has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing

Regulations to the extent applicable to the Bank. Your Bank also strictly complies with the notified Secretarial Standards on the Board and General Meetings as issued by the Institute of the Company Secretaries of India.

- 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.
- Your Bank had conducted various sessions during the financial year to familiarize Independent and other Directors with the Bank, their roles, rights, responsibilities in the Bank, nature of the Banking Industry, business model, risk management system and technology architecture of the Bank. During the financial year, the Directors attended/received training on the Board evaluation, Building Boards of future, Internal Financial Controls, Cyber Security Awareness etc. Further, the Directors are encouraged to attend the training programs being organized by various regulators/bodies/institutions. The details of such familiarization programs are displayed on the website of the Bank at (<http://www.yesbank.in/investor-relations/corporate-governance.html>).
- Non-mandatory items of Corporate Governance: Your Bank has also ensured the implementation of the non-mandatory items such as:
 - Separate posts of Chairperson and MD&CEO and re-imburement of expenses in the performance of duties,
 - Unmodified Audit Opinions/Reporting,
 - The Internal Auditor reports directly to the Audit Committee.
- In terms of Section 10 (2A) of the Banking Regulation Act, 1949 all Directors other than its Chairperson and/or Whole-time Directors cannot hold office continuously for a period exceeding eight years.

- The Nomination & Remuneration Committee of Directors undertakes the 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 Nomination & Remuneration Committee is evaluated by the Board of Directors.

MEANS OF COMMUNICATION

Your Bank has provided adequate and timely information to its members inter-alia through the following means

- 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, Hindustan Times, DNA Money 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 presentations made to institutional investors and financial analysts on the Company's financial results are displayed on the website of the Bank (www.yesbank.in). The Bank also informs the Schedule of meeting with the institutional investors and financial analysts to the Stock Exchanges.
- The financial and other information filed by the Bank from time to time is also available on the websites of the Stock Exchanges i.e. BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). NSE and BSE have introduced NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre respectively. Various compliances as required/prescribed under the Listing Regulations are filed through these systems.
- 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.

Report on Corporate Governance (contd.)

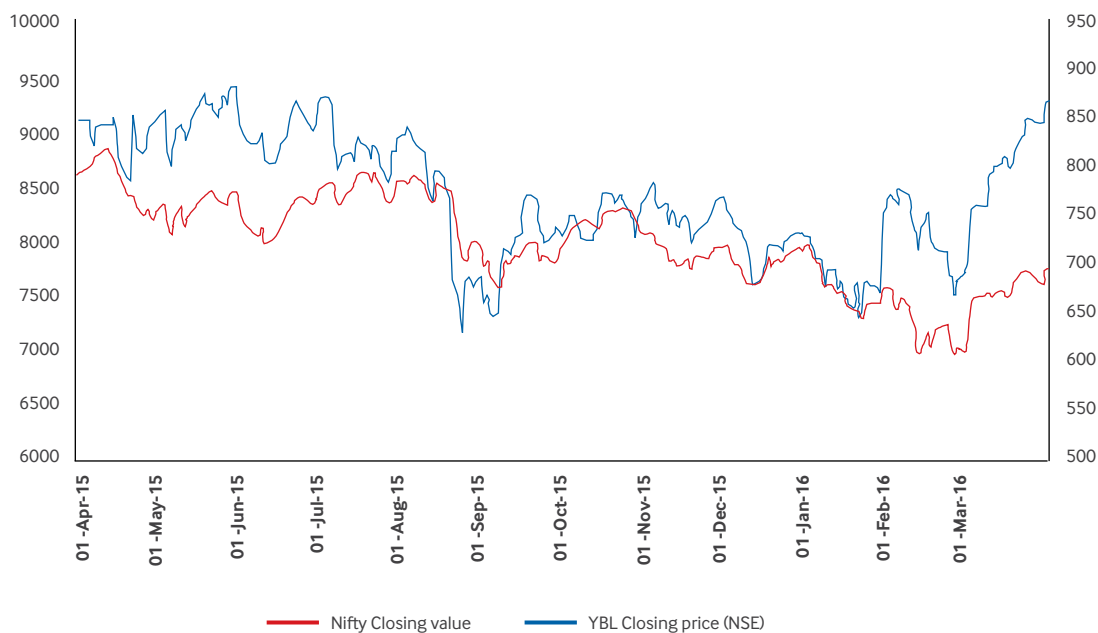
GENERAL SHAREHOLDERS INFORMATION

Day, Date, Time and Venue of the Annual General Meeting	Tuesday, June 07, 2016 at 11 A.M. Hall of Culture, Ground Floor, Nehru Centre, Dr. A B. Road, Worli, Mumbai – 400 018
Financial Year	April 1, 2015 to March 31, 2016
Date of Book Closure	Wednesday, June 01, 2016 to Tuesday, June 07, 2016 (both days inclusive)
Dividend Payment Date	Will be paid during Wednesday, June 08, 2016 to Tuesday, June 14, 2016
Listing on Stock Exchanges	1. BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001 Phones : (022) 22721233/4, (022) 66545695 Fax : (022) 22721919 2. National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051 Tel No: (022) 26598100 - 8114 Fax No: (022) 26598120 The Listing Fees for FY 2016-17 have been paid to the aforesaid Stock Exchanges.
Stock Code	BSE : 532648 NSE : YESBANK
ISIN Number	INE528G01019

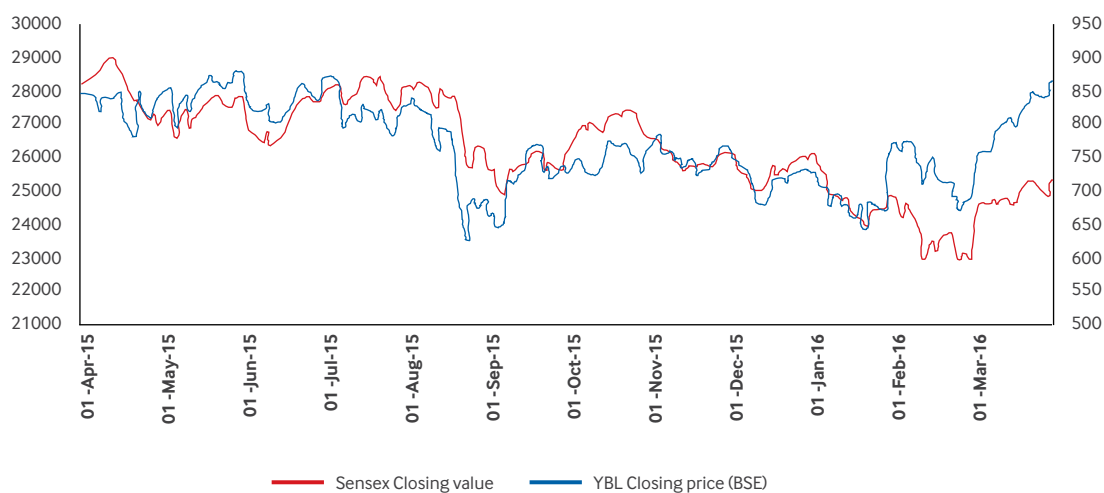
Market Price Data: High, Low during each month in last financial year

Month	NSE			BSE		
	High(₹)	Low (₹)	Volume	High (₹)	Low(₹)	Volume
Apr-15	864	771.8	81,286,411	864	772.65	7,811,325
May-15	884.35	788.2	50,986,404	884.8	789	5,606,778
Jun-15	897.5	794	55,654,248	897	794.5	7,200,305
Jul-15	878	782.25	79,149,800	877.9	782.25	8,882,423
Aug-15	846.45	595	86,204,520	845.95	590	8,968,420
Sep-15	779	635	86,100,898	777.5	635	10,836,529
Oct-15	780	707.75	66,015,609	779.7	708.65	6,371,885
Nov-15	790	720.2	50,830,511	789.8	720.15	4,356,163
Dec-15	772	668	50,705,112	772.6	668.55	5,248,024
Jan-16	749.5	631.55	76,416,125	749.5	632.25	7,530,211
Feb-16	789.5	663.35	93,366,368	789.25	663.7	10,015,582
Mar-16	875	690.95	75,200,467	875.6	691.75	6,860,462

Performance of the YES BANK Equity Shares relative to NSE Nifty Indices during FY 2015-16



Performance of the YES BANK Equity Shares relative to S&P BSE SENSEX during FY 2015-16



Report on Corporate Governance (contd.)

Registrar and Transfer Agents	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Phone No. 040- 67161559 Fax No. 040-23001153 Contact Persons: Ms. Shobha Anand / 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 dematerialized mode. A half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges.

Distribution of Shareholding as on March 31, 2016

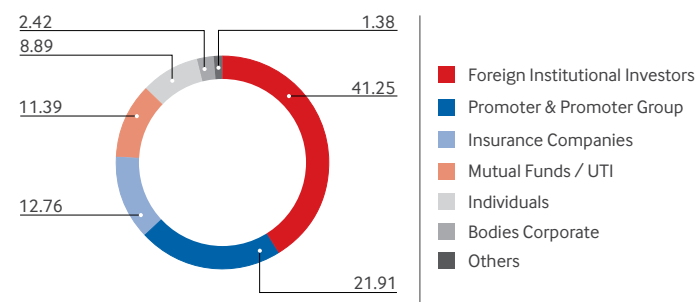
Category (No. of Shares)	No. of shareholders	%	Total Shares	Amount	% of Amount
Up to 5,000	194,373	95.27	14,448,850	144,488,500.00	3.44
5,001 – 10,000	4,824	2.36	3,673,566	36,735,660.00	0.87
10,001 – 20,000	2,116	1.04	3,116,915	31,169,150.00	0.74
20,001 – 30,000	708	0.35	1,780,106	17,801,060.00	0.42
30,001 – 40,000	323	0.16	1,148,458	11,484,580.00	0.27
40,001 – 50,000	261	0.13	1,220,438	12,204,380.00	0.29
50,001 – 1,00,000	474	0.23	3,435,692	34,356,920.00	0.82
1,00,001 & Above	945	0.47	391,707,616	3,917,076,160.00	93.15
TOTAL	204024	100.00	420531641	4205316410.00	100.00

Shareholding Pattern as on March 31, 2016

	Category of shareholders	No. of shares	%
I	Promoter & Promoter Group		
1(a)	Rana Kapoor (Promoter)	20,000,000	4.76
1(b)	YES Capital (India) Private Limited (Promoter Entity)	15,125,000	3.60
1(c)	Morgan Credits Private Limited (Promoter Entity)	14,050,000	3.34
2(a)	Madhu Kapur	35,125,000	8.35
2(b)	Mags Finvest Private Ltd	7,842,450	1.86
II	Other Institutions		
	Mutual Funds /UTI	47,911,475	11.39
	Financial Institutions /Banks	457,261	0.11
	Insurance Companies	53,653,401	12.76
	Foreign Institutional Investors	173,466,349	41.25
III	Other Non-Institutions		
	Bodies Corporate	10,181,116	2.42
IV	Individuals		
	(i) Individuals holding nominal share capital upto ₹ 2 Lakhs	26,548,617	6.31
	(ii) Individuals holding nominal share capital in excess of ₹ 2 Lakhs	10,830,463	2.58
V	Trusts	593,126	0.14
VI	Non Resident Indians	2,293,139	0.55
VII	H U F	1,184,050	0.28
VIII	Clearing Members	1,257,769	0.30
IX	Foreign Nationals	430	0.00
X	NBFCs registered with RBI	11,995	0.00
	TOTAL	420,531,641	100

Shareholding pattern

(%)



List of Shareholders holding more than 1% shares in the Bank as on March 31, 2016

Sr. No	Name	No. of shares	%
Promoter & Promoter Group			
1(a)	Rana Kapoor (Promoter)	20,000,000	4.76
1(b)	Yes Capital (India) Private Limited (Promoter Entity)	15,125,000	3.60
1(c)	Morgan Credits Private Limited (Promoter Entity)	14,050,000	3.34
2(a)	Madhu Kapur	35,125,000	8.35
2(b)	Mags Finvest Private Ltd	7,842,450	1.86
Others			
3	LIC of India along with its various schemes	37,453,751	8.91
4	Franklin India Monthly Income Plan along with its various schemes	11,464,552	2.73
5	Birla Sun Life Trustee Company Private Limited along with its various schemes	9,090,502	2.16
6	Franklin Templeton Investment Funds	8,442,394	2.01
7	Platinum Asia Fund	8,033,357	1.91
8	DB International (Asia) Ltd	7,518,132	1.79
9	Coronation Global Emerging Markets Fund	5,683,270	1.35
10	Bajaj Allianz Life Insurance Company Ltd.	5,166,589	1.23
11	Credit Suisse (Singapore) Limited	5,147,933	1.22
12	UTI along with its various schemes	4,794,472	1.14
13	GMO Emerging Markets Fund	4,461,263	1.06
14	HDFC Trustee Company Limited along with its various schemes	4,370,367	1.04

Report on Corporate Governance (contd.)

Dematerialization of shares and liquidity	As on March 31, 2016, the Share Capital of the Bank was held in the dematerialized form with NSDL (98.04%) and CDSL (1.94%) except 113,341 shares were being held in physical form (0.02%) out of which 91,100 shares were issued under ESOP and were awaiting listing approval from Stock Exchanges.
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	The Bank does not have any Outstanding GDRs / ADw / Warrants or any other Convertible instrument as on date.
Commodity price risk or foreign exchange risk and hedging activities	The information on the Commodity price risk or foreign exchange risk and hedging activities is explained elsewhere in this report.
Plant Locations	As the Bank is engaged in the business of banking/financial services, there is no plant location.
Address for correspondence	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Phone No 040- 67161559 Fax No. 040-23001153 Contact Persons: Ms. Shobha Anand / Mr. U. S. Singh
Debenture Trustees:	IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R Kamani Marg, Ballard Estate, Mumbai – 400 001 Contact Person: Mr. Ajit Guruji, Vice President Phone No: 022 – 4080 7001 Fax No.: 022 – 66311776 Axis Trustee Services Limited Axis House, 2nd floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025 Contact Person: Mr. Mithil Pattani (Deputy Manager) Phone no: 022 – 43255222 Fax No: 022 – 24254200
Address of the Compliance Officer	Mr. Shivanand R. Shettigar, Company Secretary YES Bank Tower, IFC 2, 17th Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013 Phone No. : 022 – 3366 9000 Fax No. : 022 – 24214518 Email : shareholders@yesbank.in

For and on behalf of the Board of Directors

Rana Kapoor
Managing Director & CEO
(DIN No: 00320702)

Radha Singh
Non-Executive Part-Time Chairperson
(DIN No: 02227854)

Place: Mumbai
Date: April 27, 2016

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.

For YES Bank Limited

Rana Kapoor

Managing Director & CEO
(DIN No: 00320702)

Place: Mumbai
Date: April 27, 2016

CEO / CFO Certification

We, Rana Kapoor, Managing Director & CEO and Rajat Monga, Chief Financial Officer, of YES Bank Limited hereby certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2016 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - ii. these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d. We have indicated, to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Yours faithfully

Rana Kapoor
Managing Director & CEO
(DIN No: 00320702)

Rajat Monga
Chief Financial Officer

Place: Mumbai
Date: April 27, 2016

Independent Auditor's Report

To
The Members of Yes Bank Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Yes Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31 March, 2016, the Profit and Loss Account and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and notes to the standalone financial statements.

Management's Responsibility for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, in so far as they apply to the Bank and the guidelines issued by the Reserve Bank of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. 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.

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 financial control relevant to the Bank's preparation of the 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 the Bank's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the banking companies and give a true and fair view of the state of affairs of the Bank as at 31 March 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter 19 October 2015, 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; and
 - (c) The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing standalone financial statements are not required to be submitted by the branches; we have visited 45 branches for the purpose of our audit.
3. Further, as required by section 143(3) of the Companies Act, 2013, we further report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 18.8.14 to the standalone financial statements;
 - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts – Refer Note 18.8.15 to the standalone financial statements; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

per **Viren H. Mehta**

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 27 April 2016

**Annexure 1 To The Independent
Auditor's Report of even date on the Standalone Financial Statements of Yes Bank Limited**

**Report on the Internal Financial Controls under Clause
(i) of Sub-section 3 of Section 143 of the Companies Act,
2013 ("the Act")**

To the Members of Yes Bank Limited

We have audited the internal financial controls over financial reporting of Yes Bank Limited ("the Bank") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

**Management's Responsibility for Internal
Financial Controls**

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over
Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial
Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

per **Viren H. Mehta**

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 27 April 2016

Balance Sheet as at March 31, 2016

	Schedule	As at March 31, 2016	(₹ in thousands) As at March 31, 2015
CAPITAL AND LIABILITIES			
Capital	1	4,205,316	4,177,361
Reserves and surplus	2	133,660,671	112,622,458
Deposits	3	1,117,195,331	911,758,482
Borrowings	4	316,589,769	262,204,013
Other liabilities and provisions	5	80,983,031	70,941,784
TOTAL		1,652,634,118	1,361,704,098
ASSETS			
Cash and balances with Reserve Bank of India	6	57,761,643	52,406,527
Balances with banks and money at call and short notice	7	24,422,604	23,164,989
Investments	8	488,384,656	432,284,929
Advances	9	982,099,270	755,498,162
Fixed assets	10	4,707,177	3,189,678
Other assets	11	95,258,768	95,159,813
TOTAL		1,652,634,118	1,361,704,098
Contingent liabilities	12	3,312,391,973	3,372,992,517
Bills for collection		15,588,740	13,739,445
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

per **Viren H. Mehta**

Partner

Membership No: 048749

Mumbai

April 27, 2016

For and on behalf of the Board of Directors

YES BANK Limited

Rana Kapoor

Managing Director & CEO

(DIN:00320702)

Vasant V. Gujarathi

Director

(DIN: 06863505)

Radha Singh

Non Executive Chairperson

(DIN:02227854)

Rajat Monga

Chief Financial Officer

M R Srinivasan

Director

(DIN: 00056617)

Shivanand R. Shettigar

Company Secretary

Profit and Loss Account

for the year ended March 31, 2016

		(₹ in thousands)	
	Schedule	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
I. INCOME			
Interest earned	13	135,334,419	115,720,065
Other income	14	27,121,472	20,464,551
TOTAL		162,455,891	136,184,616
II. EXPENDITURE			
Interest expended	15	89,667,193	80,841,693
Operating expenses	16	29,763,714	22,847,060
Provisions and contingencies	17	17,630,518	12,442,249
TOTAL		137,061,425	116,131,002
III. PROFIT			
Net profit for the year		25,394,466	20,053,614
Profit brought forward		42,200,505	32,074,562
TOTAL		67,594,971	52,128,176
IV. APPROPRIATIONS			
Transfer to Capital Reserve		734,827	262,447
Transfer to Statutory Reserve		6,348,617	5,013,404
Transfer to Investment Reserve		-	124,099
Dividend paid for last year		2,740	2,253
Tax on Dividend paid for last year		468	383
Proposed Dividend		4,205,316	3,759,625
Tax (including surcharge & education cess) on Dividend		856,202	765,460
Balance carried over to balance sheet		55,446,801	42,200,505
TOTAL		67,594,971	52,128,176
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		
Earning per share (Refer Sch.18.7.5)			
Basic (₹)		60.62	49.34
Diluted (₹)		59.31	48.01
(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

per **Viren H. Mehta**

Partner

Membership No: 048749

Mumbai

April 27, 2016

For and on behalf of the Board of Directors

YES BANK Limited**Rana Kapoor**

Managing Director & CEO

(DIN:00320702)

Vasant V. Gujarathi

Director

(DIN: 06863505)

Radha Singh

Non Executive Chairperson

(DIN:02227854)

Rajat Monga

Chief Financial Officer

M R Srinivasan

Director

(DIN: 00056617)

Shivanand R. Shettigar

Company Secretary

Cash Flow Statement for the year ended March 31, 2016

	(₹ in thousands)	
	Year ended March 31, 2016	Year ended March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxes	37,661,977	29,101,079
Adjustment for		
Depreciation for the year	1,105,553	850,397
Amortization of premium on investments	521,580	447,592
Provision for investments	25,337	(584,289)
Provision for standard advances	381,558	2,440,324
Provision/write off of non performing advances	4,979,020	1,300,099
Other provisions	(22,909)	238,650
Loss from sale of fixed assets	(944)	1,577
	44,651,172	33,795,429
Adjustments for :		
Increase / (Decrease) in Deposits	205,436,849	169,838,329
Increase/(Decrease) in Other Liabilities	10,476,298	4,765,274
(Increase)/Decrease in Investments	(18,915,997)	(12,922,909)
(Increase)/Decrease in Advances	(231,580,128)	(200,468,639)
(Increase)/Decrease in Other assets	(114,307)	(8,023,414)
	(34,697,285)	(46,811,359)
Payment of direct taxes	(13,585,376)	(10,386,882)
Net cash generated from operating activities (A)	(3,631,489)	(23,402,812)
Cash flow from investing activities		
Purchase of fixed assets	(2,644,183)	(1,125,713)
Proceeds from sale of fixed assets	22,075	18,755
Investment in HTM	(37,730,647)	(34,974,997)
Net cash generated from investing activities (B)	(40,352,755)	(36,081,955)

	(₹ in thousands)	
	Year ended March 31, 2016	Year ended March 31, 2015
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Borrowings	54,385,756	49,061,151
Proceeds from issuance of Equity Shares	27,955	571,025
Share Premium received thereon	711,556	29,485,491
Dividend paid during the year	(3,762,365)	(2,887,322)
Tax on dividend	(765,928)	(490,700)
Net cash generated from financing activities (C)	50,596,974	75,739,645
Net increase in cash and cash equivalents (A+B+C)	6,612,730	16,654,878
Cash and cash equivalents as at April 1	75,571,516	58,916,638
Cash and cash equivalents as at March 31	82,184,247	75,571,516
Notes to the Cash flow statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India	57,761,643	52,406,527
Balances with Banks and Money at Call and Short Notice	24,422,604	23,164,989
Cash and cash equivalents as at March 31	82,184,247	75,571,516

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

per **Viren H. Mehta**

Partner

Membership No: 048749

Mumbai

April 27, 2016

Rana Kapoor

Managing Director & CEO

(DIN:00320702)

Vasant V. Gujarathi

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(DIN:02227854)

Rajat Monga

Chief Financial Officer

M R Srinivasan

Director

(DIN: 00056617)

Shivanand R. Shettigar

Company Secretary

Schedules forming part of financial statements

	(₹ in thousands)	
	As at March 31, 2016	As at March 31, 2015
SCHEDULE 1 - CAPITAL		
Authorised Capital		
600,000,000 equity shares of ₹ 10/- each	6,000,000	6,000,000
Issued, subscribed and paid-up capital		
420,531,641 equity shares of ₹ 10/- each	4,205,316	4,177,361
(March 31, 2015 : 417,736,098 equity shares of ₹ 10/- each) [Refer Sch 18.5.1.1]		
TOTAL	4,205,316	4,177,361
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening balance	19,398,136	14,384,732
Additions during the year	6,348,617	5,013,404
Deductions during the year	-	-
Closing balance	25,746,753	19,398,136
II. Share Premium		
Opening balance	48,750,609	19,265,118
Additions during the year [Refer Sch 18.5.1.1]	711,556	29,657,964
Deductions during the year	-	172,473
Closing balance	49,462,165	48,750,609
III. Capital Reserve		
Opening balance	2,047,011	1,784,564
Additions during the year [Refer Sch 18.5.1.2]	734,827	262,447
Deductions during the year	-	-
Closing balance	2,781,838	2,047,011
IV. Investment Reserve		
Opening balance	226,197	102,098
Additions during the year	-	124,099
Deductions during the year	-	-
Closing balance	226,197	226,197
V Foreign Currency Translation Reserve		
Opening balance	-	-
Additions during the year	(3,083)	-
Closing balance	(3,083)	-
VI. Balance in Profit and Loss Account	55,446,801	42,200,505
TOTAL	133,660,671	112,622,458

Schedules

forming part of financial statements

		(₹ in thousands)	
		As at March 31, 2016	As at March 31, 2015
SCHEDULE 3 - DEPOSITS			
A. I. Demand Deposits			
i) From Banks		8,430,375	3,756,166
ii) From Others		100,820,390	81,238,324
II. Savings Bank Deposit		204,176,990	125,795,428
III. Term Deposits			
i) From banks		65,233,073	50,676,446
ii) From others		738,534,503	650,292,118
TOTAL		1,117,195,331	911,758,482
B. I. Deposits of branches in India		1,117,195,331	911,758,482
II. Deposits of branches outside India		-	-
TOTAL		1,117,195,331	911,758,482
SCHEDULE 4 - BORROWINGS			
I. Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt			
A. Borrowing in India			
i) IPDI		7,410,000	7,410,000
ii) Tier II Borrowings		88,614,000	49,622,000
TOTAL (A)		96,024,000	57,032,000
B. Borrowings outside India			
i) IPDI		331,275	312,500
ii) Tier II Borrowings		11,268,509	10,577,768
TOTAL (B)		11,599,784	10,890,268
TOTAL (A+B)		107,623,784	67,922,268
II. Other Borrowings*			
A. Borrowings in India			
i) Reserve Bank of India		10,000,000	24,000,000
ii) Other banks		19,520,000	14,925,000
iii) Other institutions and agencies **		84,915,827	67,210,000
TOTAL (A)		114,435,827	106,135,000
B. Borrowings outside India		94,530,158	88,146,745
TOTAL (A+B)		208,965,985	194,281,745
TOTAL (I+II)		316,589,769	262,204,013

*Secured borrowings are ₹ 17,994,327 thousands (March 31, 2015 : ₹ 24,000,000 thousands).

**Including refinance borrowing.

Schedules forming part of financial statements

(₹ in thousands)

	As at March 31, 2016	As at March 31, 2015
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	3,169,468	3,408,352
II. Inter-office adjustments (net)	-	-
III. Interest accrued	13,064,990	12,171,611
IV. Others (including provisions)		
- Provision for standard advances	6,975,086	6,593,528
- Others	57,773,487	48,768,293
TOTAL	80,983,031	70,941,784
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand	4,124,093	3,645,849
II. Balances with Reserve Bank of India		
- In current account	53,637,550	48,760,678
- In other account	-	-
TOTAL	57,761,643	52,406,527
SCHEDULE 7 - BALANCES WITH BANKS, MONEY AT CALL AND SHORT NOTICE		
I. In India		
Balances with banks-		
i) in current accounts	555,996	258,391
ii) in other deposit accounts	71	65
Money at call and short notice		
i) with Banks	-	450,000
ii) with other institutions	-	-
iii) lending under reverse repo (RBI & Banks)	4,253,505	9,000,000
TOTAL (I)	4,809,572	9,708,456
II. Outside India		
i) in current account	17,294,107	8,769,033
ii) in other deposit account	-	-
iii) money at call and short notice	2,318,925	4,687,500
TOTAL (II)	19,613,032	13,456,533
TOTAL (I+II)	24,422,604	23,164,989
SCHEDULE 8 - INVESTMENTS (NET OF PROVISIONS)		
A. Investments in India		
i) Government Securities	351,862,551	300,012,130
ii) Other approved securities	-	-
iii) Shares	628,162	601,370
iv) Debentures and bonds	95,154,141	94,667,483
v) Subsidiaries and/or joint ventures	500,000	350,000
vi) Others (CPs, CDs, Pass through certificates etc) [Refer Sch 18.5.2]	40,239,802	36,653,946
TOTAL	488,384,656	432,284,929
B. Investments outside India	-	-
TOTAL	488,384,656	432,284,929

Schedules

forming part of financial statements

			(₹ in thousands)	
			As at March 31, 2016	As at March 31, 2015
SCHEDULE 9 - ADVANCES				
A.	i)	Bills purchased and discounted	13,618,402	16,024,073
	ii)	Cash credit, overdrafts and loans payable on demand	233,961,280	173,764,530
	iii)	Term loans	734,519,588	565,709,559
		TOTAL	982,099,270	755,498,162
B.	i)	Secured by tangible assets (includes advances secured by fixed deposits and book debt)	729,383,226	518,241,518
	ii)	Covered by Bank/Government guarantees	3,162,345	1,553,036
	iii)	Unsecured (Note 1 and 2)	249,553,699	235,703,608
		TOTAL	982,099,270	755,498,162
	1)	Includes advances of ₹ 131,205,302 thousands (March 31, 2015 ₹ 144,283,634 thousands) for which security documentation is either being obtained or being registered.		
	2)	There are no outstanding advances as at March 31, 2016 and March 31, 2015 for which intangible securities such as charge over the rights, licenses, authority, etc has been taken.		
C.	Advances in India			
	i)	Priority sectors	265,143,459	189,458,960
	ii)	Public sector	47,396	38,511
	iii)	Banks	2,857,426	331,699
	iv)	Others	714,050,990	565,668,992
		TOTAL	982,099,270	755,498,162
	Advances outside India		-	-
		TOTAL	982,099,270	755,498,162
SCHEDULE 10 - FIXED ASSETS				
I.	Premises		-	-
II.	Other Fixed Assets (including furniture and fixtures and software)			
	At cost as on March 31st of preceding year		6,279,886	5,322,447
	Additions during the year		2,312,161	1,071,794
	Deductions during the year		(82,825)	(114,355)
	Accumulated depreciation to date		(4,389,738)	(3,345,879)
			4,119,484	2,934,007
	Capital work-in-progress		587,693	255,671
		TOTAL	4,707,177	3,189,678

Schedules forming part of financial statements

(₹ in thousands)

	As at March 31, 2016	As at March 31, 2015
SCHEDULE 11 - OTHER ASSETS		
I. Interest Accrued	18,767,567	18,018,071
II. Advance tax and tax deducted at source (net of provision)	816,824	719,030
III. Deferred tax asset [Refer Sch 18.7.7]	4,774,497	3,554,425
IV. Non-Banking assets acquired in satisfaction of claims	452,030	452,030
V. Others	70,447,850	72,416,257
TOTAL	95,258,768	95,159,813
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	9,867	4,521
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	1,765,909,841	2,116,095,628
IV. Liability on account of outstanding derivative contracts		
- Single currency Interest Rate Swap	622,202,393	634,287,012
- Others	369,521,505	193,447,010
V. Guarantees given on behalf on constituents		
- in India	178,664,535	142,909,758
- Outside India	-	-
VI. Acceptances, endorsement and other obligations	257,500,743	225,393,720
VII. Other items for which the bank is contingently liable		
- Value dated purchase of securities	203,714	119,018
- Capital commitment	989,221	346,840
- Amount deposited with RBI under Depositor Education and Awareness Fund (DEAF)	359	-
- Foreign exchange contracts (Tom & Spot)	117,389,795	60,389,010
TOTAL	3,312,391,973	3,372,992,517

Schedules

forming part of financial statements

(₹ in thousands)

	For the year ended March 31, 2016	For the year ended March 31, 2015
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	97,114,786	80,160,944
II. Income on investments	35,082,091	33,557,285
III. Interest on balances with Reserve Bank of India and other inter-bank funds	1,125,449	428,932
IV. Others	2,012,093	1,572,904
TOTAL	135,334,419	115,720,065
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	24,591,689	19,764,799
II. Profit on the sale of investments (net)	2,606,392	1,420,957
III. Profit/(Loss) on the revaluation of investments (net)	-	-
IV. Profit/(Loss) on sale of land, building and other assets	944	(1,577)
V. Profit on exchange transactions (net)	(175,559)	(670,297)
VI. Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-	-
VII. Miscellaneous income	98,006	(49,331)
TOTAL	27,121,472	20,464,551
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	71,784,174	65,368,181
II. Interest on Reserve Bank of India/inter-bank borrowings/Tier I and Tier II debt instruments	16,456,711	14,722,956
III. Others	1,426,308	750,556
TOTAL	89,667,193	80,841,693
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	12,968,018	9,796,635
II. Rent, taxes and lighting	3,047,480	2,663,221
III. Printing and stationery	183,157	167,311
IV. Advertisement and publicity	835,453	702,920
V. Depreciation on Bank's property	1,105,553	850,397
VI. Directors' fees, allowances and expenses	12,373	11,907
VII. Auditors' fees and expenses	9,292	7,775
VIII. Law charges	21,958	11,899
IX. Postage, telegrams, telephones, etc.	360,093	304,619
X. Repairs and maintenance	159,767	158,728
XI. Insurance	935,260	691,061
XII. Other expenditure	10,125,310	7,480,587
TOTAL	29,763,714	22,847,060
SCHEDULE 17 - PROVISIONS & CONTINGENCIES		
I. Provision for taxation [Refer Sch 18.6.1]	12,267,511	9,047,465
II. Provision for investments	25,337	(584,289)
III. Provision for standard advances	381,558	2,440,324
IV. Provision/write off for non performing advances	4,979,020	1,300,099
V. Other Provisions	(22,908)	238,650
TOTAL	17,630,518	12,442,249

Schedules forming part of financial statements

18. Significant accounting policies and notes forming part of the accounts for the year ended March 31, 2016

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 notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 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.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated March 30, 2016. The Bank is of the opinion that the said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 will be applicable to accounting periods commencing on or after the date of notification i.e. April 1, 2016. Hence, the said notification has not been considered in the preparation of these financial statements.

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 recognized prospectively in current and future periods.

18.4 Significant accounting policies

18.4.1 Revenue recognition

Revenue is recognized 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 recognized in the profit and loss account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognized upon realization as per the prudential norms of the RBI.
- Revenue in certain structured transactions where interest income is partially receivable in advance is recognized when due.
- Loan processing fee is accounted for upfront when it becomes due.
- Dividend income is recognized when the right to receive payment is established.
- Commission on guarantees issued by the Bank is recognized as income over the period of the guarantee
- Commission on Letters of Credit ('LC') issued by the Bank is recognized as income at the time of issue of the LC.
- Income on non-coupon bearing discounted instruments is recognized over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognized 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 recognized in line with milestones achieved as per terms of agreement with clients which is reflective of services rendered.
- Other fees and commission income are recognized on accrual basis.

Schedules forming part of financial statements

18.4.2 Investments

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBR.No.BP. BC.6/21.04.141/2015-16 dated July 1, 2015 and Fixed Income Money Market and Derivative Association (FIMMDA) guidelines FIMCIR/2015-16/31/March 31, 2016.

Accounting and Classification

Investments are recognized using the value date basis of accounting. In compliance with RBI guidelines, all investments, are categorized 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.

a) Cost of acquisition

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

b) 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.

c) 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 amortized 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.

d) Valuation

Investments categorized 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 recognized 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. Amortization expense of premia on investments in the HTM category is deducted from interest income in accordance with RBI Circular DBR.No.BP. BC.6/21.04.141/2015-16 dated July 1, 2015. 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

Schedules forming part of financial statements

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 recognized 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 realization 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.

e) **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 collateralized borrowing and lending transactions respectively in accordance with RBI master circular No. DBR.No.BP. BC.6/21.04.141/2015-16 dated July 1, 2015. 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 recognized as interest income/expense over the period of transaction.

f) **Profit/Loss on sale of Investments**

Profit/Loss on sale of Investments in the HTM category is recognized 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 recognized in the Profit and Loss account.

g) **Accounting for RIDF**

In accordance with RBI circular DBR.BP.BC. No.31/21.04.018/2015-16 dated July 16, 2015, the Bank has classified deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending under 'Other Assets', which were earlier included under 'Investments'. Similarly, interest income on such deposits has been classified under the head 'Interest Earned - Others', which was hitherto included under 'Interest Earned- Income on Investments'. Figures for the previous year have also been regrouped to conform to current period's classification. The above change in classification has no impact on the profit of the Bank for the year ended March 31, 2016 and March 31, 2015.

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 as approved by the Board of the Bank. 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.

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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 are stated at net present value using LIBOR/SWAP curves of the respective currencies. The resulting profits or losses are recognized 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 amortized 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.

Income and expenditure items of integral foreign operations (representative offices) are translated at daily closing rates

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until remittance or the disposal of the net investment in the non-integral foreign operations in accordance with AS - 11.

18.4.5 Earnings per share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard(AS) 20, "Earnings per Share" notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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 unrealized gains/losses are recognized 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 December 14, 2007. Premium on option transaction is recognized 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 recognized as realized gains/losses on options. Charges receivable/payable on cancellation/ termination of foreign exchange forward contracts and swaps are recognized 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, amortization and accumulated impairment losses. Cost

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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. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. 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-

Class of asset	Useful life of Assets
Office equipment	5 years
Computer hardware	3 years
Computer software *	4 years
Vehicles	5 years
Furniture and Fixtures	10 years
Leasehold improvements to premises	Over the lease period or 9 years whichever is less.

*As per RBI Guidelines.

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/unutilized leave subject to a maximum limit. The employees cannot encash unavailed/unutilized 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 recognizes 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. Contribution to provident fund are recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its annual contribution.

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 recognized as an expense in the profit and loss account on a straight line basis over the lease term.

18.4.11 Income taxes

Tax expense comprises current and deferred tax. Current tax comprises of the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. 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 recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, all deferred tax assets are recognized only if there is virtual certainty of realization 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 realized.

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18.4.12 Provisions and contingent assets/liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements

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.

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 recognized 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 recognized 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 (Share Based Employee Benefits) Regulations, 2014. 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, 2016, the Bank has issued 2,795,543 shares pursuant to the exercise of stock option aggregating to ₹ 739,511 thousands.

During FY 2014-15, the Bank has issued 53,492,272 equity shares of ₹ 10 each for cash pursuant to a Qualified Institutions Placement (QIP) at ₹ 550 aggregating to ₹ 29,420,750 thousands. The Bank accreted ₹ 28,713,354 thousands (net of share issue expenses of ₹ 172,473 thousands) as premium, on account of QIP. The Bank also issued 3,610,200 shares pursuant to the exercise of stock option aggregating to ₹ 808,240 thousands.

18.5.1.2 Capital Reserve

Profit on sale of investments in the Held to Maturity 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 ₹ 734,827 thousands (previous year: ₹ 262,447 thousands) was transferred to Capital Reserve.

18.5.1.3 Investment Reserve

The Bank has transferred Nil to Investment Reserve (Previous year: ₹ 124,099 thousands) (net of applicable taxes and transfer to statutory reserve requirements) on provisions for depreciation on investments credited to Profit and Loss Account.

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18.5.1.4 Capital Adequacy Ratio

Capital Adequacy Ratio as per RBI guidelines (Basel III Capital Regulations dated July 01, 2015) as at March 31, 2016 is given below:

	(₹ in thousands)	
Basel – III	As at March 31, 2016	As at March 31, 2015
Common Equity Tier I	137,064,005	114,085,595
Additional Tier I Capital	5,629,294	4,670,062
Tier-1 capital	142,693,299	118,755,657
Tier-2 capital	76,051,103	42,757,373
Total capital	218,744,402	161,513,030
Credit Risk – Risk Weighted Assets (RWA)	1,151,018,795	907,147,962
Market Risk – RWA	95,241,381	69,876,200
Operational Risk – RWA	83,238,591	56,998,056
Total risk weighted assets	1,329,498,767	1,034,022,218
Common Equity capital adequacy ratio (%)	10.3%	11.0%
Tier-1 capital adequacy ratio (%)	10.7%	11.5%
Tier-2 capital adequacy ratio (%)	5.8%	4.1%
Total capital adequacy ratio (%)	16.5%	15.6%
Amount raised during the year by issue of IPDI	-	-
Amount raised during the year by issue of Tier II Capital	38,992,000	-

18.5.1.5 Tier I and Tier II Capital

For the financial year ended March 31, 2016, the Bank has raised Tier II Debt instruments amounting to ₹ 38,992,000 thousands, details of which are as follows:

Tier II Debt Instruments

				(₹ in thousands)	
Particulars	Nature of Security	Date of Issue	Coupon Rate (%)	Tenure	Amount
Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures	Debentures	June 29, 2015	9.15	10 Years	5,542,000
Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures	Debentures	December 31, 2015	8.90	10 Years	15,000,000
Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures	Debentures	January 15, 2016	9.00	10 Years	8,000,000
Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures	Debentures	January 20, 2016	9.05	10 Years	5,000,000
Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures	Debentures	March 31, 2016	9.00	10 Years	5,450,000
				TOTAL	38,992,000

For the financial year ended March 31 2015, the Bank has not raised any Tier I or Tier II Debt Instruments.

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18.5.2 Investments

(₹ in thousands)		
Particulars (In India)	As at March 31, 2016	As at March 31, 2015
Gross value	488,936,382	432,811,318
Less: Provision for depreciation	551,726	526,389
Net value	488,384,656	432,284,929

There were no investment outside India as at March 31, 2016 and March 31, 2015.

Provision for depreciation on investments

(₹ in thousands)		
Particulars (In India)	As at March 31, 2016	As at March 31, 2015
Opening Balance	526,389	1,110,678
Provision made during the year	90,951	47,282
Provision written back on account of sale of Investment and write back.	(65,614)	(631,571)
Closing Balance	551,726	526,389

There was no provision for depreciation on investments outside India as at March 31, 2016 and March 31, 2015.

18.5.3 Repo Transactions

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2016:

(₹ in thousands)				
	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at March 31, 2016
Securities sold under repos				
i) Government Securities	-	202,361	691	-
ii) Corporate debt securities	-	238,421	651	-
Security purchased under reverse repo				
i) Government Securities	-	53,038,863	5,951,350	253,505
ii) Corporate debt securities	-	-	-	-

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2015:

(₹ in thousands)				
	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at March 31, 2015
Securities sold under repos	-	43,742,928	1,908,144	-
Security purchased under reverse repo	-	21,605,095	1,668,723	-

The Bank has dealt only in government securities in repo or reverse repo transactions during the financial year ended March 31, 2015. The above figures excludes securities sold and purchased under Liquidity Adjustment Facility (LAF) with RBI.

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18.5.4 Non-SLR Investment Portfolio

Issuer composition of Non SLR investments as at March 31, 2016 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	9,316,363	4,245,170	-	-	-
ii)	Financial Institutions	15,821,874	13,379,950	-	424,963	4,597,116
iii)	Banks	-	-	-	-	-
iv)	Private Corporates	78,226,444	75,333,376	50,000	145,214	9,072,517
v)	Subsidiaries/ Joint ventures	500,000	500,000	-	-	500,000
vi)	Others	33,209,149	33,209,149	-	-	33,209,149
vii)	Provision held towards depreciation	(551,727)	-	-	-	-
TOTAL		136,522,103	126,667,645	50,000	570,177	47,378,782

*Of the investments disclosed ₹ 41,798,783 thousands are exempted from applicability of RBI prudential limit for unlisted Non-SLR securities.

excludes investment in equity shares and units.

Issuer composition of Non SLR investments as at March 31, 2015 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	4,681,603	3,692,603	-	-	-
ii)	Financial Institutions	12,046,969	11,002,830	-	624,905	2,107,330
iii)	Banks	-	-	-	-	-
iv)	Private Corporates	80,346,386	76,243,794	50,000	14,410	3,788,886
v)	Subsidiaries/ Joint ventures	350,000	350,000	-	-	350,000
vi)	Others	35,370,075	35,370,075	-	-	35,370,075
vii)	Provision held towards depreciation	(522,234)	-	-	-	-
TOTAL		132,272,799	126,659,301	50,000	639,315	41,616,290

*Of the investments disclosed ₹ 37,996,290 thousands are exempted from applicability of RBI prudential limit for unlisted Non-SLR securities.

excludes investment in equity shares and units

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 as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

Schedules forming part of financial statements

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, 2016 is given below:

		(₹ in thousands)	
Sr. No	Items	As at March 31, 2016	As at March 31, 2015
i)	The notional principal of swap agreements	622,202,393	634,287,012
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements ¹	2,041,620	1,450,039
iii)	Collateral required by the bank upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps [Percentage Exposure to Banks] ¹	8.91%	11.81%
	[Percentage Exposure to PSUs] ¹	13.39%	27.54%
v)	The fair value of the swap book ²	572,454	642,500
	- INBMK	267,341	588,480
	- MIBOR	(97,139)	(161,828)
	- MIFOR	157,557	88,262
	- FCY IRS	244,694	127,586

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

² Fair values represent mark-to-market including accrued interest.

The nature and terms of the Rupee IRS as on March 31, 2016 are set out below:

(₹ in thousands)				
Nature	Nos	Notional Principal	Benchmark	Terms
Hedging	25	10,250,000	MIFOR	Fixed Payable V/S Floating Receivable
Hedging	6	1,500,000	MIBOR	Fixed Receivable V/S Floating Payable
Trading	26	23,260,000	INBMK	Fixed Payable V/S Floating Receivable
Trading	1	1,000,000	INBMK	Fixed Receivable V/S Floating Payable
Trading	282	152,880,132	MIBOR	Fixed Payable V/S Floating Receivable
Trading	268	150,881,376	MIBOR	Fixed Receivable V/S Floating Payable
Trading	85	32,688,500	MIFOR	Fixed Payable V/S Floating Receivable
Trading	90	40,829,400	MIFOR	Fixed Receivable V/S Floating Payable

The nature and terms of the FCY IRS as on March 31, 2016 are set out below:

(₹ in thousands)				
Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	126	100,444,377	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	154	100,183,661	USD LIBOR	Fixed Payable V/S Floating Receivable
Trading	27	7,823,156	USD LIBOR	Floating Receivable V/S Floating Payable
Trading	2	171,910	EURIBOR	Fixed Receivable V/S Floating Payable
Trading	2	171,910	EURIBOR	Fixed Payable V/S Floating Receivable
Trading	1	117,970	JPY LIBOR	Fixed Payable V/S Floating Receivable

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The nature and terms of the Rupee IRS as on March 31, 2015 are set out below:

(₹ in thousands)				
Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	23	9,500,000	MIFOR	Fixed Payable V/S Floating Receivable
Hedging	13	3,250,000	MIBOR	Fixed Receivable V/S Floating Payable
Trading	29	25,260,000	INBMK	Fixed Payable V/S Floating Receivable
Trading	1	1,000,000	INBMK	Fixed Receivable V/S Floating Payable
Trading	340	212,545,727	MIBOR	Fixed Payable V/S Floating Receivable
Trading	327	200,896,470	MIBOR	Fixed Receivable V/S Floating Payable
Trading	54	21,298,500	MIFOR	Fixed Payable V/S Floating Receivable
Trading	80	30,558,000	MIFOR	Fixed Receivable V/S Floating Payable

The nature and terms of the FCY IRS as on March 31, 2015 are set out below:

(₹ in thousands)				
Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	1	173,100	EURIBOR	Fixed Receivable V/S Floating Payable
Trading	1	173,100	EURIBOR	Fixed Payable V/S Floating Receivable
Trading	69	65,567,507	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	108	61,713,105	USD LIBOR	Fixed Payable V/S Floating Receivable
Trading	10	2,351,503	USD LIBOR	Floating Payable V/S Floating Receivable

18.5.5.2 Un-hedged / uncovered foreign currency exposure of the Bank

The Bank's foreign currency exposures as at March 31, 2016 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 is ₹ 2,142,409 thousands (March 31, 2015 ₹ 1,884,151 thousands).

18.5.5.3 Exchange Traded Interest Rate Derivatives

The following table sets forth, for the period indicated, the details of exchange traded interest rate derivatives:

		(₹ in thousands)	
S.No.	Particulars	March 31, 2016	March 31, 2015
1	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year :		
	- 8.83% Government Securities 2023	-	4,044,200
	- 8.40% Government Securities 2024	21,738,800	66,002,200
	- 7.72% Government Securities 2025	7,701,200	-
	- 7.59% Government Securities 2026	150,000	-
2	Notional Principal amount of exchange traded interest rate derivatives outstanding-		
	- 8.40% Government Securities 2024	-	5,988,782
3	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	N.A.	N.A.
4	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective"	N.A.	N.A.

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18.5.5.4 Currency Futures

The Bank had dealt in exchange traded currency forwards (Futures) during the financial year ended March 31, 2016. As on March 31, 2016, the open contracts on the exchange were NIL.

The Bank had dealt in exchange traded currency forwards (Futures) during the financial year ended March 31, 2015. As on March 31, 2015, the open contracts on the exchange were to the tune of USD 5,023 thousand (₹ 315,608 thousand) for April 2015 expiry.

18.5.5.5 Disclosures on risk exposure in derivatives

As per RBI Master circular DBR.BP.BC.No.23/21.04.018/2015-16 dated July 1, 2015, 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 there of.
- 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), Sensitivity, Greeks, Stop loss & credit limits for derivative transactions including a robust suitability and appropriateness framework. The Bank has an elaborate internal reporting mechanism providing regular reports to the RMC as well as Top management of the Bank. Such a structure helps the Bank to monitor and mitigate market risk across FX, interest rates as well as credit risk, operational risk, reputational risk and legal risk.
- d) The Bank has an independent Middle Office and Market Risk, which are 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 underlying exposure, the risk management objective for undertaking the hedge and ALCO monitors all outstanding hedges on a periodical basis. Further the Bank's 'Hedging Policy' has stipulated conditions to ensure that the Hedges entered into are effective.
- h) Refer Note 18.4.6 for accounting policy on derivatives.

Schedules

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i) The details of derivative transactions as at March 31, 2016 and March 31, 2015 are given below:

(₹ in thousands)

Sr. No	Particular	Currency derivatives ¹		Interest rate derivatives ⁴	
		Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
i)	Derivatives (Notional Principal Amount)				
a)	For hedging	35,544,940	18,210,284	11,750,000	12,750,000
b)	For trading	333,976,565	169,247,944	610,452,393	627,525,793
ii)	Marked to market positions²				
a)	Asset (+)	5,944,725	5,023,653	3,782,903	2,614,472
b)	Liability (-)	6,068,682	3,653,494	3,285,335	2,077,776
iii)	Credit exposure³	27,211,882	17,054,720	10,442,749	8,308,671
iv)	Likely impact of one percentage change in interest rate (100*PV01) (Refer Note 1&2 below)				
a)	on hedging derivatives	659,914	401,060	113,905	212,576
b)	on trading derivatives	353,860	419,815	1,284,253	1,985,404
v)	Maximum and minimum of 100*PV01 observed during the year (Refer Note 1&2 below)				
a)	on hedging				
	Maximum	731,382	427,708	212,473	219,456
	Minimum	395,040	251,089	113,341	57,814
b)	on trading				
	Maximum	824,210	639,125	1,949,175	2,192,434
	Minimum	325,763	417,384	1,099,754	1,500,471

¹ Currency derivatives includes options purchased and sold, cross currency interest rate swaps and currency futures.

² Trading portfolio including accrued interest.

³ Mark to Market for credit exposure includes accrued interest.

⁴ Interest rate derivatives include Interest Rate Swaps, forward rate agreements and exchange traded interest rate derivatives.

Note:

- 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.
- 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.
- The notional principal amount of foreign exchange contracts classified as trading at March 31, 2016 amounted to ₹ 1,752,326,722 thousands (previous year: ₹ 2,059,206,311 thousands). For these trading contracts, at March 31, 2016, marked to market position was asset of ₹ 18,477,515 thousands (Previous year: ₹ 15,954,788 thousands) and liability of ₹ 18,406,339 thousands (Previous Year: ₹ 15,293,653 thousands). The notional principal amount of foreign exchange contracts classified as hedging at March 31, 2016 amounted to ₹ 13,583,119 thousands (previous year: ₹ 56,889,316 thousands). Credit exposure on forward exchange contracts at March 31, 2016 was ₹ 54,081,824 thousands (Previous Year: ₹ 53,941,012 thousands) of which exposure on CCIL is ₹ 33,307,681 thousands.

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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, 2016 and the year ended March 31, 2015 are given below :

No. Particulars	₹ in thousands)	
	March 31, 2016	March 31, 2015
(i) Net NPA to Net Advances	0.29%	0.12%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	3,134,009	1,749,256
(b) Additions (Fresh NPAs during the year)	9,111,080	3,874,583
Subtotal (A)	12,245,089	5,623,839
Less:		
(i) Up-gradations	288,951	722,235
(ii) Recoveries	1,883,280	1,237,792
(iii) Write-offs	2,583,044	529,803
Sub-total (B)	4,755,275	2,489,830
Gross NPAs (closing balance) (A-B)	7,489,814	3,134,009
(iii) Movement of Net NPAs		
(a) Opening Balance	877,247	260,675
(b) Additions during the year	3,452,789	1,979,927
(c) Reductions during the year	1,485,291	1,363,355
(d) Closing balance	2,844,745	877,247
(iv) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening balance	2,256,762	1,488,581
(b) Additions during the year	5,658,291	1,894,656
(c) write off / write back of excess provision	3,269,984	1,126,475
(d) Closing balance	4,645,069	2,256,762

The Bank does not have any advances which are outstanding in the books of the branches, but have been written-off (fully or partially) at Head Office level.

18.5.6.2 Non-Performing Investments

Particulars	₹ in thousands)	
	March 31, 2016	March 31, 2015
Opening Balance	165,393	165,393
Additions during the year	495,888	-
Reductions during the year	430,673	-
Closing Balance	230,608	165,393
Total Provision Held	114,286	165,393

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18.5.6.3 Provision coverage Ratio

The provision coverage ratio of the Bank as at March 31, 2016 computed as per the RBI guidelines is 62.02% (previous year 72.01%)

18.5.6.4 Concentration of NPAs

Exposure (Funded + Non Funded) of the Bank to top four NPA is ₹ 5,682,750 thousands as at March 31, 2016 (previous year ₹ 1,151,171 thousands).

18.5.6.5 Sector-wise Advances and NPA

The details of Sector-wise Gross Advances and Gross NPAs as at March 31, 2016 and March 31, 2015 are given below:

Sector	As at March 31, 2016			As at March 31, 2015		
	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
Priority Sector						
Agriculture and Allied activities	108,187,231	2,115,502	1.96%	95,202,862	54,219	0.06%
Industry	40,749,817	368,737	0.90%	27,146,050	279,134	1.03%
Of which Gems & Jewellery	11,927,778	-		5,299,778	-	
Services	107,868,232	182,600	0.17%	48,555,884	247,549	0.51%
Of which Chemicals and Chemical Products (Dyes, Paints, etc.)	18,540,153	-		3,572,833	-	
Personal Loans	-	-		-	-	
Others	9,401,806	13,167	0.14%	18,863,425	14,184	0.08%
Sub-Total (A)	266,207,086	2,680,006	1.01%	189,768,221	595,086	0.31%
Non Priority Sector						
Agriculture and Allied activities	16,770,040	-		18,877,003	77,694	0.41%
Industry	281,638,421	518,574	0.18%	235,748,937	941,140	0.40%
Of which						
Electricity (generation-transportation and distribution)	64,360,775	-		59,275,677	-	
Services	400,745,042	4,191,389	1.05%	298,463,113	1,441,927	0.48%
Personal Loans	1,118,441	-		275,525	-	
Others	20,265,309	99,845	0.49%	14,622,125	78,162	0.53%
Sub-Total (B)	720,537,253	4,809,808	0.67%	567,986,703	2,538,923	0.45%
Total (A+B)	986,744,339	7,489,814	0.76%	757,754,924	3,134,009	0.41%

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18.5.6.6 Restructured Accounts

The details of accounts Restructured during the year ended March 31, 2016 are given below:

No.	Type of Restructuring	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/Sale/Recovery of restructured accounts during the FY			Restructured Accounts as on March 31 of the FY			Provision thereon as at March 31, 2016	
		Asset Classification	No. of borrowers	Amount outstanding as at March 31, 2015	Provision thereon	Amount outstanding	No. of borrowers	Provision thereon	Amount outstanding	No. of borrowers	Provision thereon	Amount outstanding	No. of borrowers	Provision thereon	Amount outstanding as at March 31, 2016	No. of borrowers		Amount outstanding as at March 31, 2016
1	CDR																	
	Standard		4	742,511	-	5,917	-	-	-	-	-	(106,035)	(219,695)	4	642,393	186,614		
	Substandard		2	252,733	-	-	-	-	-	-	(2)	(252,733)	(196,958)	-	-	-		
	Doubtful		2	58,010	-	-	-	-	-	-	(1)	(49,460)	(48,324)	1	8,550	8,550		
	Loss		-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	TOTAL		8	1,053,254	-	5,917	-	-	-	-	(3)	(408,227)	(464,975)	5	650,944	195,164		
2	Others																	
	Standard		8	3,306,712	-	2,987,772	4	285,134	(764,630)	(1)	(38,783)	(171,324)	10	5,491,071	496,709			
	Substandard		2	261,210	-	102,840	2	61,956	764,630	1	(1,025,840)	(333,850)	2	102,840	61,956			
	Doubtful		1	105,421	-	-	-	-	-	-	(1)	(105,421)	(105,421)	-	-	-		
	Loss		-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	TOTAL		11	3,673,343	-	3,090,612	6	347,090	-	-	(5)	(1,170,044)	(610,595)	12	5,593,912	558,665		
3	Grand Total																	
	Standard		12	4,049,223	-	2,993,689	4	285,134	(764,630)	(1)	(144,818)	(391,019)	14	6,133,464	683,323			
	Substandard		4	513,943	-	102,840	2	61,956	764,630	1	(1,278,573)	(530,808)	2	102,840	61,956			
	Doubtful		3	163,431	-	-	-	-	-	-	(2)	(154,880)	(153,744)	1	8,551	8,551		
	Loss		-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	TOTAL		19	4,726,597	-	3,096,530	6	347,090	-	-	(8)	(1,578,271)	(1,075,571)	17	6,244,855	753,830		

Notes:-

- There are no SME cases which have been restructured during the year ended March 31, 2016.
- There have been no upgradations of restructured advances during the year ended March 31, 2016.
- The outstanding amount and number of borrowers as at March 31, 2016 is after considering recoveries and sale of assets during the year.
- The above table pertains to advances and does not include investment in shares of netbook value of ₹ 386,264 thousands in the Amount Outstanding.
- The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
- Additional facilities availed by borrowers in existing restructured accounts are disclosed under 'Fresh restructuring during the year' and partial repayments in existing restructured accounts are disclosed under 'Write-offs/sale/recovery of restructured accounts', however, for the purpose of arithmetical accuracy, the number of existing borrowers availing additional facility or partial repayments have been ignored for presentation purpose.
- For the purpose of arithmetical accuracy as required by Para 3.4.2. (xii) of RBI circular No.DBR.BP.BC.No.23/21.04.018/2015-16 movement in provisions in the existing restructured account as compared to opening balance, is disclosed under column fresh restructuring (for increase in provision) and write-off/sale/recovery (for decrease in provision) during the year, and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

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The details of accounts Restructured during the year ended March 31, 2015 are given below:

No.	Type of Restructuring	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/Sale/Recovery of restructured accounts during the FY			Restructured Accounts as on March 31 of the FY		
		No. of borrowers	Amount outstanding as at March 31, 2014	Provision thereon at March 31, 2014	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding as at March 31, 2015	Provision thereon at March 31, 2015
1	CDR															
	Standard	6	94,2843	452,256	-	112,560	167,162	(2)	(252,733)	(196,958)	-	(60,159)	(16,151)	4	742,511	406,309
	Substandard	-	-	-	-	-	-	2	252,733	196,958	-	-	-	2	252,733	196,958
	Doubtful	2	77,215	74,970	-	-	-	-	(19,205)	(18,096)	-	(19,205)	(18,096)	2	58,010	56,874
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	8	1,020,058	527,226	-	112,560	167,162	-	-	-	-	(79,364)	(34,247)	8	1,053,254	660,141
2	Others															
	Standard	1	64,108	19,459	9	3,512,340	701,984	(2)	(261,210)	(156,558)	-	(8,526)	(4,694)	8	3,306,712	560,191
	Substandard	1	28,318	28,050	-	-	-	2	261,210	156,558	(1)	(28,318)	(28,050)	2	261,210	156,558
	Doubtful	1	105,421	105,421	-	-	-	-	-	-	-	-	-	1	105,421	105,421
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	3	197,847	152,930	9	3,512,340	701,984	-	-	-	-	(36,844)	(32,744)	11	3,673,343	822,170
3	Grand Total															
	Standard	7	1,006,951	471,715	9	3,624,900	869,146	(4)	(513,943)	(353,516)	-	(68,685)	(20,845)	12	4,049,223	966,500
	Substandard	1	28,318	28,050	-	-	-	4	513,943	353,516	(1)	(28,318)	(28,050)	4	513,943	353,516
	Doubtful	3	182,636	180,391	-	-	-	-	(19,205)	(18,096)	-	(19,205)	(18,096)	3	163,431	162,295
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	11	1,217,905	680,156	9	3,624,900	869,146	-	-	-	-	(116,208)	(66,991)	19	4,726,597	1,482,311

Notes:-

- There are no SME cases which have been restructured during the year ended March 31, 2015.
- There have been no upgradations of restructured advances during the year ended March 31, 2015.
- The outstanding amount and number of borrowers as at March 31, 2015 is after considering recoveries and sale of assets during the year.
- The above table pertains to advances and does not include investment in shares of net book value of ₹ 544,255 thousands in the Amount Outstanding.
- The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
- Additional facilities availed by borrowers in existing restructured accounts are disclosed under 'Fresh restructuring during the year' and partial repayments in existing restructured accounts are disclosed under 'Write-offs/sale/recovery of restructured accounts'. However, for the purpose of arithmetical accuracy the number of existing borrowers availing additional facility or partial repayments have been ignored.
- For the purpose of arithmetical accuracy as required by Para 3.4.2. (xii) of RBI circular no DBOD.BP.BC.No.8/21.04.018/2014-15 movement in provisions in the existing restructured account as compared to opening balance is disclosed under column fresh restructuring (for increase in provision) and write-off/sale/recovery (for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

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18.5.7 Financial assets sold to Securitization/Reconstruction Company for Asset Reconstruction

- a) Details of Financial assets sold to Securitization/Reconstruction Company during the year ended March 31, 2016 are as follows-

Particulars	(₹ in thousands)	
	March 31, 2016	March 31, 2015
(i) No. of accounts	1	1
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	611,745	450,000
(iii) Aggregate consideration (includes Net Book Value of Security Receipts of ₹ 487,395 thousands (previous year ₹ 382,500 thousands)	829,000	450,000
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value*	217,255	-

*As per the extant RBI guidelines, the Bank has not recognized the gains in the financial statements and has recorded the Security Receipts at Net Book Value (NBV).

- b) Details of Investments held as Security Receipts received by sale of NPA to Securitization/Reconstruction Company as at March 31, 2016 and March 31, 2015 are as follows-

Particulars	(₹ in thousands)					
	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Net Book value of investments in security receipts	1,994,032	2,124,336	-	85,506	1,994,032	2,209,842

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, 2016 and March 31, 2015.

18.5.9 Provisions for Standard Assets

Provision on standard advances is ₹ 6,975,086 thousands and ₹ 6,593,528 thousands as at March 31, 2016 and March 31, 2015 respectively.

18.5.10 Business ratios

Particulars	As at March 31, 2016	As at March 31, 2015
i) Interest income as a percentage to working funds ¹	9.47%	9.90%
ii) Non interest income as a percentage to working funds ¹	1.90%	1.75%
iii) Operating profit as a percentage to working funds ¹	3.01%	2.78%
iv) Return on assets ¹	1.78%	1.71%
v) Business (deposits + net advances) per employee (₹ '000) ²	173,291	168,600
vi) Profit per employee (₹ '000) ²	2,096	2,096

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.

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18.5.11 Asset Liability Management

In compiling the information of maturity pattern 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.

Specified assets and liabilities as at March 31, 2016

(₹ in thousands)				
Maturity Buckets	Loans & Advances	Investment Securities	Deposits	Borrowings
1 day	10,536,724	567,353	8,648,468	-
2 days to 7 days	8,435,355	141,627	64,436,761	18,002,203
8 days to 14 days	7,786,676	2,146,421	28,201,892	-
15 days to 28 days	22,989,488	3,516,855	45,594,841	5,097,116
29 days to 3 months	113,971,511	97,249,566	123,752,635	26,173,519
Over 3 to 6 months	78,337,173	8,620,889	168,515,257	20,709,665
Over 6 to 12 months	127,515,352	14,184,660	269,921,275	31,422,663
Over 1 year to 3 years	352,093,494	67,417,936	97,372,324	67,810,300
Over 3 years to 5 years	127,014,432	50,185,847	300,179,580	27,680,429
Over 5 years	133,419,065	244,353,502	10,572,298	119,693,874
TOTAL	982,099,270	488,384,656	1,117,195,331	316,589,769

Specified assets and liabilities as at March 31, 2015

(₹ in thousands)				
Maturity Buckets	Loans & Advances	Investment Securities	Deposits	Borrowings
1 day	2,784,816	-	6,645,029	-
2 days to 7 days	9,829,279	599,861	39,446,315	450,000
8 days to 14 days	13,797,704	1,038,786	35,031,009	24,000,000
15 days to 28 days	16,237,554	7,558,301	45,117,804	1,300,000
29 days to 3 months	86,841,427	45,918,105	116,998,133	23,346,091
Over 3 to 6 months	81,114,305	21,353,112	136,151,083	31,547,560
Over 6 to 12 months	98,254,205	11,957,123	239,439,440	15,267,749
Over 1 year to 3 years	262,003,613	63,363,745	89,005,034	58,521,845
Over 3 years to 5 years	92,125,563	44,478,240	195,398,854	20,212,768
Over 5 years	92,509,696	236,017,656	8,525,781	87,558,000
TOTAL	755,498,162	432,284,929	911,758,482	262,204,013

Foreign currency denominated assets and liabilities as at March 31, 2016 and as at March 31, 2015:

(₹ in thousands)				
Maturity Buckets	As at 31-Mar-2016		As at 31-Mar-2015	
	Assets	Liabilities	Assets	Liabilities
1 day	17,865,462	1,596,482	9,303,722	4,106
2 days to 7 days	3,383,967	399,789	5,929,492	49,525
8 days to 14 days	1,388,337	362,367	1,643,121	125,424
15 days to 28 days	2,066,037	5,701,829	1,222,448	358,855
29 days to 3 months	15,476,662	17,368,278	10,973,112	8,346,135
Over 3 to 6 months	7,302,243	5,653,163	7,836,788	22,167,788

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Foreign currency denominated assets and liabilities as at March 31, 2016 and as at March 31, 2015: (Contd.)

Maturity Buckets	As at 31-Mar-2016		As at 31-Mar-2015	
	Assets	Liabilities	Assets	Liabilities
	(₹ in thousands)	(₹ in thousands)	(₹ in thousands)	(₹ in thousands)
Over 6 to 12 months	6,261,884	19,898,800	4,445,473	28,780,173
Over 1 year to 3 years	14,680,888	59,917,218	3,799,502	34,681,643
Over 3 years to 5 years	3,752,986	18,927,135	2,656,554	11,061,542
Over 5 years	11,268,808	23,551,641	1,036,285	26,340,752
TOTAL	83,447,274	153,376,702	48,846,497	131,915,943

18.5.12 Exposures

The Bank has lending to sectors, which are sensitive to asset price fluctuations. Such sectors include capital market and real estate.

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, 2016	As at March 31, 2015
i)	Direct exposure		
	Residential Mortgages	10,951,773	6,789,379
	Commercial Real Estate*	132,352,001	98,551,951
	Of total Commercial real estate - exposure to residential real estate projects	112,461,101	83,735,093
	Of total Commercial Real Estate outstanding as advances	100,251,713	65,036,080
	Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
	- Residential	1,538,022	1,909,842
	- Commercial Real Estate	-	-
ii)	Indirect exposure		
	Fund based and non fund based exposures on National Housing Board and Housing Finance Companies	18,703,479	21,217,324
	TOTAL	163,545,275	128,468,496

*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, 2016	As at March 31, 2015
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;	134,407	1
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;	190,402	82,691

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The exposure representing the higher of funded and non-funded limits sanctioned or outstanding to capital market sector is given in the table below: (Contd.)

		(₹ in thousands)	
Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
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;	3,841,534	4,971,817
v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers*;	7,149,498	6,049,137
vi)	loans sanctioned to corporate 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;	2,500,000	2,344,822
vii)	financing for acquisition of equity in overseas companies	2,613,770	-
viii)	bridge loans to companies against expected equity flows / issues;	-	-
ix)	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;	-	-
x)	financing to stockbrokers for margin trading	-	-
xi)	all exposures to Venture Capital Funds (both registered and unregistered)	225,895	225,895
Total Exposure to Capital Market		16,655,506	13,674,363

Capital market exposure is reported in line with Para 2.3 of RBI's Master Circular on Exposure Norms dated July 1, 2015 (DBR.No.Dir.BC.12/13.03.00/2015-16).

* Out of the above ₹ 2,000,000 thousands is exposure to YES Securities (India) Ltd, which is a subsidiary of the Bank.

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, 2016 and March 31, 2015, 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, 2016	Provision held as at March 31, 2016	Exposure (net) as at March 31, 2015	Provision held as at March 31, 2015
Insignificant	76,163,361	-	52,098,830	-
Low	10,586,183	-	2,767,216	-
Moderately Low	2,548,287	-	116,957	-
Moderate	-	-	-	-
Moderate High	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
TOTAL	89,297,831	-	54,983,003	-

18.5.12.4 Details of Single Borrower Limit (SBL) and Group Borrower Limit (GBL)

During the year ended March 31, 2016 and March 31, 2015, 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,

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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, 2016 and March 31, 2015, the Bank has not exceeded regulatory single borrower or group borrower exposure limit.

18.6 Miscellaneous

18.6.1 Income Taxes

Provisions made for Income Tax during the year:

	(₹ in thousands)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Current income tax expense	13,487,583	10,108,565
Deferred income tax benefit	(1,220,072)	(1,061,100)
TOTAL	12,267,511	9,047,465

18.6.2 Disclosure of penalties imposed by RBI

During the financial year ended March 31, 2016, there were no penalties imposed on the Bank.

For the financial year ended March 31, 2015 RBI had imposed penalty of ₹ 1000 thousand for non compliance with the RBI guidelines pertaining to discipline in current account opening and quarterly exchange of information amongst banks under Multiple / Consortium banking and ₹ 10 thousand on account of deficiencies in services in providing facility for adjudication and exchange of mutilated notes.

18.6.3 Fees/ Remuneration received from bancassurance

Bank has earned ₹ 564,960 thousands from bancassurance business during year ended March 31, 2016 (previous year: ₹ 357,876 thousands).

18.6.4 Concentration of Deposits

As at March 31, 2016, the deposits of top 20 depositors aggregated to ₹ 131,000,940 thousands (previous year: ₹ 120,505,557 thousands) (excluding certificate of deposits, which are tradable instruments), representing 11.73% (previous year: 13.22%) of the total deposit base.

18.6.5 Concentration of Advances

As at March 31, 2016 the top 20 advances aggregated to ₹ 276,325,913 thousands (previous year ₹ 234,026,685 thousands), representing 13.79% (previous year 14.24%) of the total advances. For this purpose, advance is computed

as per definition of Credit Exposure in RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

18.6.6 Concentration of Exposures

As at March 31, 2016 the top 20 exposures aggregated to ₹ 287,740,912 thousands (previous year ₹ 261,110,589 thousands), representing 13.24% (previous year 14.35%) of the total exposures. Exposure is computed as per definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

18.6.7 Overseas Assets, NPAs and Revenue

For the year ended March 31, 2016 and March 31, 2015, 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, 2016 and March 31, 2015. The Bank has commenced its operation, pursuant to RBI approval, in International Finance Service Center (IFSC) Banking Unit in Gujarat International Finance Tec City (GIFT) and the business transaction from the same is considered as a part of Indian Operations.

18.6.8 Sponsored SPVs

The Bank has not sponsored any SPV and hence there is no consolidation due to SPVs 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 recognized in the Bank's financial statements as of March 31, 2016 and March 31, 2015:

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Changes in present value of Obligations:

	As at March 31, 2016	(₹ in thousands) As at March 31, 2015
Present Value of Obligation at the beginning of the year	461,666	315,654
Interest Cost	34,799	27,439
Current Service Cost	146,760	152,774
Past Service Cost	-	-
Benefits Paid	(41,221)	(16,784)
Actuarial (gain)/loss on Obligation	4,849	(17,417)
Present Value of Obligation at the end of the year	606,853	461,666

Changes in the fair value of planned assets:

	For the year ended March 31, 2016	(₹ in thousands) For the year ended March 31, 2015
Fair value of plan assets at the beginning of the year	353,949	168,394
Adjustment to Opening Balance	-	1,557
Expected return on plan assets	31,033	23,269
Contributions	220,000	180,000
Benefits paid	(41,221)	(16,784)
Actuarial gain/(loss) on planned assets	(14,245)	(2,487)
Fair value of planned assets at the end of the period	549,516	353,949

The Bank has entire contribution of Gratuity Fund as Investments with Insurance Companies.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Net gratuity cost for the year ended March 31, 2016 and March 31, 2015 comprises the following components:

	For the year ended March 31, 2016	(₹ in thousands) For the year ended March 31, 2015
Current Service Cost	146,760	152,774
Interest Cost	34,799	27,439
Expected Return on plan assets	(31,034)	(23,269)
Net Actuarial (gain)/loss recognized in the year	19,094	(14,931)
Past Service Cost	-	-
Expenses recognized	169,619	142,013

Experience History:

	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	(₹ in thousands) For the year ended March 31, 2013
(Gain)/Loss on obligation due to change in assumption	14,105	33,714	(62,747)	11,805
Experience (Gain)/Loss on obligation	(9,256)	(51,130)	5,335	(31,406)
Actuarial Gain/(Loss) on planned assets	(14,245)	(2,487)	(5,696)	(2,403)

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The assumptions used in accounting for the gratuity plan are set out below:

	For the year ended March 31, 2016	For the year ended March 31, 2015
Discount Rate	7.58%	7.89%
Expected Return on Plan Assets	7.00%	9.25%
Mortality	IALM (2006-08) Ult	IALM (2006-08) Ult
Future Salary Increases	12.00%	12.00%
Disability	-	-
Attrition	13%-25%	13% - 25%
Retirement	60 yrs	60 yrs

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

Position of plan asset / liability

	For the year ended March 31, 2016	(₹ in thousands) For the year ended March 31, 2015
Present Value of Obligation at the end of the year	606,853	461,666
Fair value of planned assets at the end of the period	549,516	353,949
Plan asset / (liability)	(57,337)	(107,717)

The Bank is yet to determine future contribution to Gratuity fund for Financial Year 2016-17

18.7.2 Segment Results

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 mobilization 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.

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Segmental results for the year ended March 31, 2016 are set out below:

	(₹ in thousands)				
Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	35,755,784	108,541,408	11,231,708	917,172	156,446,072
Less: Inter-segment					6,008,791
Revenue net of inter- segment					162,454,863
Result	24,488,970	33,199,710	(1,688,937)	562,020	56,561,763
Unallocated Expenses					(18,899,784)
Operating Profit					37,661,979
Income Taxes					12,267,510
Extra-ordinary Profit/(Loss)					-
Net Profit					25,394,469
Other Information:					
Segment assets	633,683,207	898,483,675	106,443,120	96,697	1,638,706,699
Unallocated assets					13,927,419
Total assets					1,652,634,118
Segment liabilities	253,028,496	702,728,835	417,132,052	1,282,999	1,374,172,382
Unallocated liabilities					278,461,736
Total liabilities					1,652,634,118

Segmental results for the year ended March 31, 2015 are set out below:

	(₹ in thousands)				
Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	32,602,890	89,844,659	8,653,440	682,329	131,783,318
Less: Inter-segment					4,402,816
Revenue net of inter- segment					136,186,134
Result	20,772,106	24,619,566	(1,632,334)	419,504	44,178,842
Unallocated Expenses					(15,077,763)
Operating Profit					29,101,079
Income Taxes					9,047,465
Extra-ordinary Profit/(Loss)					-
Net Profit					20,053,614
Other Information:					
Segment assets	576,465,331	680,594,770	94,275,662	48,064	1,351,383,827
Unallocated assets					10,320,271
Total assets					1,361,704,098
Segment liabilities	243,849,230	622,010,061	292,956,866	3,408,113	1,162,224,270
Unallocated liabilities					199,479,828
Total liabilities					1,361,704,098

Notes for segment reporting:

- The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.
- In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.
- 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.
- 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'.
- Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

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18.7.3 Related Party Disclosures

The Bank has transactions with its related parties comprising of subsidiary, key management personnel and the relative of key management personnel

As per AS 18 'Related Party Disclosures', notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, the Bank's related parties for the year ended March 31, 2016 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, 2016:

(₹ in thousands)

Items / Related Party Category	Subsidiaries	Maximum Balance during the year	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	166,315*	275,715	#	#	5,414*	11,136
Investment	500,000*	500,000				
Interest paid	13,284		#		354	
Reimbursement of Cost incurred	5,313		#			
Receiving of services	58,664		#			
Dividend paid			#			

* Represents outstanding as of March 31, 2016

In FY 2015-16 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'.

As per AS 18 'Related Party Disclosures', the Bank's related parties for the year ended March 31, 2015 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

Schedules forming part of financial statements

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, 2015:

(₹ in thousands)						
Items / Related Party Category	Subsidiaries	Maximum Balance during the year	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	171,940*	191,937	#	#	7,558*	64,132
Investment	350,000*	350,000				
Interest paid	7,926		#		2,340	
Reimbursement of Cost incurred	789		#		-	
Receiving of services	22,041		#			
Dividend paid	-		#		-	

* Represents outstanding as of March 31, 2015

In FY 2014-15 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'.

18.7.4 Operating Leases

Lease payments recognized in the profit and loss account for the year ended March 31, 2016 was ₹ 2,481,521 thousands (Previous year: ₹ 2,206,079 thousands).

As at March 31, 2016 and March 31, 2015 the Bank had certain non-cancellable outsourcing contracts for information technology assets and branches on rent. The future minimum lease obligations against the same were as follows:

(₹ in thousands)		
Particulars	As at March 31, 2016	As at March 31, 2015
Not later than one year	3,198,825	1,983,714
Later than one year and not later than five years	14,961,278	6,713,532
Later than five years	4,571,071	5,427,271
TOTAL	22,731,174	14,124,517

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.

18.7.5 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.

Schedules forming part of financial statements

The computation of earnings per share is given below:

Particulars	(₹ in thousands)	
	As at March 31, 2016	As at March 31, 2015
Basic (annualized)		
Weighted average no. of equity shares outstanding	418,916,568	406,424,796
Net profit / (loss) (₹ '000)	25,394,466	20,053,614
Basic earnings per share (₹)	60.62	49.34
Diluted (annualized)		
Weighted average no. of equity shares outstanding	428,171,182	417,699,861
Net profit / (loss) (₹ '000)	25,394,466	20,053,614
Diluted earnings per share (₹)	59.31	48.01
Nominal value per share (₹)	10.00	10.00

The difference between weighted average number of equity shares outstanding between basic and diluted in the above mentioned disclosure is on account of outstanding ESOPs.

18.7.6 ESOP disclosures

Statutory Disclosures Regarding Joining Stock Option Scheme:

The Bank has Five Employee Stock Option Schemes viz.

- 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)
- YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/ PESOP II/PESOP II -2010).

The schemes include provisions for grant of options to eligible employees of the Bank and its subsidiaries/affiliates. 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. All these schemes are administered by the Board Remuneration Committee.

JESOP II and JESOP III were in force for employees joining the Bank up to March 31, 2006 and March 31, 2007 respectively.

YBL JESOP V is in force for employees joining the Bank from time to time. Under JESOP V, 50% options vest takes place at the end of three years and remaining 50% at the end of five years from the date of Grant.

PESOP I, PESOP II and PESOP II - 2010 are Performance Stock Option Plans. Under PESOP I, 25% of the options granted would vest at the end of each year from the date of grant. Under 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. 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 40% vest at the end of the fifth year.

Further, grants under PESOP II had been discontinued with effect from January 20, 2010.

Options under all the aforesaid 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.

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A summary of the status of the Bank's stock option plans as on March 31, 2016 and March 31, 2015 is set out below:

Particulars	As at March 31, 2016		As at March 31, 2015	
	PESOP	JESOP	PESOP	JESOP
Options outstanding at the beginning of the year	14,449,500	4,530,288	14,538,600	5,931,438
Granted during the year	2,378,350	1,427,250	2,306,000	575,900
Exercised during the year	1,812,580	982,963	1,969,700	1,640,500
Forfeited / lapsed during the year	278,250	385,575	425,400	336,550
Options outstanding at the end of the year	14,737,020	4,589,000	14,449,500	4,530,288
Options exercisable	3,990,320	990,825	2,850,350	956,288
Weighted average exercise price (₹)	276.49	242.49	228.11	218.79
Weighted average remaining contractual life of outstanding option (yrs)	2.10	2.07	2.07	1.74

The Bank has charged Nil, being the intrinsic value of the stock options granted for the year ended March 31, 2016 and March 31, 2015. 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 ₹ 414,226 thousands (Previous year: ₹ 353,234 thousands), the basic earnings per share would have been ₹ 59.63 (Previous year: ₹ 48.47) per share instead of ₹ 60.62 (Previous year: ₹ 49.34) per share; and diluted earnings per share would have been ₹ 58.34 (Previous year: ₹ 47.16) per share instead of ₹ 59.31 (Previous year: ₹ 48.01) per share.

The following assumptions have been made for computation of the fair value of ESOP granted for the year ended March 31, 2016 and March 31, 2015.

Particulars	For the year March 31, 2016	For the year March 31, 2015
Risk free interest rate	7.38%-9.23%	8.10%-9.23%
Expected life	1.5 yrs - 7.5 yrs	1.5 yrs - 7.5 yrs
Expected volatility	25.01%-57.52%	31.06%-48.72%
Expected dividends	1.50%	1.50%

In computing the above information, certain estimates and assumptions have been made by the Management.

18.7.7 Deferred Taxation

The deferred tax asset of ₹ 4,774,497 thousands as at March 31, 2016 and ₹ 3,554,425 thousands as at March 31, 2015, 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:

Particulars	(₹ in thousands)	
	As at March 31, 2016	As at March 31, 2015
Deferred tax asset		
Depreciation	222,949	233,379
Provision for gratuity and unutilized leave	128,148	115,686
Provision for Non Performing Assets	640,485	6,714
Amortization of premium on HTM securities	581,356	438,785
Provision for standard advances	2,348,880	2,177,244
Other Provisions	852,679	582,617
Deferred tax asset	4,774,497	3,554,425

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18.7.8 Provisions and Contingencies

The breakup of provisions of the Bank for the year ended March 31, 2016 and March 31, 2015 are given below:

Particulars	(₹ in thousands)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Provision for taxation	12,267,511	9,047,465
Provision for investments	25,337	(584,289)
Provision for standard advances	381,558	2,440,324
Provision made/write off for non performing advances	4,979,020	1,300,099
Others Provisions*	(22,908)	238,650
TOTAL	17,630,518	12,442,249

* Other Provisions includes provision made against other assets and provision for sacrifice of interest on Restructured Assets.

18.8 Other Disclosures

18.8.1 Disclosure on Remuneration

a. **Information relating to the composition and mandate of the Nomination & Remuneration Committee -**

The Board of Directors of the Bank through its Nomination and Remuneration Committee (N&RC) 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 & CEO.

Composition of the Nomination & Remuneration Committee (N&RC) of the Bank as on March 31, 2016 is as follows:

- Mr. Brahm Dutt, Independent Director (Chairman)
- Ms. Radha Singh, Non-Executive Chairperson
- Mr. Mukesh Sabharwal, Independent Director

The roles and responsibilities of the Nomination and Remuneration Committee (N&RC) are as under-

- To review the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval;

- To examine the qualification, knowledge, skill sets and experience of each director vis-a-vis the Bank's requirements and their effectiveness to the Board on a yearly basis and accordingly recommend to the Board for the induction of new Directors;
- To review the composition of the existing Committees of the Board and to examine annually whether there is any need to have a special committee of directors to meet the business requirements of the Bank and accordingly recommend to the Board for formation of a special committee;
- To scrutinize nominations for Independent/ Non Executive Directors with reference to their qualifications and experience and making recommendations to the Board for appointment/ filling of vacancies;
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- To formulate criteria for evaluation of performance of independent directors and the board of directors;
- To carry out evaluation of every director's performance;

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- To determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
 - To validate 'fit and proper' status of all Directors on the Board of the Bank in terms of the Guidelines issued by the RBI or other regulatory authorities;
 - To develop and recommend to the Board Corporate Governance guidelines applicable to the Bank for incorporating best practices;
 - To implement policies and processes relating to Corporate Governance principles;
 - To formulate the criteria for determining qualifications, positive attributes and independence of a director;
 - To devise a Policy on Board diversity;
 - To recommend to the Board a policy relating to, the remuneration for the directors, key managerial personnel and other employees;
 - 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 ensure the following while formulating the policy on the aforesaid matters;
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the Bank successfully;
 - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long- term performance objectives appropriate to the working of the Bank and its goals;
 - To formulate and determine the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/achievement bonus, perquisites, retinals, sitting fee, etc.;
 - To consider grant of Stock Options to employees including employees of subsidiaries and administer and supervise the Employee Stock Option Plans;
 - To function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 and is authorized to allot shares pursuant to exercise of Stock Options by employees;
- To perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws as may be 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 Nomination and Remuneration Committee on January 7, 2013. The remuneration of MD&CEO/ Wholtime 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 N&RC before obtaining Regulatory approvals.
- The compensation philosophy of the Bank is aligned to the organizational values aimed at encouraging Professional Entrepreneurship and reinforcing a strong culture promoting meritocracy, performance, potential and prudent risk taking.

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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 endeavors 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 Nomination and Remuneration Committee (N&RC) 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 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 FY 2015-16 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

Schedules forming part of financial statements

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 utilizes 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:

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 4 meetings of the Nomination & Remuneration Committee held during the year

Schedules forming part of financial statements

ended March 31, 2016. The Bank had paid a remuneration of ₹ 600 thousands to the members of the remuneration committee.

			(₹ in thousands)	
	No of employees	For the year ended March 31, 2016	No of employees	For the year ended March 31, 2015
A. (i) Number of employees having received a variable remuneration award during the financial year. (refer Note 1)	5	105,328	5	94,507
(ii) Number and total amount of sign-on awards made during the financial year.	-	-	-	-
(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)	4	80,433	4	55,583
c. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred				
Total remuneration award	5	314,438	5	285,598
Of which Fixed Component	5	209,110	5	191,091
Of which Variable Component	5	105,328	5	94,507
Deferred	2	35,000	2	30,450
Paid	5	70,328	5	64,057
d. (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.(refer Note 1)	4	80,433	4	55,583
(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:

- Amounts disclosed represents variable pay paid during the year ended March 31, 2016 and March 31, 2015 is for services rendered by the risk takers during the year March 31, 2015 and March 31 2014 respectively, since the bonus pool for the year ended March 31, 2016 has not yet been allocated and accordingly, the deferred component for the risk takers is yet to be determined.
- 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.
- For the Financial Year ended March 31, 2016, 285,000 esops were issued to 4 risk takers (previous year 400,000 esops to 3 risktakers)

18.8.2 Movement in Floating Provisions

The Bank has not created or utilized any floating provisions during the financial year ended March 31, 2016 and financial year ended March 31, 2015. The floating provision as at March 31, 2016 was ₹ Nil (Previous year: ₹ Nil).

18.8.3 Drawdown on Reserves

During the financial year ended March 31, 2016, the Bank has not drawn down any reserve. (Previous year: ₹ Nil).

Schedules forming part of financial statements

18.8.4 Liquidity Coverage Ratio (LCR)

Below mentioned is a position of Liquidity Coverage Ratio computed based on simple average of month end position during the year ended March 31, 2016 and quarter ended March 31, 2015.

(₹ in thousands)

	Average of month end position during the year ended March 31, 2016		Average of month end position during the quarter ended March 31, 2015	
	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
High Quality Liquid Assets				
1 Total High Quality Liquid Assets (HQLA)		219,058,788		194,171,468
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	295,424,343	27,657,074	318,428,969	30,259,343
(i) Stable deposits	37,707,213	1,885,361	31,671,077	1,583,554
(ii) Less stable deposits	257,717,131	25,771,713	286,757,892	28,675,789
3 Unsecured wholesale funding, of which:	484,322,579	230,048,007	404,755,769	190,639,504
(i) Operational deposits (all counterparties)	-	-	91,392,797	22,848,199
(ii) Non-operational deposits (all counterparties)	484,322,579	230,048,007	313,362,972	167,791,305
(iii) Unsecured debt	-	-	-	-
4 Secured wholesale funding		-		-
5 Additional requirements, of which	9,491,395	6,007,721	1,347,720	134,772
(i) Outflows related to derivative exposures and other collateral requirements	5,620,646	5,620,646	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	3,870,749	387,075	1,347,720	134,772
6 Other contractual funding obligations	22,709,989	22,709,989	38,816,559	38,816,559
7 Other contingent funding obligations	790,622,483	37,850,140	673,134,595	33,656,730
8 Total Cash Outflows		324,272,930		293,506,908
Cash Inflows				
9 Secured lending (e.g. reverse repos)	-	-	-	-
10 Inflows from fully performing exposures	38,290,521	14,433,634	52,124,755	24,294,616
11 Other cash inflows	30,374,892	29,541,558	38,088,530	27,340,257
12 Total Cash Inflows	68,665,412	43,975,192	90,213,285	51,634,873
21 TOTAL HQLA		219,058,788		194,171,468
22 Total Net Cash Outflows		280,297,738		241,872,035
23 Liquidity Coverage Ratio (%)		78.2%		80.3%

Schedules forming part of financial statements

Liquidity Coverage Ratio (LCR):

The Bank measures and monitors the LCR in line with the Reserve Bank of India's circular dated June 09, 2014 on "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards" as amended for "Prudential Guidelines on Capital Adequacy and Liquidity Standards" dated March 31, 2015. The LCR guidelines aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Banks are required to maintain High Quality Liquid Assets of a minimum of 100% of its Net Cash Outflows by January 1, 2019. However, with a view to provide transition time, the guidelines mandate a minimum requirement of 60% w.e.f. January 01, 2015 and a step up of 10% every year to reach the minimum requirement of 100% by January 01, 2019. The adequacy in the LCR maintenance is an outcome of a conscious strategy of the Bank towards complying with LCR mandate ahead of the stipulated timelines. The maintenance of LCR, both on end of period and on a average basis, has been on account of multiple factors viz. increase in excess SLR, existing eligibility in Corporate Bond Investments, increase in Retail deposits and increase in non callable deposits.

The Bank has not been maintaining HQLA in FCY given the lack of regulatory options as well as limited callable FCY liabilities. Further the Bank has a very limited exposure to liquidity on account of its Derivatives portfolio. Further, the Bank believes that all inflows and outflows which might have a material impact under the liquidity stress scenario have been considered for the purpose of LCR.

Board of Directors of the Bank has empowered ALCO (Top Management Executive Committee) to monitor and strategize the Balance Sheet profile of the Bank. In line with the business strategy, ALCO forms an Interest Rate/ Liquidity view for the bank with the help of the economic analysis provided by the in-house economic research team

of the bank. ALCO of the Bank channelizes various business segments of the Bank to target good quality asset and liability profile to meet the Bank's profitability as well as Liquidity requirements with the help of robust MIS and Risk Limit architecture of the Bank.

Funding strategies are formulated by the Balance sheet management group (BSMG) in accordance with the ALCO guidance. The objective of the funding strategy is to achieve an optimal funding mix which is consistent with prudent liquidity, diversity of sources and servicing costs. Accordingly, BSMG of the Bank estimates daily liquidity requirement of the various business segments and manages the same on consolidated basis. With the help of Structural and Daily Liquidity Statement prepared by the Bank, BSMG evaluates current and future liquidity requirement and takes necessary action.

The Bank has been maintaining HQLA primarily in the form of SLR investments over and above mandatory requirement; Corporate NCDs issued by non financial entities with rating AA- and above apart from regulatory dispensation allowed upto 7% of NDTL (additional 3% effective February 16) in the form of borrowing limit available through Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). SLR investments as well as Corporate Bond portfolio of the Bank considered for HQLA is also well diversified across various instruments and Liquid Asset Type Mix and should provide the Bank with adequate and timely liquidity. Average LCR for the quarter ended March 31, 2016 is 83.9%, which is comfortably above RBI prescribed minimum requirement of 70%.

LCR for the quarter end March 31, 2015 had been computed based on the guidelines applicable at that point in time. Subsequently there have been amendments in the RBI guidelines w.e.f April 2015. Hence, LCR computed based on 3 months average for March 15 is not comparable with those reported for the current financial year based on 12 months average. Further for the FY 2016, the Bank has considered nil Operation Deposit pending approval from RBI.

Schedules forming part of financial statements

18.8.5 Intra-Group Exposures

The Bank has a subsidiary "YES Securities (India) Ltd." and below mentioned are details of Intra-Group Exposure as of March 31, 2016 and March 31, 2015.

Particulars	(₹ in thousands)	
	As at March 31, 2016	As at March 31, 2015
Total amount of intra-group exposures	2,000,000	2,000,000
Total amount of top-20 intra-group exposures	2,000,000	2,000,000
Percentage of intra-group exposures to total exposure of the bank on borrowers / customers (%)	0.09	0.11

18.8.6 Transfers to Depositor Education and Awareness Fund (DEAF)

Particulars	(₹ in thousands)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening balance of the amount transferred to DEAF	-	-
Add: Amounts transferred to DEAF during the year	359	-
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	359	-

18.8.7 Unhedged Foreign Currency Exposure of Bank's Customer

The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency product portfolio and encouraging them to hedge the unhedged portion. In line with the policy, assessment of unhedged foreign currency exposure is a part of assessment of borrowers and is undertaken while proposing limits or at the review stage. Additionally, at the time of sanctioning limits for all clients, the Bank stipulates a limit on the unhedged foreign currency exposure of the client (as a % of total foreign currency exposure sanctioned by the Bank) after considering factors such as internal rating of the borrower, size, possibility of natural hedging, sophistication of borrower and maturity of borrower's financial systems, relative size of unhedged foreign currency exposure with respect to

total borrowings of the client, etc. Further, the Bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank also maintains incremental provision towards the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines.

The Bank has maintained provision of ₹ 586,868 thousands (previous year of ₹ 443,939 thousands) and additional capital of ₹ 2,485,686 thousands (previous year of ₹ 1,483,954 thousands) on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2016.

18.8.8 Provisioning pertaining to Fraud Accounts

The Bank has reported 35 cases of fraud in the Financial year ended March 31, 2016 amounting to ₹ 16,011 thousands. The Bank has expensed off/ provided for the expected loss arising from these frauds and does not have any unamortized provision.

Schedules forming part of financial statements

18.8.9 Disclosure of complaints

A. Customer Complaints

Particulars	(₹ in thousands)	
	Year ended March 31, 2016	Year ended March 31, 2015
i) No of Complaints pending at the beginning of the year	1,117	121
ii) No. of Complaints received during the year	38,745	18,302
iii) No. of Complaints redressed during the year	38,604	17,306
iv) No. of Complaints pending at the end of the year	1,258	1,117

B. Awards passed by the Banking Ombudsman

Particulars	(₹ in thousands)	
	Year ended March 31, 2016	Year ended March 31, 2015
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

18.8.10 Dues to Micro and Small Enterprises

Under the Micro and Small Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro and Small 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 the said Act, there have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

18.8.11 Securitization Transactions

The Bank has not done any securitization transactions during the year ended March 31, 2016 and March 31, 2015.

18.8.12 Letter of comfort

The Bank has not issued any letter of comfort during the year ended March 31, 2016 and March 31, 2015.

18.8.13 Software Capitalized under Fixed Assets

The Bank has capitalized software under Fixed Asset amounting to ₹ 484,105 thousands and ₹ 200,409 thousands during the financial year ended March 31, 2016 and March 31, 2015 respectively.

Particulars	(₹ in thousands)	
	As at March 31, 2016	As at March 31, 2015
At cost at March 31st of preceding year	1,182,728	982,319
Additions during the year	484,105	200,409
Deductions during the year	-	-
Depreciation to date	(1,082,595)	(818,854)
Net block	584,238	363,874

Schedules forming part of financial statements

18.8.14 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 and tax 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 recognized 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 favorable or unfavorable 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	<ul style="list-style-type: none"> - Value dated purchase of securities - Capital commitments - Amount deposited with RBI under Depositor Education Awareness Fund - Foreign Exchange Contracts (Tom & Spot)

Refer Schedule 12 for amounts relating to contingent liability

Schedules forming part of financial statements

18.8.15 Provision for Long Term contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

18.8.16 Prior period comparatives

Previous year'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

per **Viren H. Mehta**

Partner

Membership No: 048749

Mumbai

April 27, 2016

For and on behalf of the Board of Directors

YES BANK Limited

Rana Kapoor

Managing Director & CEO

(DIN:00320702)

Vasant V. Gujarathi

Director

(DIN: 06863505)

Radha Singh

Non Executive Chairperson

(DIN:02227854)

Rajat Monga

Chief Financial Officer

M R Srinivasan

Director

(DIN: 00056617)

Shivanand R. Shettigar

Company Secretary

Independent Auditor's Report

To

The Members of Yes Bank Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Yes Bank Limited (hereinafter referred to as "the Bank") and its subsidiary(ies) together, the "Group", comprising of the consolidated Balance Sheet as at 31 March 2016, the consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to the consolidated financial statements (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

2. The Bank's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the company included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into

account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Bank's preparation 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 the Bank's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (7) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

6. As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We/the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Profit and Loss Account, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Bank as on March 31, 2016 taken on record by the Board of Directors of the Bank and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Bank and its subsidiary companies, refer to our separate report in "Annexure 1" to this report; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 18.18 to the consolidated financial statements;
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18.20 to the consolidated financial statements in respect of such items as it relates to the Group; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank and its subsidiary.

Other Matter

7. The accompanying consolidated financial statements include total assets of ₹ 462,129 thousands as at March 31, 2016, and total revenues and net cash outflows of ₹ 244,510 thousands and ₹ 66,230 thousands for the year ended on that date, in respect of the subsidiary, which has been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of such other auditors.
8. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

per **Viren H. Mehta**

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 27 April 2016

Annexure 1 to the Independent

Auditor's Report of even date on the consolidated Financial Statements of Yes Bank Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Yes Bank Limited

In conjunction with our audit of the consolidated financial statements of Yes Bank Limited as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Yes Bank Limited (hereinafter referred to as the "Bank") and its subsidiary company, which is a company incorporated in India, as of that date (together, the "Group").

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Bank and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank and its subsidiary company, which is a company incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Bank, insofar as it relates to the subsidiary company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

per **Viren H. Mehta**

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 27 April 2016

Consolidated Balance Sheet

as at March 31, 2016

(₹ in thousands)			
	Schedule	As at March 31, 2016	As at March 31, 2015
CAPITAL AND LIABILITIES			
Capital	1	4,205,316	4,177,361
Reserves and surplus	2	133,418,492	112,477,858
Deposits	3	1,117,041,801	911,587,769
Borrowings	4	316,589,769	262,204,013
Other liabilities and provisions	5	81,170,843	70,982,741
TOTAL		1,652,426,221	1,361,429,742
ASSETS			
Cash and balances with Reserve Bank of India	6	57,761,643	52,406,527
Balances with banks and money at call and short notice	7	24,427,395	23,167,452
Investments	8	487,884,656	431,934,929
Advances	9	982,099,270	755,498,162
Fixed assets	10	4,745,752	3,218,219
Other assets	11	95,507,505	95,204,453
TOTAL		1,652,426,221	1,361,429,742
Contingent liabilities	12	3,312,391,973	3,372,992,517
Bills for collection		15,588,740	13,739,445
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

per **Viren H. Mehta**

Partner

Membership No: 048749

Rana Kapoor

Managing Director & CEO

(DIN:00320702)

Radha Singh

Non Executive Chairperson

(DIN:02227854)

M R Srinivasan

Director

(DIN: 00056617)

Mumbai

April 27, 2016

Vasant V. Gujarathi

Director

(DIN: 06863505)

Rajat Monga

Chief Financial Officer

Shivanand R. Shettigar

Company Secretary

Consolidated Profit and Loss account

for the year ended March 31, 2016

		(₹ in thousands)	
	Schedule	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
I. INCOME			
Interest earned	13	135,334,419	115,720,065
Other income	14	27,294,218	20,479,127
TOTAL		162,628,637	136,199,192
II. EXPENDITURE			
Interest expended	15	89,654,092	80,833,820
Operating expenses	16	30,050,340	22,948,548
Provisions and contingencies	17	17,627,318	12,442,597
TOTAL		137,331,750	116,224,965
III. PROFIT			
Net profit for the year		25,296,887	19,974,227
Profit brought forward		42,055,905	32,009,349
TOTAL		67,352,792	51,983,576
IV. APPROPRIATIONS			
Transfer to Capital Reserve		734,827	262,447
Transfer to Statutory Reserve		6,348,617	5,013,404
Transfer to Investment Reserve		-	124,099
Dividend paid for last year		2,740	2,253
Tax on Dividend paid for last year		468	383
Proposed Dividend		4,205,316	3,759,625
Tax (including surcharge & education cess) on Dividend		856,202	765,460
Balance carried over to balance sheet		55,204,622	42,055,905
TOTAL		67,352,792	51,983,576
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		
Earning per share (Refer Sch.18.12)			
Basic (₹)		60.39	49.15
Diluted (₹)		59.08	47.82
(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

per **Viren H. Mehta**

Partner

Membership No: 048749

Mumbai

April 27, 2016

For and on behalf of the Board of Directors

YES BANK Limited

Rana Kapoor

Managing Director & CEO

(DIN:00320702)

Vasant V. Gujarathi

Director

(DIN: 06863505)

Radha Singh

Non Executive Chairperson

(DIN:02227854)

Rajat Monga

Chief Financial Officer

M R Srinivasan

Director

(DIN: 00056617)

Shivanand R. Shettigar

Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2016

	(₹ in thousands)	
	Year ended March 31, 2016	Year ended March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxes	37,561,198	29,022,040
Adjustment for		
Depreciation for the year	1,118,449	863,410
Amortization of premium on investments	521,580	447,592
Provision for investments	25,337	(584,289)
Provision for standard advances	381,558	2,440,324
Provision/write off of non performing advances	4,979,020	1,300,099
Other provisions	(22,909)	238,650
Loss from sale of fixed assets	(944)	1,577
	44,563,289	33,729,403
Adjustments for :		
Increase / (Decrease) in Deposits	205,454,032	169,731,513
Increase/(Decrease) in Other Liabilities	10,638,028	4,786,991
(Increase)/Decrease in Investments	(18,915,997)	(12,922,909)
(Increase)/Decrease in Advances	(231,580,128)	(200,468,639)
(Increase)/Decrease in Other assets	(318,401)	(7,639,669)
	(34,722,466)	(46,512,713)
Payment of direct taxes	(13,597,052)	(10,386,886)
Net cash generated from operating activities (A)	(3,756,229)	(23,170,196)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,667,113)	(1,131,023)
Proceeds from sale of fixed assets	22,075	18,760
Investment in HTM	(37,580,647)	(34,799,997)
Net cash generated from investing activities (B)	(40,225,685)	(35,912,260)

(₹ in thousands)

	Year ended March 31, 2016	Year ended March 31, 2015
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Borrowings	54,385,756	49,061,151
Proceeds from issuance of Equity Shares	27,955	571,025
Share Premium received thereon	711,556	29,485,491
Dividend paid during the year	(3,762,365)	(2,887,322)
Tax on dividend	(765,928)	(490,700)
Net cash generated from financing activities (C)	50,596,974	75,739,645
Net increase in cash and cash equivalents (A+B+C)	6,615,060	16,657,189
Cash and cash equivalents as at April 1	75,573,979	58,916,790
Cash and cash equivalents as at March 31	82,189,038	75,573,979
Notes to the Cash flow statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India	57,761,643	52,406,527
Balances with Banks and Money at Call and Short Notice	24,427,395	23,167,452
Cash and cash equivalents as at March 31	82,189,038	75,573,979

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 Limitedper **Viren H. Mehta**

Partner

Membership No: 048749

Rana Kapoor

Managing Director & CEO

(DIN:00320702)

Radha Singh

Non Executive Chairperson

(DIN:02227854)

M R Srinivasan

Director

(DIN: 00056617)

Mumbai

April 27, 2016

Vasant V. Gujarathi

Director

(DIN: 06863505)

Rajat Monga

Chief Financial Officer

Shivanand R. Shettigar

Company Secretary

Schedules forming a part of consolidated financial statements

(₹ in thousands)

	As at March 31, 2016	As at March 31, 2015
SCHEDULE 1 - CAPITAL		
Authorised Capital		
600,000,000 equity shares of ₹ 10/- each	6,000,000	6,000,000
Issued, subscribed and paid-up capital		
420,531,641 equity shares of ₹ 10/- each	4,205,316	4,177,361
(March 31, 2015 : 417,736,098 equity shares of ₹ 10/- each) [Refer Sch 18.6]		
TOTAL	4,205,316	4,177,361
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening balance	19,398,136	14,384,732
Additions during the year	6,348,617	5,013,404
Deductions during the year	-	-
Closing balance	25,746,753	19,398,136
II. Share Premium		
Opening balance	48,750,609	19,265,118
Additions during the year [Refer Sch 18.6]	711,556	29,657,964
Deductions during the year [Refer Sch 18.6]	-	172,473
Closing balance	49,462,165	48,750,609
III. Capital Reserve		
Opening balance	2,047,011	1,784,564
Additions during the year	734,827	262,447
Deductions during the year	-	-
Closing balance	2,781,838	2,047,011
IV. Investment Reserve		
Opening balance	226,197	102,098
Additions during the year	-	124,099
Deductions during the year	-	-
Closing balance	226,197	226,197
V Foreign Currency Translation Reserve		
Opening balance	-	-
Additions during the year	(3,083)	-
Closing balance	(3,083)	-
VI. Balance in Profit and Loss Account	55,204,621	42,055,905
TOTAL	133,418,492	112,477,858

Schedules forming a part of consolidated financial statements

(₹ in thousands)

	As at March 31, 2016	As at March 31, 2015
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i) From Banks	8,430,375	3,756,166
ii) From Others	100,772,910	81,224,486
II. Savings Bank Deposit	204,176,990	125,795,428
III. Term Deposits		
i) From banks	65,233,073	50,676,446
ii) From others	738,428,453	650,135,243
TOTAL	1,117,041,801	911,587,769
B. I. Deposits of branches in India	1,117,041,801	911,587,769
II. Deposits of branches outside India	-	-
TOTAL	1,117,041,801	911,587,769
SCHEDULE 4 - BORROWINGS		
I. Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt		
A. Borrowing in India		
i) IPDI	7,410,000	7,410,000
ii) Tier II Borrowings	88,614,000	49,622,000
TOTAL (A)	96,024,000	57,032,000
B. Borrowings outside India		
i) IPDI	331,275	312,500
ii) Tier II Borrowings	11,268,509	10,577,768
TOTAL (B)	11,599,784	10,890,268
TOTAL (A+B)	107,623,784	67,922,268
II. Other Borrowings*		
A. Borrowings in India		
i) Reserve Bank of India	10,000,000	24,000,000
ii) Other banks	19,520,000	14,925,000
iii) Other institutions and agencies **	84,915,827	67,210,000
TOTAL (A)	114,435,827	106,135,000
B. Borrowings outside India	94,530,158	88,146,745
TOTAL (A+B)	208,965,985	194,281,745
TOTAL (I+II)	316,589,769	262,204,013
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	3,169,468	3,408,352
II. Inter-office adjustments (net)	-	-
III. Interest accrued	13,059,484	12,168,775
IV. Others (including provisions)		
- Provision for standard advances	6,975,086	6,593,528
- Others	57,966,805	48,812,086
TOTAL	81,170,843	70,982,741

*Secured borrowings are ₹ 17,994,327 thousands (March 31, 2015 : ₹ 24,000,000 thousands).

**Including refinance borrowing.

Schedules forming a part of consolidated financial statements

(₹ in thousands)

	As at March 31, 2016	As at March 31, 2015
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand	4,124,093	3,645,849
II. Balances with Reserve Bank of India		
- In current account	53,637,550	48,760,678
- In other account	-	-
TOTAL	57,761,643	52,406,527
SCHEDULE 7 - BALANCES WITH BANKS, MONEY AT CALL AND SHORT NOTICE		
I. In India		
Balances with banks-		
i) in current accounts	560,787	260,854
ii) in other deposit accounts	71	65
Money at call and short notice		
i) with Banks	-	450,000
ii) with other institutions	-	-
iii) lending under reverse repo (RBI & Banks)	4,253,505	9,000,000
TOTAL (I)	4,814,363	9,710,919
II. Outside India		
i) in current account	17,294,107	8,769,033
ii) in other deposit account	-	-
iii) money at call and short notice	2,318,925	4,687,500
TOTAL (II)	19,613,032	13,456,533
TOTAL (I+II)	24,427,395	23,167,452
SCHEDULE 8 - INVESTMENTS (NET OF PROVISIONS)		
A. Investments in India		
i) Government Securities	351,862,551	300,012,130
ii) Other approved securities	-	-
iii) Shares	628,162	601,370
iv) Debentures and bonds	95,154,141	94,667,483
v) Subsidiaries and/or joint ventures	-	-
vi) Others (CPs, CDs, Pass through certificates etc)	40,239,802	36,653,946
TOTAL	487,884,656	431,934,929
B. Investments outside India	-	-
TOTAL	487,884,656	431,934,929

Schedules

forming a part of consolidated financial statements

	As at March 31, 2016	As at March 31, 2015
(₹ in thousands)		
SCHEDULE 9 - ADVANCES		
A. i) Bills purchased and discounted	13,618,402	16,024,073
ii) Cash credit, overdrafts and loans payable on demand	233,961,280	173,764,530
iii) Term loans	734,519,588	565,709,559
TOTAL	982,099,270	755,498,162
B. i) Secured by tangible assets (includes advances secured by fixed deposits and book debt)	729,383,226	518,241,518
ii) Covered by Bank/Government guarantees	3,162,345	1,553,036
iii) Unsecured (Note 1 and 2)	249,553,699	235,703,608
TOTAL	982,099,270	755,498,162
1 Includes advances of ₹ 131,205,302 thousands (March 31, 2015 ₹ 144,283,634 thousands) for which security documentation is either being obtained or being registered.		
2 There are no outstanding advances as at March 31, 2016 and March 31, 2015 for which intangible securities such as charge over the rights, licenses, authority, etc has been taken.		
C. I. Advances in India		
i) Priority sectors	265,143,459	189,458,960
ii) Public sector	47,396	38,511
iii) Banks	2,857,426	331,699
iv) Others	714,050,990	565,668,992
TOTAL	982,099,270	755,498,162
II. Advances outside India	-	-
TOTAL	982,099,270	755,498,162
SCHEDULE 10 - FIXED ASSETS		
I. Premises	-	-
II. Other Fixed Assets (including furniture and fixtures and software)		
At cost as on March 31st of preceding year	6,320,861	5,359,762
Additions during the year	2,320,845	1,075,454
Deductions during the year	(82,825)	(114,355)
Accumulated depreciation to date	(4,416,717)	(3,359,963)
	4,142,164	2,960,898
Capital work-in-progress	603,589	257,321
TOTAL	4,745,752	3,218,219
SCHEDULE 11 - OTHER ASSETS		
I. Interest Accrued	18,767,567	18,018,071
II. Advance tax and tax deducted at source	828,499	722,534
III. Deferred tax asset (Refer Sch 18.14)	4,776,722	3,553,450
IV. Non-Banking assets acquired in satisfaction of claims	452,030	452,030
V. Others	70,682,687	72,458,368
TOTAL	95,507,505	95,204,453

Schedules forming a part of consolidated financial statements

(₹ in thousands)

	As at March 31, 2016	As at March 31, 2015
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	9,867	4,521
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	1,765,909,841	2,116,095,628
IV. Liability on account of outstanding derivative contracts		
- Single currency Interest Rate Swap	622,202,393	634,287,012
- Others	369,521,505	193,447,010
V. Guarantees given on behalf on constituents		
- in India	178,664,535	142,909,758
- Outside India	-	-
VI. Acceptances, endorsement and other obligations	257,500,743	225,393,720
VII. Other items for which the bank is contingently liable		
- Value dated purchase of securities	203,714	119,018
- Capital commitment	989,221	346,840
- Amount deposited with RBI under Depositor Education and Awareness Fund (DEAF)	359	-
- Foreign exchange contracts (Tom & Spot)	117,389,795	60,389,010
TOTAL	3,312,391,973	3,372,992,517

(₹ in thousands)

	For the year ended March 31, 2016	For the year ended March 31, 2015
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	97,114,786	80,160,944
II. Income on investments	35,082,091	33,557,285
III. Interest on balances with Reserve Bank of India and other inter-bank funds	1,125,449	428,932
IV. Others	2,012,093	1,572,904
TOTAL	135,334,419	115,720,065

SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	24,764,405	19,779,375
II. Profit on the sale of investments (net)	2,606,392	1,420,957
III. Profit/(Loss) on the revaluation of investments (net)	-	-
IV. Profit/(Loss) on sale of land, building and other assets	944	(1,577)
V. Profit on exchange transactions (net)	(175,559)	(670,297)
VI. Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-	-
VII. Miscellaneous income	98,035	(49,331)
TOTAL	27,294,218	20,479,127

Schedules forming a part of consolidated financial statements

	(₹ in thousands)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	71,771,073	65,360,308
II. Interest on Reserve Bank of India/inter-bank borrowings/Tier I and Tier II debt instruments	16,456,711	14,722,956
III. Others	1,426,308	750,556
TOTAL	89,654,092	80,833,820
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	13,197,780	9,866,274
II. Rent, taxes and lighting	3,082,862	2,682,159
III. Printing and stationery	184,444	168,241
IV. Advertisement and publicity	851,995	703,212
V. Depreciation on Bank's property	1,118,449	860,714
VI. Directors' fees, allowances and expenses	13,123	12,367
VII. Auditors' fees and expenses	10,827	8,655
VIII. Law charges	21,958	11,899
IX. Postage, telegrams, telephones, etc.	361,478	306,046
X. Repairs and maintenance	161,854	159,600
XI. Insurance	935,546	691,460
XII. Other expenditure	10,110,026	7,477,921
TOTAL	30,050,340	22,948,548
SCHEDULE 17 - PROVISIONS & CONTINGENCIES		
I. Provision for taxation (Refer Sch 18.7)	12,264,311	9,047,813
II. Provision for investments	25,337	(584,289)
III. Provision for standard advances	381,558	2,440,324
IV. Provision/write off for non performing advances	4,979,020	1,300,099
V. Other Provisions	(22,908)	238,650
TOTAL	17,627,318	12,442,597

Schedules forming a part of consolidated financial statements

18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

18.1 Background

YES BANK Limited ('the 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 (the Company) was incorporated on March 14, 2013 as a wholly owned subsidiary of YES BANK Limited (YBL / Holding Company). The Company is a securities broker registered with Securities and Exchange Board of India since July 8, 2013. The Company also got SEBI registration as Category I Merchant Banker w.e.f. September 03, 2015. The Company offers, inter alia, trading / investment in equity, merchant banking and other financial products along with various value added services. The Company is member of National Stock Exchange (NSE) since May 02, 2013 and the Bombay Stock Exchange (BSE) since June 11, 2013

18.2 Principles of Consolidation

The consolidated financial statements comprise the financial statements of YES Bank Limited, and its subsidiary, Yes Securities (India) Limited, which together constitute the 'Group'.

The Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 issued by the Ministry of Corporate Affairs to the extent applicable 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 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 Group 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 notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India. The Group follows the accrual method of accounting and the historical cost convention.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated March 30, 2016. The Group is of the opinion that the said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 will be applicable to accounting periods commencing on or after the date of notification i.e. April 1, 2016. Hence, the said notification has not been considered in the preparation of these financial statements.

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 recognized prospectively in current and future periods.

18.5 Significant accounting policies

18.5.1 Revenue recognition

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

- Interest income is recognized in the profit and loss account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognized upon realization as per the prudential norms of the RBI.
- Revenue in certain structured transactions where interest income is partially receivable in advance is recognized when due.

Schedules forming a part of consolidated financial statements

- Loan processing fee is accounted for upfront when it becomes due.
- Dividend income is recognized when the right to receive payment is established.
- Commission on guarantees issued by the Group is recognized as income over the period of the guarantee
- Commission on Letters of Credit ('LC') issued by the Group is recognized as income at the time of issue of the LC.
- Income on non-coupon bearing discounted instruments is recognized over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognized over the tenor of the instrument on yield basis.
- In case of Bonds and Pass Through Certificates, premium on redemption, if any, is amortized over the tenure of the instrument on a yield basis.
- Revenue from financial advisory services is recognized in line with milestones achieved as per terms of agreement with clients which is reflective of services rendered.
- Other fees and commission income are recognized on accrual basis.
- Brokerage income is recognized as per contracted rate on execution of transaction on behalf of the customers on the trade date and is net off related sub brokerage expenses, service tax and stock exchange expenses.
- Fee income from Investment banking / Merchant banking services are recognized based on completion of milestone as per the engagement letter.

18.5.2 Investments

Classification and valuation of the Group's investments are carried out in accordance with RBI Circular DBR.No.BP. BC.6/21.04.141/2015-16 dated July 1, 2015 and Fixed Income Money Market and Derivative Association (FIMMDA) guidelines FIMCIR/2015-16/31/March 31, 2016.

Accounting and Classification

Investments are recognized using the value date basis of accounting. In compliance with RBI guidelines, all investments, are categorized 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.

a) Cost of acquisition

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

b) 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 Group 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.

c) 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 amortized 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.

d) Valuation

Investments categorized 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 recognized in the profit

Schedules forming a part of consolidated financial statements

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 amortized on a straight line basis over the remaining period to maturity. Amortization expense of premia on investments in the HTM category is deducted from interest income in accordance with RBI Circular DBR.No.BP. BC.6/21.04.141/2015-16 dated July 1, 2015. 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 recognized 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 realization of the financial assets assigned to the instruments in the concerned scheme, the Group 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.

e) 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 collateralized borrowing and lending transactions respectively in accordance with RBI master circular No. DBR.No.BP. BC.6/21.04.141/2015-16 dated July 1, 2015. 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 recognized as interest income/expense over the period of transaction.

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f) Profit/Loss on sale of Investments

Profit/Loss on sale of Investments in the HTM category is recognized 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 recognized in the Profit and Loss account.

g) Accounting for RIDF

In accordance with RBI circular DBR.BP.BC. No.31/21.04.018/2015-16 dated 16th July, 2015, the Group has classified deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending under 'Other Assets', which were earlier included under 'Investments'. Similarly, interest income on such deposits has been classified under the head 'Interest Earned - Others', which was hitherto included under 'Interest Earned- Income on Investments'. Figures for the previous year have also been regrouped to conform to current period's classification. The above change in classification has no impact on the profit of the Group for the year ended March 31, 2016 and March 31, 2015.

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 Group also maintains additional general provisions on standard exposure based on the internal credit rating matrix as approved by the Board. 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 recognized 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 are stated at net present value using LIBOR/SWAP curves of the respective currencies. The resulting profits or losses are recognized 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 amortized 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.

Income and expenditure items of integral foreign operations (representative offices) are translated at daily closing rates

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until remittance or the disposal of the net investment in the non-integral foreign operations in accordance with AS - 11.

18.5.5 Earnings per share

The Group reports basic and diluted earnings per equity share in accordance with Accounting Standard(AS) 20, "Earnings per Share" notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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.

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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 Group 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 unrealized gains/losses are recognized 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 Group follows the option premium accounting framework prescribed by FEDAI SPL- circular dated December 14, 2007. Premium on option transaction is recognized 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 recognized as realized gains/losses on options. Charges receivable/payable on cancellation/ termination of foreign exchange forward contracts and swaps are recognized 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, amortization and accumulated impairment losses. 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. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such assets are considered to be impaired, the impairment is recognized 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-

Class of asset	Useful life of Assets
Office equipment	5 years
Computer hardware	3 years
Computer software *	4 years
Vehicles	5 years
Furniture and Fixtures	10 years
Leasehold improvements to premises	Over the lease period or 9 years whichever is less.

*As per RBI Guidelines.

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 Group.

18.5.9 Retirement and employee benefits

Leave salary

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

Gratuity

The Group 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

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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 Group accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation.

The Group recognizes the actuarial gains and losses during the year in which the same are incurred.

Provident fund

In accordance with law, all employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Group contribute monthly at a pre determined rate. Contribution to provident fund are recognized as expense as and when the services are rendered. The Group has no liability for future provident fund benefits other than its annual contribution.

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 recognized as an expense in the profit and loss account on a straight line basis over the lease term.

18.5.11 Income taxes

Tax expense comprises current and deferred tax. Current tax comprises of the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are recognized 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 recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, all deferred tax assets are recognized only if there is virtual certainty of realization 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 realized.

18.5.12 Provisions and contingent assets/liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements

The Group 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.

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 recognized 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 recognized 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 (Share Based Employee Benefits) Regulations, 2014. The Group 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 Group'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.

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18.6 Equity Issue

During the financial year ended March 31, 2016, the Group has issued 2,795,543 shares pursuant to the exercise of stock option aggregating to ₹ 739,511 thousands.

During FY 2014-15, the Group has issued 53,492,272 equity shares of ₹ 10 each for cash pursuant to a Qualified Institutions Placement (QIP) at ₹ 550 aggregating to ₹ 29,420,750 thousands. The Group accreted ₹ 28,713,354 thousands (net of share issue expenses of ₹ 172,473 thousands) as premium on the QIP. The Group also issued 3,610,200 shares pursuant to the exercise of stock option aggregating to ₹ 808,240 thousands.

18.7 Income Taxes

Provisions made for Income Tax during the year

		(₹ in thousands)
	For the year ended March 31, 2016	For the year ended March 31, 2015
Current income tax expense	13,487,583	10,108,565
Deferred income tax benefit	(1,223,272)	(1,060,752)
TOTAL	12,264,311	9,047,813

18.8 Staff retirement benefits

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Group's financial statements as of March 31, 2016 and March 31, 2015:

Changes in present value of Obligations

	As at March 31, 2016	As at March 31, 2015
Present Value of Obligation at the beginning of the year	462,799	316,019
Interest Cost	35,442	27,473
Current Service Cost	161,916	153,497
Past Service Cost	-	-
Benefits Paid	(41,221)	(16,784)
Actuarial (gain)/loss on Obligation	9,194	(17,406)
Present Value of Obligation at the end of the year	628,130	462,799

Changes in the fair value of planned assets:

	For the year ended March 31, 2016	For the year ended March 31, 2015
Fair value of plan assets at the beginning of the year	353,949	168,394
Adjustment to Opening Balance	-	1,557
Expected return on plan assets	31,033	23,269
Contributions	234,210	180,000
Benefits paid	(41,221)	(16,784)
Actuarial gain/(loss) on planned assets	(14,245)	(2,487)
Fair value of planned assets at the end of the period	563,726	353,949

The Group has entire contribution of Gratuity Fund as Investments with Insurance Companies.

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The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Net gratuity cost for the year ended March 31, 2016 and March 31, 2015 comprises the following components:

	(₹ in thousands)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Current Service Cost	147,707	153,497
Interest Cost	35,442	27,473
Expected Return on plan assets	(31,033)	(23,269)
Net Actuarial gain recognized in the year	23,439	(14,919)
Past Service Cost	-	-
Expenses recognized	175,554	142,782

Experience History:

	(₹ in thousands)			
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
(Gain)/Loss on obligation due to change in assumption	15,184	33,859	(62,747)	11,805
Experience (Gain)/Loss on obligation	(5,990)	(51,264)	5,335	(31,406)
Actuarial Gain/(Loss) on planned assets	(18,678)	(2,487)	(5,696)	(2,403)

The assumptions used in accounting for the gratuity plan are set out below:

	For the year ended March 31, 2016	For the year ended March 31, 2015
Discount Rate	7.49%	7.89%
Expected Return on Plan Assets	7%-8%	9.25%
Mortality	IALM (2006-08) Ult	IALM (2006-08) Ult
Future Salary Increases	6%-12%	12.00%
Disability	-	-
Attrition	13% - 25%	13% - 25%
Retirement	60 yrs	60 yrs

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

Position of plan asset / liability	(₹ in thousands)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Present Value of Obligation at the end of the year	628,130	462,799
Fair value of planned assets at the end of the period	563,726	353,949
Plan asset / (liability)	(64,404)	(108,850)

The Group is yet to determine future contribution to Gratuity fund for FY 2016-17

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18.9 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 Group's customers, proprietary trading, maintenance of reserve requirements and resource mobilization 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.

Segmental results for the year ended March 31, 2016 are set out below:

					(₹ in thousands)
Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	35,755,784	108,541,408	11,404,454	917,172	156,618,818
Add/ (Less): Inter-segment					6,008,791
Revenue net of inter- segment					162,627,609
Result	24,488,970	33,212,811	(1,735,428)	562,021	56,528,372
Unallocated Expenses					(18,967,164)
Operating Profit					37,561,198
Income Taxes					12,264,311
Extra-ordinary Profit/(Loss)					-
Net Profit					25,296,887
Other Information:					
Segment assets	633,683,207	898,483,675	106,682,747	96,697	1,638,946,326
Unallocated assets					13,479,895
Total assets					1,652,426,221
Segment liabilities	253,028,496	702,569,798	417,325,373	1,282,999	1,374,206,666
Unallocated liabilities					278,219,555
Total liabilities					1,652,426,221

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Segmental results for the year ended March 31, 2015 are set out below:

					(₹ in thousands)
Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	32,602,890	89,844,659	8,668,016	682,329	131,797,894
Add/ (Less): Inter-segment					4,402,816
Revenue net of inter- segment					136,200,710
Result	20,772,106	24,627,439	(1,687,960)	419,504	44,131,089
Unallocated Expenses					(15,109,048)
Operating Profit					29,022,041
Income Taxes					9,047,814
Extra-ordinary Profit/(Loss)					-
Net Profit					19,974,227
Other Information:					
Segment assets	576,465,331	680,594,770	94,320,236	48,064	1,351,428,401
Unallocated assets					10,001,341
Total assets					1,361,429,742
Segment liabilities	243,849,230	621,836,512	293,000,659	3,408,113	1,162,094,514
Unallocated liabilities					199,335,228
Total liabilities					1,361,429,742

Notes for segment reporting:

1. The business of the Group 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.

18.10 Related Party Disclosures

The Group has transactions with its related parties comprising key management personnel and the relative of key management personnel

As per AS 18 "Related Party Disclosures", notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, the Group's related parties for the year ended March 31, 2016 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 Group and such related parties including relatives of above mentioned KMP during the year ended March 31, 2016:

Items / Related Party Category	(₹ in thousands)			
	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	#	#	5,414*	11,136
Interest paid	#		354	
Receiving of services	#		-	
Dividend paid	#		-	

* Represents outstanding as of March 31, 2016

In FY 2015-16, there was only one related party in the said category, hence the Group 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".

As per AS 18 "Related Party Disclosures", prescribed by the Companies (Accounting Standards) Rules, 2006, the Group's related parties for the year ended March 31, 2015 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 Group and such related parties including relatives of above mentioned KMP during the year ended March 31, 2015:

Items / Related Party Category	(₹ in thousands)			
	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	#	#	7,558*	64,132
Interest paid	#		2,340	
Receiving of services	#		-	
Dividend paid	#		-	

* Represents outstanding as of March 31, 2015

In FY 2014-15 there was only one related party in the said category, hence the Group 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".

18.11 Operating Leases

Lease payments recognized in the profit and loss account for the year ended March 31, 2016 was ₹ 2,497,824 thousands (Previous year: ₹ 2,216,092 thousands).

As at March 31, 2016 and March 31, 2015 the Group 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:

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	(₹ in thousands)	
	As at March 31, 2016	As at March 31, 2015
Lease obligations		
Not later than one year	3,229,210	1,993,731
Later than one year and not later than five years	15,047,645	6,736,572
Later than five years	4,571,071	5,427,271
TOTAL	22,847,926	14,157,574

The Group 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.

18.12 Earnings Per Share ('EPS')

The Group 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 Group.

The computation of earnings per share is given below:

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Basic (annualized)		
Weighted average no. of equity shares outstanding	418,916,568	406,424,796
Net profit / (loss) (₹ '000)	25,296,887	19,974,227
Basic earnings per share (₹)	60.39	49.15
Diluted (annualized)		
Weighted average no. of equity shares outstanding	428,171,182	417,699,861
Net profit / (loss) (₹ '000)	25,296,887	19,974,227
Diluted earnings per share (₹)	59.08	47.82
Nominal value per share (₹)	10.00	10.00

18.13 ESOP disclosures

Statutory Disclosures Regarding Joining Stock Option Scheme:

The Group 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)
- YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/ PESOP II/PESOP II -2010).

The schemes include provisions for grant of options to eligible employees of the Group and its subsidiaries / affiliates. 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 Group. All these schemes are administered by the Board Remuneration Committee.

Options under all the aforesaid 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.

JESOP II and JESOP III were in force for employees joining the Group up to March 31, 2006 and March 31, 2007 respectively.

YBL JESOP V is in force for employees joining the Group from time to time. Under JESOP V, 50% options vest takes place at

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the end of three years and remaining 50% at the end of five years from the date of Grant.

PESOP I, PESOP II and PESOP II - 2010 are Performance Stock Option Plans. Under PESOP I, 25% of the options granted would vest at the end of each year from the date of grant. Under 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. 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 40% vest at the end of the fifth year.

Further, grants under PESOP II had been discontinued with effect from January 20, 2010.

A summary of the status of the Group's stock option plans as on March 31, 2016 and March 31, 2015 is set out below:

	As at March 31, 2016		As at March 31, 2015	
	PESOP	JESOP	PESOP	JESOP
Options outstanding at the beginning of the year	14,449,500	4,530,288	14,538,600	5,931,438
Granted during the year	2,378,350	1,427,250	2,306,000	575,900
Exercised during the year	1,812,580	982,963	1,969,700	1,640,500
Forfeited / lapsed during the year	278,250	385,575	425,400	336,550
Options outstanding at the end of the year	14,737,020	4,589,000	14,449,500	4,530,288
Options exercisable	3,990,320	990,825	2,850,350	956,288
Weighted average exercise price (₹)	276.49	242.49	228.11	218.79
Weighted average remaining contractual life of outstanding option (yrs)	2.10	2.07	2.07	1.74

The Group has charged Nil, being the intrinsic value of the stock options granted for the year ended March 31, 2016 and March 31, 2015. Had the Group 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 ₹ 414,226 thousands (Previous year: ₹ 353,234 thousands), the basic earnings per share would have been ₹ 59.40 (Previous year: ₹ 48.28) per share instead of ₹ 60.39 (Previous year: ₹ 49.15) per share; and diluted earnings per share would have been ₹ 58.11 (Previous year: ₹ 46.98) per share instead of ₹ 59.08 (Previous year: ₹ 47.82) per share.

The following assumptions have been made for computation of the fair value of ESOP granted for the year ended March 31, 2016 and March 31, 2015.

	For the year March 31, 2016	For the year March 31, 2015
Risk free interest rate	7.38%-9.23%	8.10%-9.23%
Expected life	1.5 yrs - 7.5 yrs	1.5 yrs - 7.5 yrs
Expected volatility	25.01%-57.52%	31.06%-48.72%
Expected dividends	1.50%	1.50%

In computing the above information, certain estimates and assumptions have been made by the Management.

Schedules forming a part of consolidated financial statements

18.14 Deferred Taxation

The net deferred tax asset of ₹ 4,776,722 thousands as at March 31, 2016 and ₹ 3,553,450 thousands as at March 31, 2015 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 and liability included in the balance sheet are as follows:

Particulars	(₹ in thousands)	
	As at March 31, 2016	As at March 31, 2015
Deferred tax asset		
Depreciation	222,233	231,556
Provision for gratuity and unutilized leave	130,332	116,036
Provision for Non Performing Assets	640,485	6,714
Amortization of premium on HTM securities	581,356	438,785
Provision for standard advances	2,348,880	2,177,244
Other Provisions	853,436	583,115
TOTAL NET DEFERRED TAX ASSET/ (LIABILITY)	4,776,722	3,553,450

18.15 Provisions and Contingencies

The breakup of provisions of the Group for the year ended March 31, 2016 and March 31, 2015 are given below:

	(₹ in thousands)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Provision for taxation	12,264,311	9,047,813
Provision for investments	25,337	(584,289)
Provision for standard advances	381,558	2,440,324
Provision made/write off for non performing advances	4,979,020	1,300,099
Others Provisions*	(22,908)	238,650
TOTAL	17,627,318	12,442,597

* Other Provisions includes provision made against other assets and provision for sacrifice of interest on Restructured Assets.

18.16 Dues to Micro and Small Enterprises

Under the Micro and Small Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro and Small 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 the said Act, there have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

18.17 Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Group 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.

Schedules forming a part of consolidated financial statements

18.18 Description of contingent liabilities

Sr. No.	Contingent Liabilities	Brief
1.	Claims against the Group not acknowledged as debts	The Group is a party to various legal and tax proceedings in the normal course of business. The Group does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts.	The Group 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 recognized 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 Group'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 favorable or unfavorable 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 Group 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 Group. Guarantees generally represent irrevocable assurances that the Group will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the Group is contingently liable	<ul style="list-style-type: none"> - Value dated purchase of securities - Capital commitments - Amount deposited with RBI under Depositor Education Awareness Fund - Foreign Exchange Contracts (Tom & Spot)

18.19 Fixed Assets

The Group has capitalized software under Fixed Asset amounting to ₹ 487,238 thousands and ₹ 203,373 thousands during the financial year ended March 31, 2016 and March 31, 2015 respectively:

Particulars	(₹ in thousands)	
	As at March 31, 2016	As at March 31, 2015
Cost at March 31st of preceding year	1,198,349	994,976
Additions during the year	487,238	203,373
Deductions during the year	-	-
Depreciation to date	(1,092,081)	(823,652)
Net Block	593,506	374,697

Schedules forming a part of consolidated financial statements

18.20 Provision for Long Term contracts

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

18.21 Prior period comparatives

Previous year'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

per **Viren H. Mehta**

Partner

Membership No: 048749

Mumbai

April 27, 2016

For and on behalf of the Board of Directors

YES BANK Limited

Rana Kapoor

Managing Director & CEO

(DIN:00320702)

Vasant V. Gujarathi

Director

(DIN: 06863505)

Radha Singh

Non Executive Chairperson

(DIN:02227854)

Rajat Monga

Chief Financial Officer

M R Srinivasan

Director

(DIN: 00056617)

Shivanand R. Shettigar

Company Secretary

Form Aoc-1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

		(amt in ₹ '000)
1	Sl. No.	1
2	Name of the subsidiary	YES Securities (India) Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
5	Share capital	500,000
6	Reserves & surplus	(242,181)
7	Total assets	462,129
8	Total Liabilities	462,129
9	Investments	Nil
10	Turnover	236,991
11	Profit before taxation	(100,781)
12	Provision for taxation	(3,200)
13	Profit after taxation	(97,581)
14	Proposed Dividend	Nil
15	% of shareholding	100%
1	Names of subsidiaries which are yet to commence operations	Nil
2	Names of subsidiaries which have been liquidated or sold during the year	Nil

Part "B": Associates and Joint Ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Not Applicable

Disclosures under Basel III Capital Regulations – Pillar III

In accordance with RBI circular DBR. No. BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on 'Basel III Capital Regulations' the bank is required to make applicable Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under Basel III Framework. The Bank has made these disclosures which are available on its website at the following link.

https://www.yesbank.in/images/all_pdf/Basel_III_Disclosure_March_31_2016.pdf

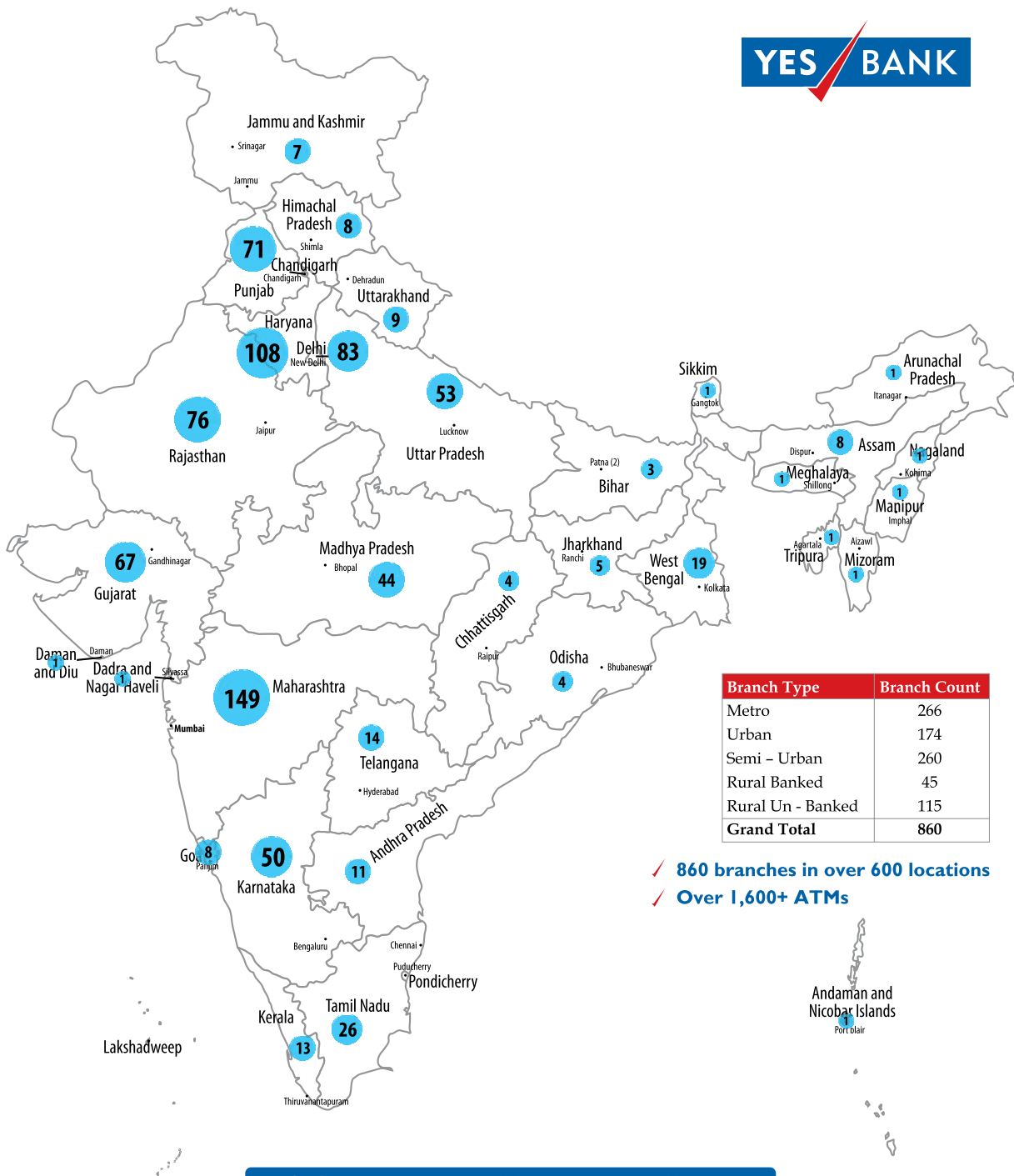
Notes

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Notes

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Branch Locations



Branch Type	Branch Count
Metro	266
Urban	174
Semi - Urban	260
Rural Banked	45
Rural Un - Banked	115
Grand Total	860

- ✓ 860 branches in over 600 locations
- ✓ Over 1,600+ ATMs

YES BANK Branch Network - 860 branches in over 600 locations

North:	Adampur, Agra (3), Ajaib, Ajnala, Aligarh, Alipur, Allahabad (2), Alwar, Ambala Cantt, Amritsar (3), Anantnag, Anupshahr, Attil, Badli, Badshahpur, Bagpat, Bahadurgarh, Bahammoli, Banga, Bansur, Banur, Bara Banki, Baran, Bareilly, Barnala, Bawal, Begowal, Behror, Bhaini Chanderpal, Bhaini Surjan, Bhangwala, Bharan, Bharwani, Bhatinda, Bhiwadi, Bhogpur, Bilari, Bina, Bishanpura, Chandigarh (8), Chawri Bazar, Cheeka, Dadar, Damdama, Dasna, Dasuya, Daula, Dayalbagh, Debari, Dehradun, Derabassi, Dhamar, Dhampur, Dhand, Dharamsala, Dhariwal, Dharuhera, Dholpur, Dhor, Dhuri, Dundahera, Dungarpur, Faridabad, Fatehgarh Churany, Firozabad (2), Firozpur, Gajraula, Ganaur, Gangapur City, Garhi Baidpur, Garhi Harsaru, Ghaziabad (4), Goela Kalan, Gohana, Gorakhpur, Goraya, Greater Noida, Gulaothi, Gurgaon (12), Haileymandi, Harda, Haridwar, Hayatpur, Hoshangabad, Hoshiarpur, Jakhoda, Jalandhar (3), Jammu (2), Jandiala, Jaspur, Jatal, Jatiyana, Jatola, Jhajar, Jhansi, Jind, Kalri, Kailahi, Kalka, Kangra, Kanikrola, Kanonda, Kanpur (2), Kapurthala, Karauli, Karnal, Karol, Kartarpur, Kasana, Kashipur, Katra, Kewda Jat, Khairthal, Khawdeva, Khandwa, Khanna, Kharak Jatan, Kharar (2), Khehra, Kherka Gujar, Kherla, Kherli, Kisangarh, Kithoor, Kosi Kalan, Kulasi, Kunda, Kundli, Kurali, Lachhmanagar, Ladpur, Ladwa, Lava Khurd, Lohian Khas, Lucknow (3), Ludhiana (7), Madiauda, Mahilpur, Manali, Mandawar, Mandi Gobindgarh, Manesar, Marot, Mathura, Mayur Vihar, Meerut (2), Mehra, Modinagar, Moga, Mohali (3), Moradabad (2), Morinda, Mukerian, Muktsar, Mussorie, Nabha, Nakodar, Nangal, Narnaul, Narwana, Navarangpur, Navada Fatehpur, Nawanshahr, Neemrana, New Delhi (83), Nilautli, Noida (5), Nurmahal, Palwal, Panchkula (3), Panipat, Paonta Sahib, Pathankot, Patiala, Pehowa, Pelga, Phalodi, Phullanwala, Pilana, Pinjore, Rai, Rajdhani Enclave, Rajgarh, Rajpura, Ramgarh, Ramnagar, Ratangarh, Rawatbhatta, Rayya, Rehtoj, Rishikesh, Rohtak, Roorkee, Rudrapur, Rupnagar (Ropar), Safidon, Saharanpur, Sahnewal, Samalkha, Samchana, Samrala, Sangrur Sankhol, Sardhana, Shahbad Shahjahanpur, Shahkot, Shajapur, Shakarpur, Shimla, Shimla, Shrinagar (Hathras), Shujalpur, Siana, Sikanderpur, Sohana, Solan, Sonapat, Srinagar (2), Sultanpur Lodhi, Sunderpur, Taoru, Tigaon, Tohana, Toolera, Udhampur, Una, Umar Tanda, Varanasi, Wazirabad, Yamuna Nagar, Zirakpur (2)
West	: Abu Road, Adalaj, Ahmadnagar, Ahmedabad (9), Alipur, Ajmer, Amalner, Anand, Ankleshwar, Aurangabad, Balda, Balotra, Banswara, Baramati, Bardoli, Bareilly, Barmer, Baroda (4), Bavla, Belavli, Betul, Bhadole, Bharuch, Bhavnagar, Bhawanji Mandi, Bhilwara, Bhinder, Bhimnal, Bhomnagar, Bhopal (3), Bhorwadi, Bhuj, Bikaner, Bilara, Bodakdev, Bodeli, Borsad, Butibori, Calangute, Chakan, Chhindwara, Chikhli, Chimbhali, Chiplun, Chittaurgarh, Chomu, Curchorem, Dahaj, Daman, Dariba, Daund, Dausa, Deesa (M), Dehgam, Deogarh, Deolali, Deoli, Dewas, Dhar, Dholka, Dwarka, Fatehnagar, Gandhidham, Gandhinagar, Ghodegoan, Gwalior, Haiol, Hukkeri, Igatpur, Indapur, Indore (3), Itrasi, Jabalpur, Jaipur (4), Jaitaran, Jalgaon, Jalor, Jamkhadi, Jannagar, Jammer, Jhalawar, Jodhpur, Junnar, Kadi, Kandli, Kannad, Kareli, Kolhapur, Kota, Kotputli, Kudal, Kundewahala, Lalsot, Lasalgaon, Mahalingpur, Manawar, Mandalgaur, Mandideep, Mapusa, Margao, Mehsana, Meria City, Morbi, Mudhol, Mumbai Metropolitan Region (67), Nadiad, Nagaur, Nagda, Nagpur (2), Narsinghpur, Nashik (3), Nasirabad, Nathdwara, Navsari, Neem-Ka-Thana, Nidhrad, Niwadi, Noida, Ovi, Padra, Pali, Pandhurna, Panjini, Parmar, Pen, Pilani, Pipariya, Pithampur, Ponda, Por, Pune (13), Raisen, Rajgarh (Dhar), Rajgunnagar (Khed), Rajkot (3), Rajsamand, Ramganj Mandi, Raver, Roha, Rupai, Sachin, Sanand, Santacruz (W), SV Road, Sausar, Sehore, Sendhwa, Seoni Malwa, Shahapur, Shahpura, Shirdone, Sihori, Silvassa, Sinner, Sojat Road, Srigonda, Sumerpur, Surat (4), Udaipur (2), Udaipurvati Ujjain, Umrane, Umrud, Unjha, Uran, Vadaj, Vadgaon Kasba, Vadsala, Vallabh Vidyanagar, Valsad, Vapi, Varca, Vasco, Vidisha, Vijapur, Visnaga, Vita, Waluj, Warulwadi, Yeola
South	: Ambur, Bangalore (12), Belgaum, Chennai (12), Chikodi, Coimbatore (3), Devanahalli, Erode, Gorebail, Guntur, Haveri, Hosur, Hubli -Dharwad, Hyderabad (10), Kannur, Karatgi, Karur, Kavaratti, Kochi (4), Kollam, Koppal, Kottayam, Kozhikode, Kurichi, Lingasgur, Madurai, Malapuram, Mangalore, Manipal, Marvi, MVP Colony, Mysore, NAD Junction, Narasaraopet, Nellore, Palakkad, Pudukcherry, Rajahmundry, Rameswaram, Salem, Shamsabad, Shanti Nagar, Sindhunur, Sriperumbudur, Suryapet, Thiruvananthapuram, Thiruvallur, Tiruchirappalli, Tirupattur, Tiruppur, Tiruvalla, Triplicane, Vijayawada, Vizag (4), Vizianagaram, Warangal, Yadgir
East	: Adityapur, Agartala, Aizawl, Asansol, Bardhaman, Bhubaneswar, Bidhan Nagar (2), Bilaspur, Chas - Bokaro, Cuttack, Dhanbad, Dimapur, Durg Bhilai, Durgapur, Gangtok, Gaya, Guwahati (3), Howrah, Imphal, Itanagar, Jarnshedpur, Jorhat, Kalyani, Kharagpur, Kolkata (8), Patna (2), Port Blair, Puri, Raigarh, Raipur, Ranchi, Rourkela, Shillong, Siliguri, Silchar, Silihuri, Tezpur

The map does not purport to be the political map of India or any part of India.

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