

ANNUAL REPORT 2013-14

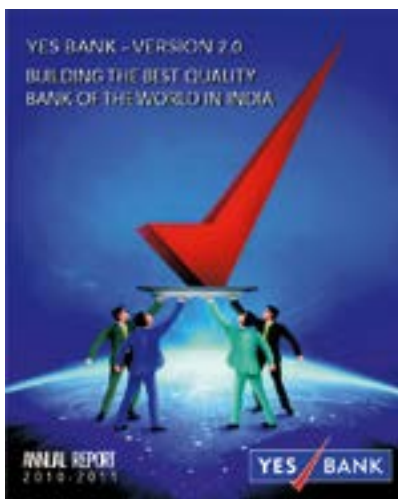
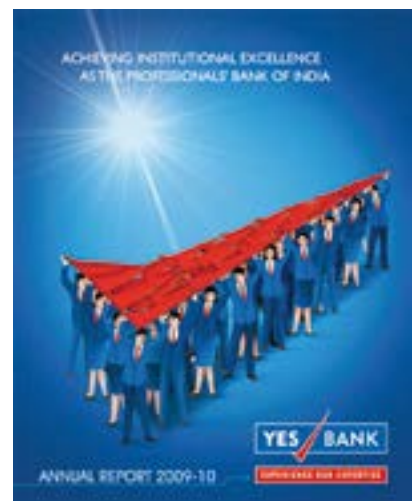
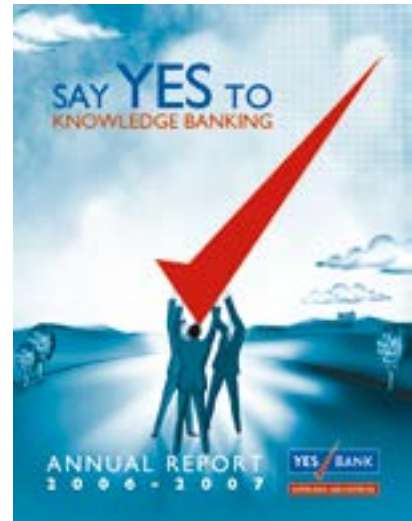


"BUILDING THE BEST QUALITY BANK OF THE WORLD IN INDIA"

First Annual Report of YES BANK Limited
November 21, 2003 to March 31, 2005



Annual General Meeting on April 26, 2005



Contents

Corporate Overview	1-38	Statutory Reports	90-142
About Us.....	2	Management Discussion and Analysis.....	90
Highlights 2013-14	3	Directors' Report	116
Message from the Non-Executive Chairman	4	Report on Corporate Governance.....	126
Managing Director and CEO's communiqué.....	6		
Business excellence	12	Financial Statements	143-223
Enduring relationship	14	Standalone Financial Statements	
Human capital management	16	Independent Auditors' Report.....	144
Processes and quality excellence.....	18	Balance Sheet.....	146
Technology.....	20	Profit and Loss Account	147
Robust risk management	22	Cash Flow Statement.....	148
Responsible banking.....	24	Schedules.....	150
Financial inclusion	26		
Awards and Accolades	28	Consolidated Financial Statements	
Non-Executive Chairmen	30	Independent Auditors' Report.....	195
Board of Directors	31	Consolidated Balance Sheet.....	196
Management Team.....	32	Consolidated Profit and Loss Account	197
		Consolidated Cash Flow Statement	198
		Schedules.....	200
		Statement Related to Subsidiary Companies.....	223
Sustainability Review	39-89	Disclosures under Basel III.....	223
Sustainability Disclosures	39		
Annual Business Responsibility Report.....	80		

About us

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

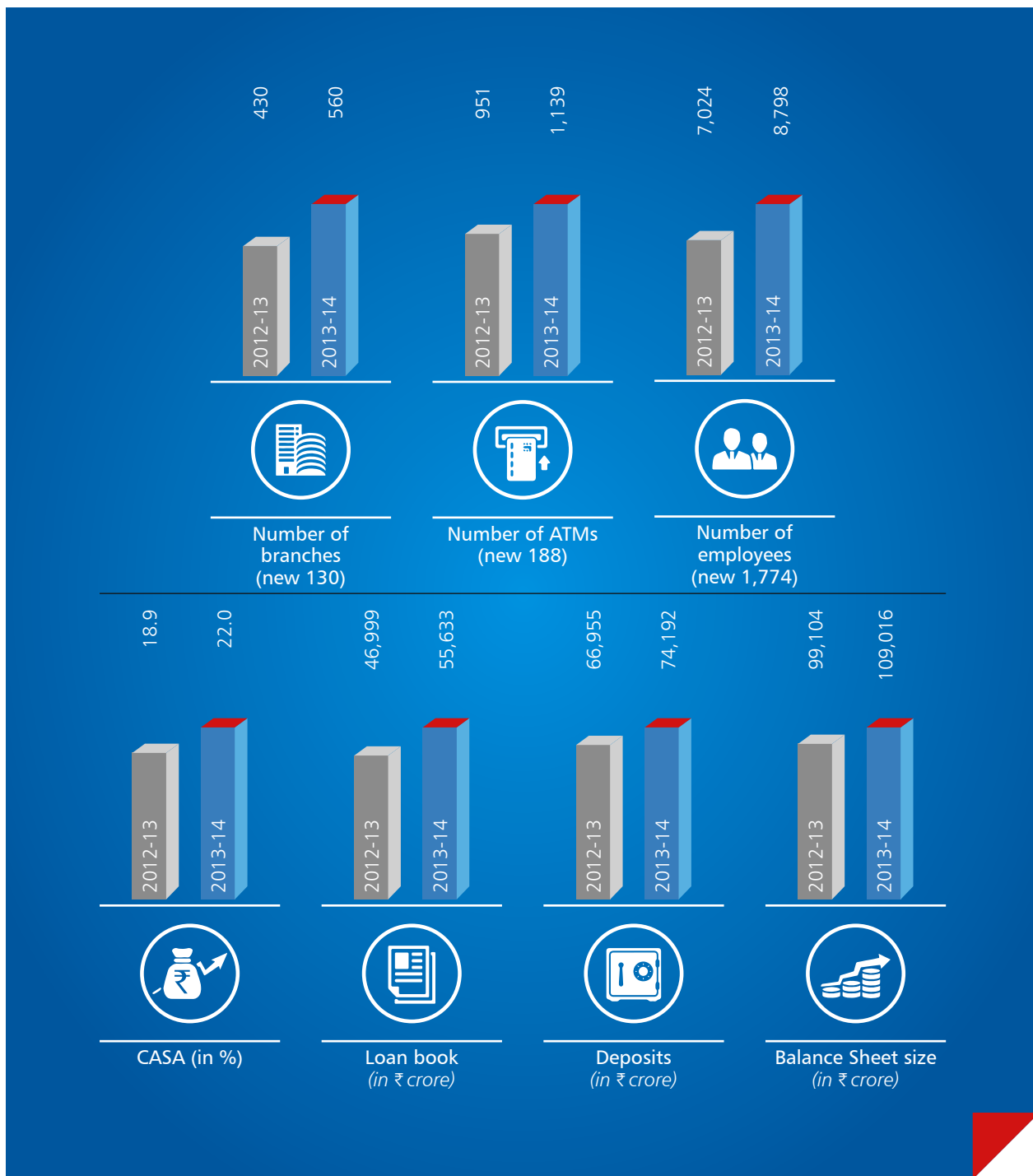
YES BANK represents the true spirit of business excellence, encompassing facets of knowledge, human capital, trust & transparency, technology and responsibility.

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

Vision

YES BANK has a vision to 'Build the Best Quality Bank of the World in India' by 2020 and to concurrently evolve its organizational character as the 'Professionals' Bank of India'.

Highlights, 2013-14



Stock information

Bombay Stock Exchange (BSE)
BSE Code **532648**

National Stock Exchange (NSE)
NSE Code **YESBANK**

ISIN
INE528G01019

Message from the Non-Executive Chairman



In FY 2013-14, the Indian economy showed signs of cautious optimism.

In the second half of the fiscal year under review, the Indian economy received an impetus through infrastructure project approvals by the Cabinet Committee on Investments (CCI) and moderating trajectory of inflation.

With the US economy gaining momentum, the Federal Reserve gradually reduced the economic stimulus program in 2013 which impacted emerging market countries with a high current account deficit. The result was that India witnessed a capital outflow of US\$12.6 billion from its domestic equity and bond markets between May 2013 and August 2013, the rupee depreciating by about 16%.

The Reserve Bank of India (RBI) stepped in to address the currency instability through the introduction of several measures including the increase in interest rates and tightening liquidity. The RBI also provided unconventional dollar swap windows to public sector oil marketing companies (for oil imports) and banks [for FCNR (B) deposits and Tier I Capital] for a limited period till November 2013.

The Indian banking industry faced corresponding challenges due to the economic slowdown, as a result of which asset quality preservation took precedence over growth requirements. Though the warning signals subsequently subsided following expectations of improved policy measures and robust government initiatives, commercial banks engaged in cautious lending.

YES BANK sustained its growth through an enduring commitment to Business Excellence, while improving quality and customer delivery models. This resulted in healthy and balanced growth across all parameters including non-interest income, stable cost-to-income ratios, increasing branch and ATM footprint, human capital and best-in-class asset quality even as the external environment remained challenging.

Since inception, it has been YES BANK's constant endeavor to establish a robust Corporate Governance framework was in fullest conformity with the regulatory requirements of the RBI, the BR Act and the Companies Act, among others, helping establish best-in-class practices within the Indian banking system. Towards the foregoing, the Bank also expanded the constitution of its Board by appointing two additional Independent Directors Mr. Saurabh Srivastava and Mr. Vasant V Gujarathi. The newly-appointed Directors bring significant experience in the area of policy making, supervision and strategic direction, having worked with international and Indian firms across technology/audit and stakeholder relationship management. We are optimistic that these inductions will add considerable value to YES BANK's Board of Directors on the one hand and increase the presence of Independent Directors on the Board to 70% on the other, strengthening the Bank's governance commitment.

The Board, in accordance with the provisions of the Companies Act, constituted a Corporate Social Responsibility Committee comprising a majority of Independent Directors. The functions of the Committee comprise the formulation and recommendation of a CSR policy, which indicate the activities to be undertaken by the Bank; and also institute a transparent monitoring mechanism for the implementation of recommendations.

Technology has been a key differentiator at YES BANK, and the Bank has received many awards & recognitions in this regard. In conformity with extant RBI circulars, an IT Strategy Committee was constituted to provide strategic inputs to review and amend the aligned corporate and IT strategy and ensure that the IT architecture complemented the Bank's business model.

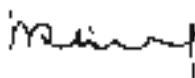


The newly-appointed Directors bring significant experience in the area of policy making, supervision and strategic direction, having worked with international and Indian firms across technology/audit and stakeholder relationship management.

During the year under review, the Board of Directors endeavoured to extensively engage with the top and senior management leaders of the Bank during various committee meetings of the Board. Such engagements have provided the Board with an opportunity to mentor and groom the Bank's leadership to take on additional responsibilities, and also align them strategically with the Vision of the Bank.

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

Best wishes,



M. R. Srinivasan
Non-Executive Chairman
YES BANK Limited

Managing Director and CEO's communiqué



Rana Kapoor, Managing Director & CEO

Dear Shareholders

When I wrote to you last, the global economy was witnessing some green shoots of recovery led by the advanced economies of the US, the EU and Japan. With signs of sustainable recovery in the US, the Federal Reserve had begun preparing the market for the eventual tapering of US bond purchases. A lot has changed since the summer of 2013 when the Federal Reserve first hinted at a gradual reduction of its quantitative easing (QE) program. Following initial gyrations in the emerging markets during the first half of FY 2013-14 in response to the Federal Reserve's tapering, the global economic outlook has since remained stable. World economic growth is projected to improve from 3% in 2013 to 3.6% in 2014, with a revival mainly coming from advanced economies.

While the recovery in advanced economies led by the US gathered pace, economic activity in emerging market economies was sub-potential. Faced with tighter credit conditions and challenges to rebalance the economy from investments and exports to consumption, Chinese economic growth moderated. Likewise, political uncertainty and geopolitical risks amid the 'new normal' of tapering of the US quantitative easing program constrained recovery in the 'fragile' emerging market economies of South Africa, Brazil, Indonesia and Turkey.

While the Indian economy more or less typified the 'fragile' EME basket for the first half of FY 2013-14, timely policy responses to contain twin deficits helped restore a semblance of stability during the second half. The Indian economy grew at a sub-5% rate for the second year in a row, led mainly by a deceleration in industrial growth and sluggish investment demand. High interest rates, sticky retail inflation, policy uncertainty and declining capital productivity constrained industrial output. Faced with compulsions to rein in fiscal deficit, slackening government spending had a detrimental impact on rural consumption growth. The result was that

investment and consumption growth declined to 11-year lows.

In its endeavour to fight inflation and contain inflation expectations, the Reserve Bank of India (RBI) made a gradual transition from a multiple indicator-based approach of monetary policy to a rule-based approach with the nominal anchor defined as the headline Consumer Price Index (CPI). Faced with sticky retail inflation, the RBI was compelled to increase the policy repo rate by 75 bps amidst moderating growth, while a gradual normalization exceptional policy measure was attempted following a sharp depreciation in the Rupee during May-August 2013.

The outlook for the Indian economy in FY 2014-15 appears cautiously optimistic. Recovery in the advanced economies and evolving dynamics of global liquidity are likely to shape the country's growth trajectory. On the domestic front, infrastructure project approvals by the Cabinet Committee on Investments (CCI) and moderating inflation on account of a negative output gap would be supportive. We expect Indian economic growth to moderately improve to 5.4% in FY 2014-15 from



Our focus is to drive greater penetration of our offering to urban, semi-urban and rural areas. Building excellence in service delivery is critical for our long-term growth and sustainability in a competitive banking environment.

the CSO's estimated 4.9% in FY 2014-15. We expect the RBI to maintain a prolonged pause in policy repo rates, encouraged by a projected moderation in inflation. The occurrence of El Nino and a consequent sub-normal monsoon remains an event risk.

Following the Business Excellence mantra

At YES BANK, we are committed to our vision of establishing the 'Best Quality Bank of the World in India' by 2020, as reflected in our continued focus on business excellence and quality over the last 10 years since our inception.

Despite a challenging macroeconomic environment in FY 2013-14, we continued to deliver consistent results through execution as a part of our focus on quality and business excellence. This enabled us to achieve highly satisfactory results and significant value for our stakeholders. The Bank continued to deliver on all key parameters across all four quarters. In short, it was a rewarding journey in FY 2013-14.

The Bank's net interest income increased to ₹2,716.3 crore from ₹2,218.8 crore in the previous year, a growth of 22.4%. Our operating profit registered a 25.5% growth to reach ₹2,688.0 crore from ₹2,141.7 crore in the previous year. Our total Balance Sheet size increased 10.0% from ₹99,104.1 crore as of March 31, 2013 to ₹109,015.8 crore as of March 31, 2014.

These factors contributed to the creation of significant shareholder value with our basic and diluted EPS increasing to ₹44.92 and ₹44.35, respectively, augmenting our book value to ₹197.5 after a dividend recommendation of ₹8 per share.

We also witnessed a sound improvement in our low-

cost deposit base, which helped sustain and improve margins. CASA (Current Account and Savings Account) stood at 22.0% at the end of 2013-14, against 18.9% in the previous fiscal. On the asset quality front, Gross Non-Performing Assets (GNPA) remained under control at 0.31% at the end of FY 2013-14 in a challenging macro environment.

During FY 2013-14, we opened 130 branches and are now present across all States and Union Territories of India. Our customers were served through an extensive network comprising 560 state-of-the-art branches spread across 375 pan-India locations and more than 1,100 ATMs. I am pleased to reiterate the success of our 7% savings interest rate offering. We witnessed a rise in corporate salary and other salary accounts. We developed robust SME and Retail Banking Asset platforms, which are emerging as important growth drivers and are likely to remain so over the next three years and beyond.

Our focus is to drive our penetration deeper in urban, semi-urban and rural areas, marked by excellence in service delivery, which will remain critical to our long-term growth and sustainability in a competitive environment.

Enhancing our Retail Franchise

To make the banking experience more customer-centric, we augmented our retail and branch banking offerings with products and services like YES SWARN, Travel Cards and Mobile Payments. During the year under review, YES BANK was one of the five banks allowed by the RBI to import gold. We also launched YES GARV and YES GLORY, which are new banking propositions for celebrities, cricketers and other sportspeople.

We successfully launched YES INVEST, an online equity trading platform that combines the benefits of a best-in-class savings account proposition with an industry-leading investing platform to offer an all-encompassing wealth management solution to our retail customers. YES INVEST offers a client-centric approach to wealth management with a single-point access to multiple asset classes, innovative tools, in-depth research and a robust execution platform. YES INVEST was launched through the Bank's fully-owned subsidiary, YES SECURITIES (INDIA) Limited.

A Continued Focus on Responsible Banking

The Responsible Banking approach supported by a triple bottom-line focus enabled the Bank to integrate sustainability and corporate social responsibility. This approach produced tangible results for the wider community through a number of pioneering initiatives.

YES BANK, the first Indian Bank to release 'Sustainability Report - Catalyzing a Shared Sustainable Future', received an A Level Check from GRI for its reporting. Unique initiatives like YES COMMUNITY resulted in a large positive environmental and social impact, reaching 3.4 lac citizens. Campaigns like 'YES to Save our Pride – The One Horned Rhino' were launched in partnership with the Government of Assam. 'Sustainability Series', a unique first-ever platform, was successfully instituted to address environmental and social risks that financial institutions need to integrate into lending decisions.

YES BANK signed the 'Natural Capital Declaration', becoming the first financial institution in India to endorse this finance-led CEO initiative, underscoring



I am pleased to report that we received significant institutional recognitions, awards and accolades from Indian and global media houses, consulting organizations and thought leadership forums, among others.

its commitment to integrate natural capital considerations into products and services. This was followed by our convening the Natural Capital Awards, inaugurated by Dr. Shashi Tharoor, Minister of State for HRD, and Dr. R.K. Pachauri, Director General, TERI.

We forged partnerships to achieve significant sustainable development traction through MoUs with IICA and TERI BCSD. Taking a leadership position in the Indian BFSI sector, we became the first bank to achieve the ISO 1400:2004 certification for Environmental Management System.

Another successful initiative comprised 'YES! i am the CHANGE' by YES FOUNDATION, a nationwide platform to connect with youth and social causes.

The Bank's strong position on the sustainability and CSR fronts, resulted in accolades at the Karlsruhe Sustainable Finance Awards (Germany), the CII-ITC Sustainability Awards, Golden Peacock Award for Corporate Social Responsibility and the highest score among Indian banks on the CDP's Carbon Disclosure Leadership Index for India.

Investing in Strategic Alliances and Event Properties

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

YES BANK also entered into a multi-year partnership with the Hockey India League (HIL) commencing from 2014. YES BANK is fully committed to the growth and development of hockey, India's most participative sport. Through its vibrant and innovative sporting format, HIL brings together the entire country, irrespective of regional or demographic diversity, and also grooms a steady pool of young and talented players for the Indian national team.

Additionally, the YES BANK Best CFO Survey & Awards, Emerging Companies Awards and the SME Awards, all in association with *Business Today*, continued to recognize leading Indian CFOs, emerging corporates and successful SMEs.

YES BANK sustained its highly successful partnership with the India Art Fair, India's first and only international art fair showcasing the widest range of modern and contemporary art since 2008, and now one of the best attended fairs globally.

Recognition for our Initiatives

I am pleased to report that we received significant institutional recognition, awards and accolades from Indian and global media houses, consulting organizations and thought leadership forums, among others.

YES BANK was awarded the Performance Excellence trophy at the IMC Ramkrishna Bajaj National Quality Awards, the pinnacle of Quality Awards in India. This award reiterates our focus on superior quality and service delivery as a means to achieve business excellence.

We were given the prestigious 'Strongest Bank in India' award by *Asian Banker*, a leading publication in the Asia-Pacific based out of Singapore. We were also adjudged the 'Best Mid-sized Bank' by the *Business Today*-KPMG study 2013. This was the sixth consecutive time that YES BANK was recognized by *Business Today* in its Best Banks award.

The Way Forward

We are witnessing an exciting phase of growth. We will continue to pursue our strategies with even greater confidence and conviction. We are poised to adapt suitably to the evolving economic and business environment with agility and responsibility. Our business model, widening branch presence, inspired culture of professional entrepreneurship and teamwork put us in a strong position to address the needs of our clients, generate higher stakeholder returns and move towards emerging as the 'Best Quality Bank of the World in India'. I am confident that the hard work of our team and support of the entire stakeholder community will take YES BANK to greater heights of banking excellence in India.

Thank you.

Sincerely,



Rana Kapoor

Managing Director & CEO



Business excellence

IN ITS TENTH YEAR OF INSTITUTIONAL EXCELLENCE, YES BANK REMAINED FIRMLY COMMITTED TO ITS VISION OF 'BUILDING THE BEST QUALITY BANK OF THE WORLD IN INDIA' BY 2020.

Over the last decade, YES BANK has provided comprehensive financial services to numerous individuals, medium and small scale enterprises and corporates, helping catalyze the Indian economy and, in doing so, emerging as the fourth largest private sector bank in India. Besides, the Bank has addressed the needs of a number of the unbanked through innovative and competitive offerings, widening financial inclusion across the country's population.

At YES BANK, the business of banking and the pursuit of excellence are integral to our success. Hence, success at the Bank is not derived from reliance on a few business



aspects but on addressing the opportunities and challenges of the entire ecosystem – internal and external.

This holistic management comprises Vision clarity and strategic direction combined with a strong focus on execution through customer proximity, customized solutions and superior customer value, driven by our differentiated Knowledge Banking approach.

In the tenth year of institutional excellence, YES BANK remains firmly committed to the vision of 'Building the Best Quality Bank of the World in India' by 2020.

Fuelling India's aspirations



Mumbai International Airport Limited's relationship with YES BANK has been expanding and growing year-on-year. MIAL is committed towards making Chhatrapati Shivaji International Airport one of the world's best airports that consistently delights customers through service excellence. It also looks forward to excellence in services from its business partners. YES BANK's understanding of our business and a solution-oriented approach has been the key driver of our successful and long association. YES BANK has been quick to respond to our demands whenever placed on them and we have been impressed with the quality of services they have consistently provided to us.

Rajeev K. Jain

*Chief Executive Officer,
Mumbai International Airport Limited*



Enduring relationships

AT YES BANK, WE DO NOT OUTSOURCE RELATIONSHIP MANAGEMENT. OUR DIRECT RELATIONSHIPS WITH OUR CLIENTS, PARTNERS, VENDORS, EMPLOYEES, INVESTORS AND OTHER STAKEHOLDERS ARE CENTRAL TO OUR VISION AND STRATEGY.

When it came to relationships with our clients, we took a decision early in our existence that 'KYC' – Know Your Customer – is more than an aspect of regulatory compliance but an important component of our management philosophy. Hence, depending on the business segment, we created focused relationship teams with subject, sector and segment expertise to engage directly with our clients at various levels without the involvement of call centers or outsourcing agencies. At YES BANK, our ability to attract and retain customers was drawn from an understanding of what customers needed, comprising a comprehensive product suite, customized and tailor-made financial solutions and a 'money doctor' approach.

These relationships manifested in new client acquisitions, repeat engagement with existing clients, reference-led leads to new customers, enhanced cross-sales and relatively low marketing and credit costs. This, in turn, translated into revenue predictability on the one hand and lower costs on the other, strengthening profitability.

YES BANK made it convenient for customers to engage with the Bank. The Bank invested in a fast-growing branch (560 in FY 2013-14) and ATM network (1,139 in FY 2013-14), supported by around 8,800 friendly and knowledgeable employees. Besides, the Bank invested in an extensive online and mobile banking presence that made it possible for customers to transact anywhere, anytime.

In the area of customer service, YES BANK measured external and internal service delivery (customer satisfaction) using dashboards, voice of the customer (VOC), branch service committee meetings, Sigma score cards 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.

This was the result: India's youngest bank catered to the needs of a number of the country's leading corporates and conglomerates. Correspondingly, the Bank's Net Profit grew 24.4% y-o-y to ₹1,617.8 crore in FY 2013-14 from ₹1,300.7 crore in FY 2012-13.

Lifecycle Banking



“In our quest towards emerging as a complete solutions provider to manage our payments, we found an extremely responsive partner in YES BANK. Their ability to understand our needs and provide a comprehensive, technological and scalable solution proved extremely rewarding for us and our vendors. Over the last nine-plus years, YES BANK has provided us with a wide array of banking services to strengthen operational efficiencies. The emphasis YES BANK has placed on business excellence and superior service delivery has ensured that this relationship is a lasting one. I am sure that together, we will achieve many more milestones in the years to come.”

Rajesh Gupta

*Director Finance & Group CFO,
Havells India Limited*



Human capital management

AT YES BANK, BUSINESS EXCELLENCE IS DRAWN FROM THE ABILITY TO CONSISTENTLY ENERGIZE AND ENGAGE OUR PEOPLE AND INVEST TOWARDS THEIR PROFESSIONAL AND PERSONAL GROWTH. THIS IS IN LINE WITH OUR ETHOS OF PROFESSIONAL ENTREPRENEURSHIP, REFLECTED IN THE 'OWNER - PARTNER - MANAGER' PHILOSOPHY.

Our focus on emerging as the 'Professionals' Bank of India' helped create a distinctive and consistent 'YES BANK' culture and experience across our rapidly expanding pan-India branch footprint.

Over the past 10 years, even as the Indian economy experienced multiple cycles, we gained invaluable experience in managing these cycles through organizational agility, tenacity and flexibility.

One of our learnings was that irrespective of the business cycle, the management at

all levels needs the highest degree of confidence and conviction in business strategy and execution along with the need to communicate this to stakeholders. We witnessed, first during the downturn of 2008-09 and subsequently in 2012-13 and 2013-14, that while cost efficiencies are important, employing counter-cyclical strategies with respect to investments in training and employee development is also a critical factor that can enhance productivity.

Consequently, in 2013-14, even as the external environment remained sluggish, YES BANK continued to invest in training and multi-skilling across locations, functions, businesses and engagement modes. Besides, the Bank introduced employee initiatives that emphasized care, empathy, engagement and sensitivity, reinforced by a robust owner-manager-partner approach.

In FY 2013-14, YES BANK continued to remain an employer of choice at leading Indian business schools. Besides, we hired a number of experienced professionals from other private sector banks that strengthened our retail banking leadership. We continued to balance the recruitment of top and senior management professionals at one end with middle, junior and general management professionals at the other.

The result of this investment in people was that the Company created a robust workforce of around 8,800 employees in just 10 years. Correspondingly, the number of YES BANKers witnessed an increase of 25% in FY 2013-14 alone to reach 8,798 towards the close of the year.

Growing careers



I was among the first employees at YES BANK and it has been a wonderful journey of 10 years in seeing the organization scale new heights under the leadership of Mr. Rana Kapoor.

Working in the Human Capital department, I experienced first-hand the culture of professional entrepreneurship and innovation while placing the highest emphasis on people management.

Looking back, I feel a distinct sense of pride to be a part of this institution, which has embraced the motto of business excellence.

Farahnaz Adappa

*Executive Vice President and Head Compensation & Benefits,
YES BANK Limited*



Processes and quality excellence

AT YES BANK, BUSINESS EXCELLENCE IS DERIVED FROM A REINFORCEMENT OF PRACTICES AND PROCESSES ALIGNED WITH OUR VISION TO EMERGE AS THE 'BEST QUALITY BANK OF THE WORLD IN INDIA' BY 2020. A RAPIDLY GROWING BRANCH NETWORK, NEW BUSINESS GENERATION, NEW PRODUCT AND SERVICES INTRODUCTION AS WELL AS EVOLVING REGULATIONS, EMPHASIZED A FOCUS ON PROCESSES, CONTROLS AND SYSTEMS. PROCESS AND QUALITY EXCELLENCE ENSURED BETTER RISK MANAGEMENT, HIGHER COST EFFICIENCIES AND, MOST IMPORTANTLY, CONSISTENT AND SUPERIOR CUSTOMER SERVICE.



The Bank's focus on procedural excellence was validated by the IMC Ramkrishna Bajaj National Quality (RBNQ) Business Excellence Award – 2013 in the services category, the first Indian bank to win this highly prestigious award. YES BANK was adjudged winner on the basis of a rigorous evaluation process covering leadership, strategy, customer and market orientation, measurement, analysis, knowledge management, workforce and process management.

Some of the ways in which we reinforced quality excellence at YES BANK comprised:

- Establishment of two world-class National Operating Centres (NOC) in Mumbai and Gurgaon to provide superior customer service and business continuity planning
- Creation of business excellence frameworks and quality practices such as Five-S, Quality Circle, Lean, Six Sigma and ISO 9001 standards
- Stronger business continuity management framework (ISO 22301-certified) and information security management framework (ISO 27001-certified)

The result of these process-strengthening initiatives was reflected in one of the shortest turnaround times (TAT) in the industry in the area of customer applications as well as in the numerous quality and service awards that YES BANK was awarded over the years.

Driving customer value



We have ended FY 2013-14 and are looking forward to an eventful FY 2014-15. There will surely be a lot of running around and hits and misses on the way. In the year that has just gone by, we received great support from the YES BANK team. While we continuously got proactive support from the Mumbai team, the Chennai branch team was also always on its toes to serve our immediate requirements. Despite systemic challenges, the team tried to ensure that we received adequate attention. We thank you and value your effort towards our business relationship and look forward to your continuous support in the years to come.

Kalpana Nanda

*Senior Manager, Corporate Treasury,
Mahindra Holidays & Resorts India
Limited*



Technology

AT YES BANK, BUSINESS EXCELLENCE IS DERIVED FROM ENRICHING THE USER EXPERIENCE THROUGH THE PRUDENT USE OF TECHNOLOGY.

Over the years, YES BANK partnered with some of the best and most innovative technology providers for its front end (client acquisition and servicing), mid-end (client servicing and engagement) and back-end (internal processes) requirements. Our unique asset-light approach to technology ensured consistent technology investments and upgradation, benchmarked with best-in-class competencies and innovational in-sourcing to create next-in-class cost-effectiveness.

The Bank's key technology-centric initiatives included:

- Implementation of a framework for the measurement of customer experience (internal and external) to ensure that feedback across each touch-point (customer complaint registers, customer satisfaction surveys, telephonic surveys and employee



feedback) was collected, analysed and acted upon with urgency

- Leveraged social media as a new channel for superior customer service, using it to highlight products, services, brands and new developments
- Created a singular touch-point to log, handle, escalate and resolve customer grievances
- Ensured fullest compliance to the Banking Codes and Standards Board of India (BCSBI), Goiporia Committee recommendations, Damodaran Committee recommendations and the Committee on Procedures and Performance Audit of Public Services (CPPAPS) guidelines

The result was that even in a challenging economic downtrend, YES BANK sustained its technology investments and strengthened competitiveness.

Leveraging partnerships



The relationship between YES BANK and WIPRO goes back to 2004 when we signed the first-of-its-kind total technology outsourcing deal in the Indian banking industry through global competitive bidding. WIPRO bagged this prestigious deal in competition with many other global firms. This shows that adoption of technology is firmly embedded into the organizational philosophy of YES BANK. WIPRO has addressed the entire technology requirements of YES BANK offices, branches and their IT infrastructure, including data centre management.

The striking feature of this partnership is that YES BANK's strategic implementation of technology has always been driven by its pursuit of quality and business excellence. We have found YES BANK to be a technologically-astute organization open to innovation.

Soumitro Ghosh

*Chief Executive,
WIPRO Infotech*



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, BUSINESS EXCELLENCE IS DRAWN FROM 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 reviewed and approved the threshold limits of risk to be taken in line with the Bank's strategic objectives. These limits were continuously monitored by an experienced risk management team and overseen by the Risk Monitoring Committee, a sub-committee of the Board.

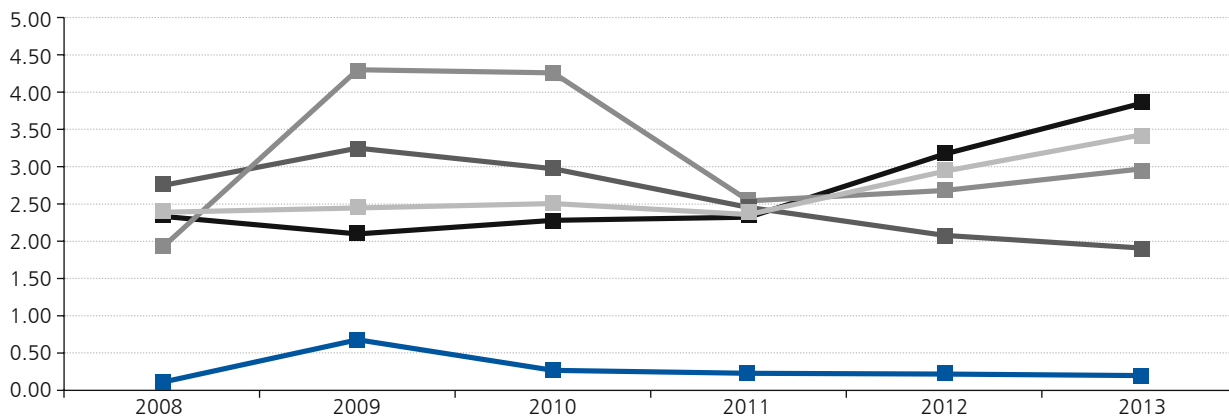
Our risk culture also involved proactive risk identification, appraisal and appropriate time-bound initiatives to mitigate risk with the objective to balance risks with

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 0.05% even in an economically challenging 2013-14.

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



■ YES BANK
 ■ Public Sector Banks
 ■ Private Sector Banks
 ■ Foreign Banks
 ■ All Banks

Source: Department of Banking Supervision, RBI



Responsible banking

AT YES BANK, BUSINESS EXCELLENCE IS DERIVED FROM THE INTEGRATION OF COMMERCIAL, SOCIAL AND ENVIRONMENTAL OBJECTIVES.

At YES BANK, we made Responsible Banking and Corporate Social Responsibility integral to the way we do business. This objective was reflected in responsible banking practices, community lending, sustainable investments, financial inclusion and environmental stewardship. In turn, these reflected in our thought leadership, climate change mitigation and the launch of innovative products and services, reconciling economic growth and social progress.

At YES BANK, Responsible Banking was not just one of the many things we practiced; it was our brand differentiator.

We were one of the first Indian financial institutions to embrace an Environmental and Social Policy, reconciling social and environmental considerations in everyday lending decisions. We were the first commercial bank to release a GRI A Level Checked Sustainability Report in India; we were the only bank to be included in the Carbon Disclosure Leadership Index of the CDP for three consecutive years; we were the first bank in India to be certified for ISO 14001:2004 (environment management system).

As an extension of this commitment, we established YES FOUNDATION, our social development arm, in 2012. In its maiden year, YES Foundation championed the 'YES! i am the CHANGE' (YIAC) initiative, a nationwide movement to inspire, engage and empower youth to participate in India's social transformation through films. YIAC engaged with over 200,000 youth, conducting workshops across all 13 IIMs, IRMA and NIFT, among others; its special program involved the participation of over 41,400 students on Children's Day.

YES BANK also created YES COMMUNITY, a unique community engagement initiative conducted across 560 YES BANK branches in 28 states and seven Union Territories. YES COMMUNITY advocated inclusive public, social and sustainable environmental development in local communities through a pivotal social engagement program. Last year, YES BANK branches conducted more than 4,100 activities in association with residential societies, NGOs, educational institutions, administrative bodies and industry associations, touching 348,000 lives.

The result of these initiatives was enhanced respect. During the year under review, YES BANK won the prestigious Golden Peacock Award for Corporate Social Responsibility; we received the Outstanding Business Sustainability Achievement Award at the Karlsruhe Sustainable Finance Awards in Germany; we were awarded the FT-IFC Sustainable Awards for three consecutive years and we were given the coveted Sustainable Bank of the Year award in Asia/Pacific for consecutive years.

"YES BANK has set a very high benchmark in sustainability principles."

teri



The recently-released reports, which form a part of the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), clearly show the importance of pursuing sustainable development across the globe for tackling the challenge of climate change. Business investments would have to address these objectives and there is no more effective an instrument for bringing about compliance in this area than for banks and financial institutions to embed sustainability principles in their normal operations. YES BANK has set a very high benchmark in this regard, which would enable it to simultaneously serve the interests of its shareholders as well as those of the society.

Dr. R. K. Pachauri

Director-General, TERI



Financial inclusion

AT YES BANK, FINANCIAL INCLUSION IS A KEY COMPONENT OF BUSINESS EXCELLENCE; 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 created 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 aimed at creating viable business models while providing 'access to finance' to the bottom-of-the-pyramid customers.

Some of the key initiatives undertaken by YES BANK to promote financial inclusion included YES SAHAJ – Mobile Transaction Kit, YES MONEY – Domestic Remittance service and YES LEAP – product suite for self-help groups (SHGs).

As on March 31, 2014:

- YES SAHAJ had recorded 430,000 transactions with a corresponding transaction value of ₹325 crore
- YES MONEY had more than 15,400 Business Correspondent Agents enrolled through 15 Business Correspondents serving over 18 lac customers. The service reported 103,60,000 transactions with a volume of ₹4,265 crore
- YES LEAP reported 40,000 credit and savings-linked self-help groups with a total outstanding loan of ₹648.5 crore

YES BANK is empowering SHGs



“With support from IASC, we formed Thendral (which means fragrant breeze in Tamil) self-help group, which availed a loan of ₹306,000 from YES BANK. Most of us procured flowers on credit from the wholesale merchant, made garlands and sold them in the retail markets. We were dependent on the wholesaler, who cheated us by charging us more. After we took the loan, we started purchasing flowers in cash and obtained the best deal. Our profits have soared and our families are happy. YES BANK is a fragrant breeze in our lives!”

Thendral SHG: A Fragrant Breeze, Kovilpalayam, Coimbatore

YES BANK is enriching relationships



“I have been a YES BANK Business Correspondent in Tamil Nadu since February 2013. YES BANK’s pragmatic approach in providing all financial services (rather than just a savings account) through the BC model has helped create a ‘win-win-win’ proposition for customers, IASC and the Bank.”

Ganesh Ramanand Rao

Chief Executive Officer, Indian Association of Saving and Credit (IASC)

Recent Awards and Accolades

Institutional & Business Excellence



- Winner of RBNQ Business Excellence Award – Service 2013
- IMC RBNQ Performance Excellence Trophy (Service category), 2012, 2011 & 2010
- ‘Certificate of Merit’ in the Service category, 2009



- The Strongest Bank Balance Sheet in India, Dubai, 2013
- Best Managed Bank in India for the 3-year period (2011-2013), Jakarta, 2013
- Strongest Bank in India, Singapore, 2012

The Asian Banker Leadership Achievement Awards



- Best Private Sector Banker - 2013, 2012
- Safest Banker - 2013, 2012
- Best Banker in Growth & Expansion - 2013, 2012
- Best Banker in Efficiency & Profitability - 2013, 2012

The Sunday Standard Best Bankers Award (Mid-Sized)



- Best Mid-Sized Bank, 2013, 2012, 2010, 2009 & 2008
- Fastest Growing & Strongest Large Bank, 2011

Business Today – KPMG Best Banks Annual Survey



- Best Mid-Sized Bank, 2012
- Fastest Growing Bank (Balance Sheet > ₹30,000 crore) – 2011, 2010
- Fastest Growing Bank (Balance Sheet < ₹30,000 crore) – 2009

India’s Best Banks: A Businessworld – PwC Survey



Achiever Award for SME Enablement

SKOCH Development Summit & Awards 2014

Responsible Banking



Outstanding Business Sustainability Achievement
Karlsruhe Sustainable Finance Awards Germany, 2013

ISO 14001:2004

First bank in India to be awarded ISO 14001:2004 certificate 2013



‘Commendation Certificate’

- Significant Achievement – 2013, 2012, 2011 & 2010
- Strong Commitment to Excel – 2009

CII-ITC Sustainability Awards - Sustainability Asia Summit

Efficient Payments Solutions & Technology / Service Excellence



Only Indian bank to be an active signatory since 2009



- First Indian company to be on the Carbon Disclosure Leadership Index for three consecutive years – 2013, 2012, 2011
- First Indian company to be a signatory – since 2007



- Sustainable Bank of the Year – Asia/Pacific, 2012 & 2011
- No. 1 Emerging Markets Sustainable Bank of the Year – Asia, 2008

Financial Times/IFC
Washington London



- Corporate Social Responsibility, Bangalore, 2013
- Global Business Excellence Award, Dubai, 2013
- Sustainability Award, London, 2012

Golden Peacock Global
Convention

Efficient Payments Solutions & Technology / Service Excellence



ICT Led Social Innovation by a Corporate

NASSCOM Social Innovation honours 2012 & 2013



- Excellence in Domestic Payments, 2013
- Innovation in Payments, 2012
- Innovation in Business Intelligence, 2010
- Most Innovative e-Payments Solution Award – Asia, 2008

Financial Insights
Innovation Awards
Singapore

Non-Executive Chairmen



Late Mr. Ashok Kapur
From September, 2004 –
November, 2008



Mr. S. L. Kapur
From January, 2009 – April, 2012



Mr. M. R. Srinivasan
From June, 2013 – till date

Board of Directors



M. R. Srinivasan
*Non-Executive Part-Time
Chairman*



Radha Singh
Independent Director



Ajay Vohra
Independent Director



Brahm Dutt
Independent Director



Diwan Arun Nanda
Independent Director



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



Ravish Chopra
Non-Independent Director



Saurabh Srivastava
Independent Director



Vasant V Gujarathi
Independent Director



Rana Kapoor
Managing Director & CEO

Management Team



Abhay Sapru
President



Abhishek Bhagat
Senior President



Aditya Sanghi
Group President



Ajay Desai
Senior President



Ajay Mehta
President



Ajit Chandgude
President



Akash Prasad
President



Akshay Sapru
President



Amit Sureka
Senior President



Amit Dhawan
Senior President



Amit Kumar
Group President



Anand Ganesan
President

Management Team



Anand Bajaj
President



Arun Agrawal
Group President



Ashish Agarwal
Group President



Ashish Chandak
President



Asit Oberoi
Senior President



Aspy Engineer
President



Astitwa Pandey
President



Chitra Pandeya
Senior President



Deodutta Kurane
Group President



Devamalya Dey
Group President



Devang Rawal
Senior President



Dhavan Shah
President

Management Team



Guljiv Sahwney
Group Executive Vice President



Hariharan K.
Group Executive Vice President



Jaideep Iyer
Group President



Jyoti Prasad Ratho
President



K. Somasundaram
Senior President



Kanwar Vivek
Senior President



Kapil Juneja
Senior President



Karan Ahluwalia
President



Kingshuk Chakraborty
Senior President



Lata Dave
President



Malcolm Athaide
Senior President



Manish Vora
Senior President

Management Team



Manoj Ralhan
President



Munindra Verma
President



Namita Vikas
Senior President



Narendra Dixit
President



Nikhil Sahni
Senior President



Nipun Jain
President



Nirav Dalal
Senior President



Nitin Puri
President



Nitin Sane
President



P. Rakesh
Managing Director



Parag Gorakshakar
Senior President



Pralay Mondal
Senior Group President

Management Team



Pramesh Khanna
President



Pran Jain
President



Punit Malik
Group President



R. Ravichander
Group President



Rajat Monga
Senior Group President



Rajeev Mahajan
Senior President



Rajesh Jhunjunwala
President



Rajiv Anand
President



Rajnish Datta
Senior President



Rakesh Arya
Senior President



Ramanand Pulavarti
President



Rinki Dhingra
President

Management Team



Sanjay Palve
Senior Group President



Sanjay Agrawal
Senior President



Sanjay Mandavkar
Senior President



Sanjay Nambiar
Group President



Sanjeev Pandey
President



Sanjiv Misra
President



Satya Mohapatra
President



Shivanand Shettigar
Group Executive Vice President



Shubhada Rao
Senior President



Subramanian Ayyar
President



Sumit Gupta
Group President



Sumit Kakkar
Senior President

Management Team



Surendra Jalan
Group President



Surendra Shetty
Senior President



Sushil Budhia
Managing Director



Tushar Pandey
Senior President



Umesh Gore
President



Vijay Kumar
President



Vikas Dawra
Managing Director



Vinod Bahety
Senior President



Vivek Bansal
President



Yogesh Budhiraja
President



Yogesh Kapoor
President



Yogesh Shetye
President

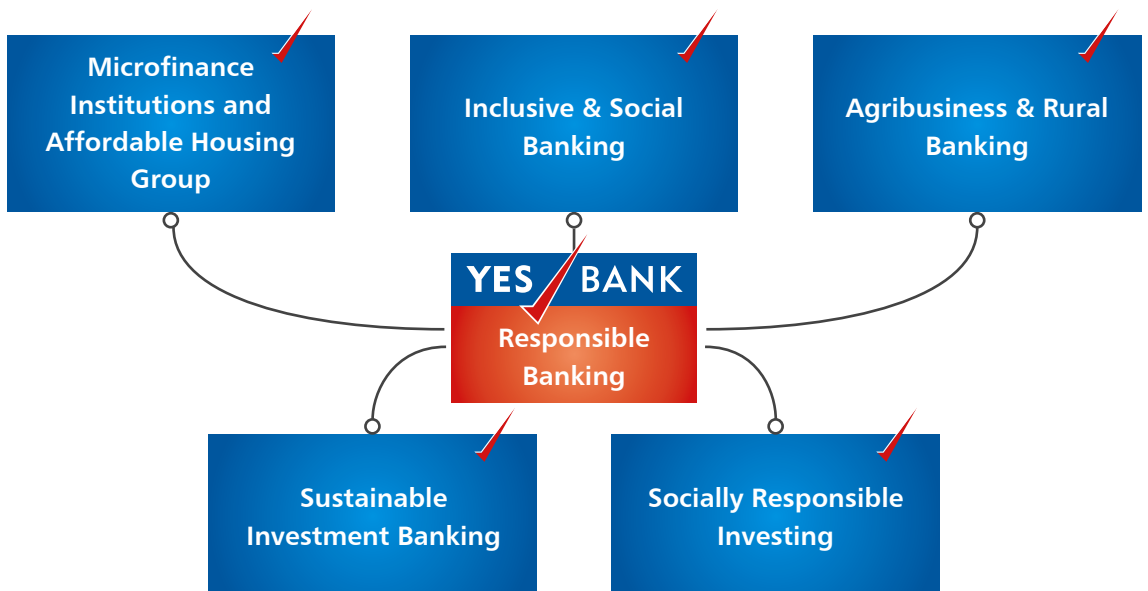
Towards The 'New New-Normal'

The 2008 financial crisis saw the banking sector realign strategies to predict and prevent shocks that caused systemic vulnerability, which was a state of 'new normal'. This new-normal meant putting together comprehensive mechanisms and measures to reduce irresponsible risk, rectify lapses, tighten compliances and add value to the economy. However, the emerging climate change crisis, food, energy and water insecurity and rising regional and national inequalities demanded a surge towards a 'new new-normal' reality transcending from a reactive to a proactive response towards overall growth and development.

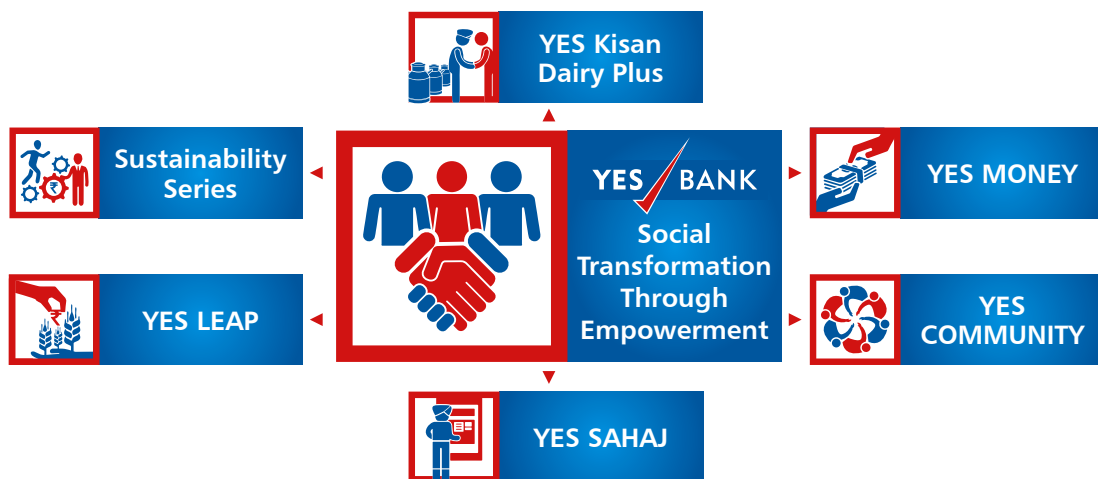
To create a strategic advantage in this 'new new-normal' scenario, YES BANK adopted a holistic

approach to measure its qualitative and quantitative impact on stakeholders. The Bank's progress, where growth and sustainability are indivisible, entailed creating shared value around a triple-bottom-line. Equipped with a proactive approach and conscientious risk-appetite, YES BANK proceeded towards inclusive growth and national parity.

In order to link sustainable development with stakeholder value creation, YES BANK created innovative business solutions and services that wove sustainability services into its core business strategy and processes, reflecting a spirit of Responsible Banking. This approach enabled the Bank to deliver a positive socio-environmental impact that enhanced its equity in the sustainability space.



Social transformation through empowerment



Working towards financial inclusion: Inclusive and Social Banking

Despite formidable physical bank outreach and rural footprint, 64% Indians lack access to savings accounts, 87% Indians lack access to ATMs and 73% of the farming community lacks access to institutional credit. Over the 10 years of its existence, YES BANK focused on the 'inclusive' growth of 'emerging India'.

Financial inclusion is not just an ethical imperative but a sound business decision that helps the Bank mitigate risks and identify new business opportunities that catalyze social development. Through products and services specifically catering to

the 'base of the pyramid', the Bank made it possible for India's unbanked and under-banked population clusters to improve their economic well-being.

Cognizant of the immense business potential and unique banking needs of 'the next billion' customers, the Bank's Inclusive and Social Banking (ISB) division exclusively focused on 'financial inclusion'. The Bank provided access through suitable financial products and services to unbanked low-income communities across urban and rural India.

Through ISB, the Bank not only supported self-help groups but also facilitated and inspired community members to turn into entrepreneurs. In FY 2013-14, through innovative products like YES Kisan Dairy Plus, YES LEAP and YES SAHAJ, the Bank impacted 5.3 lac families across India.



Development through innovative business models: YES Kisan Dairy Plus

India is the world's largest milk producer, accounting for almost 17% of the global milk production with an estimated production of 13.24 crore tonnes during FY 2012-13, making the dairy segment the largest contributor to the country's agricultural GDP. It is estimated that the dairy sector generated revenues worth over ₹4.63 thousand crore in FY 2012-13, assuming an average consumer price of ₹35 per litre.

Given the dairy sector's importance in rural employment and revenue generation, YES BANK extended a complete range of financial products to dairy farmers under the aegis of YES Kisan Dairy Plus.

YES Kisan Dairy Plus represented a comprehensive suite of financial products, tailor-made for dairy farmers. The Bank could immediately credit the milk payment in the farmer's account (wherever a dairy processor installed an advanced automated milk testing machinery), based on the data provided.

Through YES Kisan Dairy Plus, farmers experienced the services of a formal financial institution first-hand, a first-of-its-kind experience for many. This generated curiosity to know more, leading to enhanced financial literacy. Since the Bank was now aware of the farmer's transactional history, a seasonal overdraft facility was offered, which ensured that they did not have to borrow from informal sources like friends, relatives and moneylenders and end up permanently in a moneylender's trap.



Instant payment being made to a dairy farmer



Milk being collected at a procurement centre

The single most important contribution of this product was in providing instant credit to a farmer for milk produce, which otherwise would take an entire day, guaranteeing timely payment.

The YES Kisan Dairy Plus product proposition comprised:

- Instant milk payment (as applicable, in association with the respective dairy)

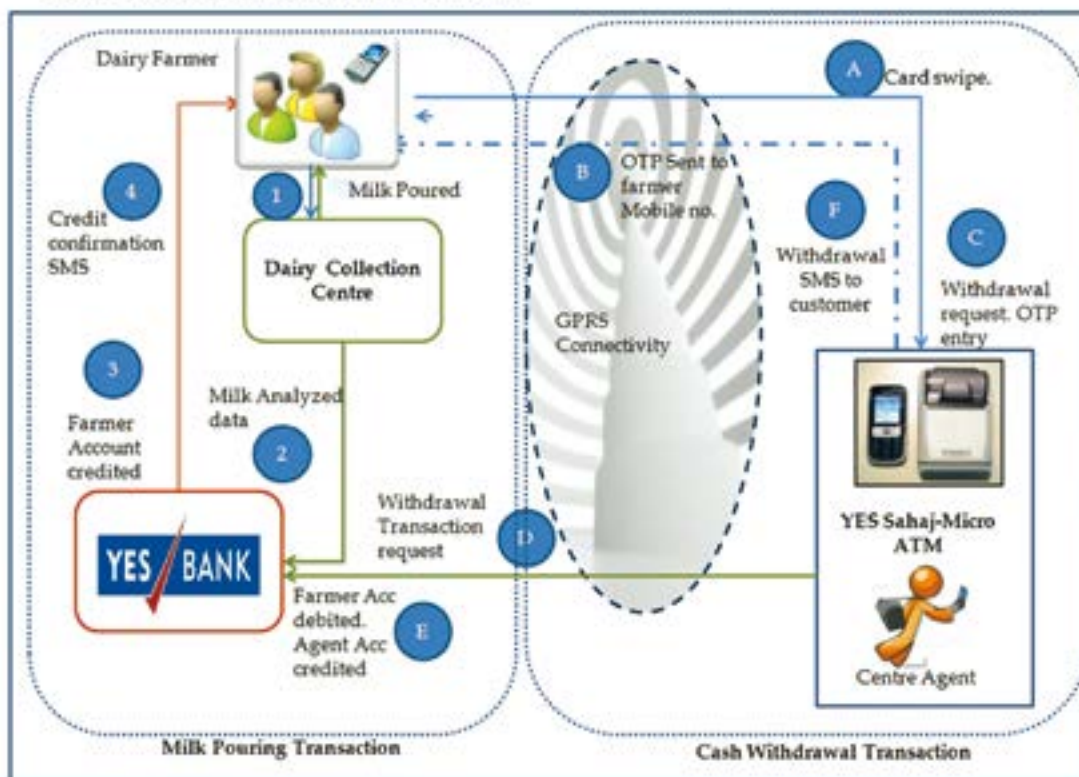
- Basic Saving Account (BSA) with 6% interest and ATM-cum-Debit Card
- Free unlimited withdrawals on any bank's ATM
- Lean Season Over-draft (LSOD) facility
- Unlimited deposit/withdrawals through YES BANK's specially-deployed YES SAHAJ hand-held device

- Domestic inward/outward remittance service
- Annual Group Life Insurance for member and spouse
- Flexible Recurring Deposit facility linked to BSA

YES Kisan Dairy Plus was implemented as a pilot project in collaboration with one of the largest dairies in South India, based in the Villupuram district

of Tamil Nadu. As crop and livestock farming are quintessential characteristics of the Indian agriculture production system, a much-needed intervention in the form of YES Kisan Dairy Plus enabled the Bank to reach out to rural communities, especially farmer households, that were conventionally unbanked or under-banked, offering them zero or low-cost financial products and services.

YES Dairy- Process Flow for Credit and Withdrawal



YES BANK Payment Intervention in Paayas

YES BANK started a pilot project with Paayas Producer Company (PPC), promoted by National Dairy Development Board, to provide payments to farmers along two milk procurement routes in Renwal and Sri Madhopur Milk Chilling Center in Rajasthan.

Farmers were happy to receive direct credit in their accounts and a majority were comfortable with

withdrawing money from other bank ATMs during their routine visits to cities/bigger villages. Farmers also used the YES SAHAJ Micro ATM BC facility that YES BANK provided, which helped manage their cash flows as per convenience.

This model represented an immense opportunity for scale-up given that 60% of farmers supplying to PPC already prefer the use of a regular ATM network.





Testimony of a farmer

"I am a farmer with three acres of land. I own three cows and have been supplying milk to the dairy for more than two years. I supply more than 20 litres of milk every day and earn about ₹400 for a day's produce. Prior to the YES BANK tie-up I couldn't plan my savings; I received cash only the following day and on most occasions, the amount was used immediately. I faced liquidity issues even though my earnings were sizeable. Now, I am able to plan my savings and expenses better because of YES BANK." – *Muthukrishnan*



YES MONEY

YES MONEY, the innovative technology-based remittance model helped save close to 5 crore productive wage earning person-hours of over 18 lac customers since inception through more than 1 crore transactions, YES MONEY revolutionized India's domestic remittance model.

The model facilitates a safe remittance in India: making it possible to deposit cash across more than 15,000 YES BANK's authorized Business Correspondent Agent (BCA) outlets in India within four seconds at any time of the day. YES MONEY catalyzed payment systems through a meaningful mobile payment technology that was otherwise untapped.

YES MONEY brought the transaction touchpoint closer to the customer – in this case, India's base-of-the-pyramid laborer – conveniently and securely. YES MONEY's usage patterns show that 48% of all transactions take place between 6 am and 10 am and between 4 pm and midnight, which are non-

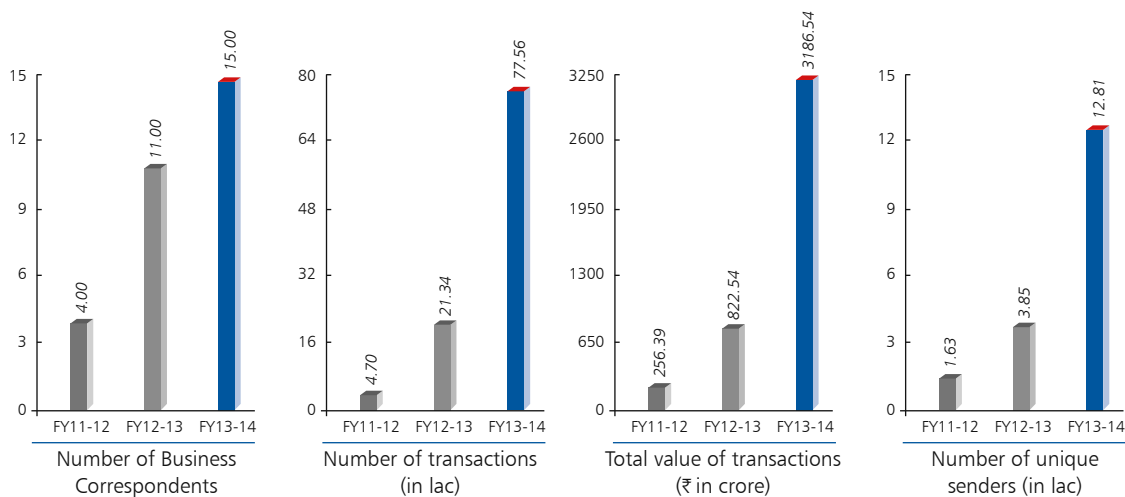
banking hours, clearly highlighting the convenience of the service.

YES BANK shares a major portion of the income generated with the Business Correspondents, holding on to only 20% of user fees, thus generating extra income for Business Correspondents.

For transactional confirmation, YES MONEY extended from the use of paper receipts by sending confirmations via text messages. Assuming that a confirmation slip used half an A4 sheet per transaction, YES BANK helped save approximately one million A4 paper sheets. The remittance technology also discouraged a user from traveling to a bank branch, ensuring lower fuel usage, lower GHG emissions and transportation costs.

The Bank received peer appreciation for this model, which, with the help of the National Payments Corporation of India (NPCI), is now being replicated by many major banks for the benefit of a larger population. This will also cater to the needs of a wider customer base, beyond the user segment which has access to mobile phones.

YES MONEY



YES LEAP

YES Livelihood Enhancement Action Program (YES LEAP) provides banking services to the underserved rural, semi-urban and urban population through the SHG (Self Help Group) Bank Linkage Programme and partnering with Self Help Promoting Institutions (SHPI) engaged in capacity building of the financially disadvantaged.

Through YES LEAP, the Bank disbursed almost ₹857 crore to about 40,000 SHGs in a little over two years of operations. For the agriculture and allied sectors, an increase in the bank loan by ₹1 positively influenced the income of the member by ₹3.01 (*U. Jerinabi's, 'Micro Credit Management by Women's Self-help Groups'*). Extrapolating this multiplier effect, YES LEAP's cumulative disbursement positively influenced almost ₹2,583 crore in the economies where it operated, which amounted to approximately ₹49,688 per SHG member.

The Bank reached over 5.3 lac households in rural



A SHG meeting in progress in rural Pune, Maharashtra

India, which was significantly higher than the reach of branch-based lending to households. One of the highlights of YES LEAP was that all the SHGs linked with YES BANK were women-based SHGs, strengthening social empowerment, rural development and their financial security.

YES LEAP proved to be a credible cost-effective alternative to local money lenders who lend at usurious rates that could lead to perpetual indebtedness.

YES LEAP	FY 2013-14	FY 2012-13	FY 2011-12
Number of Business Correspondents*	35	26	8
Number of savings-linked SHGs**	28,677	4,617	250
Total outstanding value in savings-linked SHGs (₹ in crore)**	27.2	9.79	0.797
Number of credit-linked SHGs*	39,034	7,900	192
Total loan outstanding in credit-linked SHGs (₹ in crore)*	647.2	155.24	1.81

* Cumulative as on March 31, 2014 ** For FY 2013-14



SHG members interacting with the Bank representative



YES SAHAJ

Technology has played an important role in financial institutions, achieving last mile connectivity in rural India and facilitating financial inclusion. YES SAHAJ Micro ATM, an innovative, cost-effective and scalable mobile transaction solution, enabled and processed almost

4 lac transactions with an aggregate value of over ₹300 crore till date. This benefited rural families, migrant workers and generated income for Business Correspondents. Launched in April 2011, the YES SAHAJ Micro ATM played a pivotal role in the operations of YES LEAP and YES MONEY in its collection and remittance efforts by allowing the Bank to track payments in real-time.

YES SAHAJ	FY 2013-14	FY 2012-13	FY 2011-12
Total Service Officers/CSPs*	752	270	46
Total value of transactions (₹ in crore)**	295.57	21.24	5.92

* Cumulative as on March 31, 2014 ** For FY 2013-14

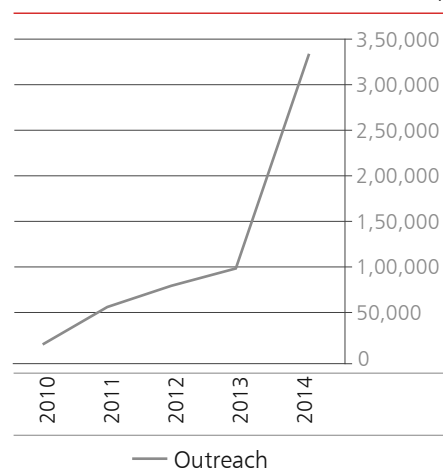
 Engaging to create community impact: **YES COMMUNITY**



YES COMMUNITY, a unique community engagement initiative, was started in 2006 with the belief that the Bank's branches can be effectively utilised as knowledge-sharing centers or *choupals*. Over the years, it built strong relationships and triggered local action on relevant social and environmental issues.

Common-minded people come together on the YES COMMUNITY platform, which serves as a catchment opportunity for branch banking to go beyond something that is merely transactional, thus making YES COMMUNITY a case study in terms of CSR and sustainability-based initiatives. The objective of YES COMMUNITY was to catalyze positive action within the community, thus leveraging Responsible Banking to enhance stakeholder value.

YES COMMUNITY grew in size and reach. In 2009, it had reached out to around 20,000 people and in 2013, the number crossed 3.48 lac touchpoints.



On the basis of an annual calendar, World and National days of social and environmental importance were celebrated. The events were organized by branches in collaboration with an international, national or regional NGO. These events were in line with the broader aspects of the YES COMMUNITY programme, which helped build YES BANK’s on-the-ground presence. As a means to this end, a YES COMMUNITY calendar was formulated annually.



YES COMMUNITY used an inbound and outbound model:

- Inbound is where the community was invited to the branch for the event
- Outbound is where branches went out to corporate, academic institutions or residential housing societies to conduct these events

Key highlights

In FY 2013-14, the World Population Day event focussed on senior citizens and received an overwhelming response. The Bank utilized the YES COMMUNITY platform to launch an exclusive product – YES RESPECT – that provided senior citizens with a host of add-ons like discounts on health services and insurance, extended branch banking timing and better deposit rates. The programme was conducted across the country in



Celebrating World Population Day at the Tezpur branch

collaboration with HelpAge India; the Bank offered to the elderly HelpAge India’s Advant-Age card, which provided discounts and offers at over 1,800 healthcare, retail and hospitality partners across India.

Since North East India was an important focus area, YES BANK launched two important campaigns in partnership with the Assam Government. YES BANK flagged off the ‘Save the Rhino’ campaign at the Kaziranga National Park and reached out to villagers, schools and businesses to raise awareness on protecting the ‘vulnerable’ species (according to IUCN). Similarly, in Nagaland, the Bank participated in the famous Hornbill Festival where art competitions were organized for school children that sensitized them on ecological conservation.

The YES COMMUNITY platform was used to accelerate YES FOUNDATION’s first initiative called YES! i am the CHANGE, a nationwide filmmaking

project aimed at achieving social transformation. The Bank engaged with 41,400 students through this initiative.

In the wake of rising concerns over women’s safety in India, YES BANK, in association with CARE India, launched a nationwide campaign called ‘Say YES to Women’s Safety’. The Bank invited London-based self-defence expert Debi Steven and her highly trained team from Action Breaks Silence to train over 500 participants in Mumbai and Delhi. The Bank also sent the ten best crowd-sourced ideas mediated towards strengthening women’s safety to all Chief Ministers, Union Ministers, State Ministers and key bureaucrats.

YES COMMUNITY not only deepened the Bank’s existing relationships with customers but also enabled and facilitated ‘New To Bank (NTB)’ relationships. In the last year alone, some 4,157 YES COMMUNITY events were conducted across India.



Hosting the ‘YES to Women’s Safety’ workshop in Mumbai



Celebrating Children's Day at the Chhindwara branch



An entry in the art competition organized at Jorhat branch on World Environment Day



Commemorating World Water Day at the Kandivali East branch



Screening of the YES! i am the CHANGE movies during Children's Day

'Save The Rhino' campaign



YES BANK recognized grave concerns over the survival of the Greater One-Horned Rhino. Keeping this in mind, the Bank focused on its Save the Rhino initiative. As a responsible and sustainability-conscious corporate citizen, the Bank partnered with the Government of Assam in launching the 'YES to Save Our Pride – the One-Horned Rhino' campaign under the aegis of the YES COMMUNITY initiative.

This campaign formed a crucial part of YES BANK's broader focus on sustainable development and conserving biodiversity, a commitment that it undertook when it signed the Natural Capital Declaration.

The Kaziranga National Park is home to two-thirds of the world's One-Horned Rhinos. The

Assam Government undertook various measures to protect the One-Horned Rhino and its habitat. To supplement this effort, YES BANK, through the 'YES to Save Our Pride – the One-Horned Rhino' campaign, conducted on-ground interactions with villagers, forest guards and forest officials to understand the dynamics of the man-animal conflict as well as threats from poachers and smugglers.

Through YES COMMUNITY, the Bank organized *Garh Basauk Abhiyans*, which aimed at sensitizing people living near the National Park and help convert them into becoming protectors of the One-Horned Rhino.

The Bank came up with an audio-visual presentation and signature radio tune drawn from the folk music of Assam as well as Karbi folk elements, which spoke of the One-Horned Rhino's habitat in Kaziranga. The audio-visual was directed and produced by award-winning filmmaker Mr. Gautom Saikia. The moving

presentation, played across cinema halls in Assam, captured the heartbreaking tale of how poaching impacted the bond between the mother and her calf. It also highlighted key initiatives that the Assam Government undertook towards conserving the rhino population.

The campaign was flagged off by the Hon'ble Chief Minister of Assam Mr. Tarun Gogoi, with active support of the Department of Environment and Forests, (Government of Assam), the State's Chief Wildlife Warden, Chief Conservator of Forests, Assam Forest Department and the Centre for Humanistic Development.

The 'YES to Save Our Pride – the One-Horned Rhino' campaign will help YES BANK leverage a multi-stakeholder model of engagement leading to mainstream sustainable development at the local and global levels.



Inaugurating the 'YES to Save Our Pride – the One-Horned Rhino' campaign



The Hon'ble Chief Minister of Assam and other dignitaries at the launch



Promoting lending to the SME sector

To scale its SME loan portfolio, YES BANK raised USD 150 million from IFC, a member of the World Bank Group, for a tenure of up to seven years. The highlight of this loan was that an amount of USD 20 million was specifically earmarked to finance women-owned SMEs. Of this, 75% of the amount i.e. up to USD 15 million would be used to finance women-owned SMEs in Low Income States

(LIS)/ North-Eastern States (NES). In addition, an amount of USD 30 million would be used to provide financing to eligible SMEs in LIS/NES.

YES BANK was the first global institution to receive funding through IFC's Managed Co-Lending Portfolio Programme and also the first Indian bank to mobilize loans under IFC's A/B loan facility. The IFC Managed Co-Lending Portfolio Programme is a new syndication platform that makes it possible for institutional investors to passively participate in IFC's future senior loan portfolio.



“The investment shows YES BANK’s commitment to support underserved and unbanked women business owners who generate significant social and economic benefits.”

Serge Devieux, IFC Director for South Asia

MoU with Brickwork Ratings for promoting credit culture in the SME sector

Credit evaluation and risk management in the SME sector needs a specialized approach as the challenges and risk environment faced by SMEs are different from other enterprises. With a focused Knowledge Banking approach and keen sectoral expertise, YES BANK worked closely with SME clients to help them respond more effectively to changing economic conditions.

To augment YES BANK’s efforts towards growth and creating knowledge standards in the MSME sector, the Bank entered into a Memorandum of Understanding (MoU) with Brickwork Ratings on 11 October 2013. Through this association, YES BANK will help build a strong knowledge platform and facilitate adequate credit access to SMEs. Brickwork Ratings and YES BANK will jointly work towards creating awareness on rating and funding avenues for SMEs by hosting joint seminars/workshops. YES BANK and Brickwork Ratings will also carry out focused studies in the SME segment.



Mr. Sanjay Agrawal, Senior President, Business Banking, YES BANK and Mr. D Ravishankar, Founder Director, Brickwork Ratings at the signing of the MoU



Creating impact through advisory and research

FOOD and AGRIBUSINESS STRATEGIC ADVISORY and RESEARCH (FASAR)

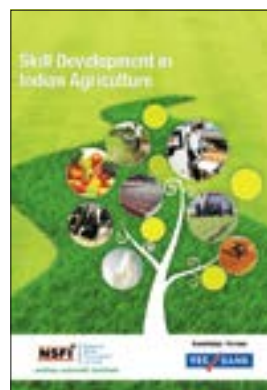
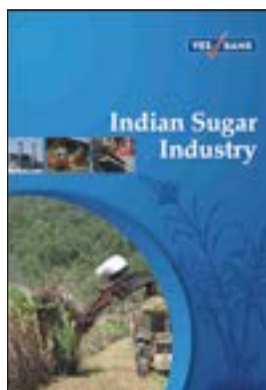
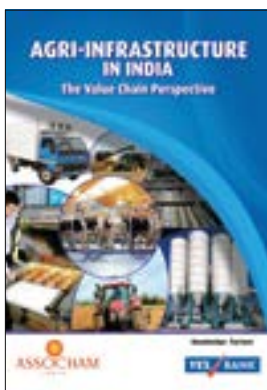
FASAR is a specialized group within the Food and Agribusiness Research Management (FARM) division of the Bank comprising industry specialists with sectoral knowledge, relevant experience and expertise in the conceptualization and implementation of food and agri initiatives. Over time, FASAR has emerged as a premier specialized food and agribusiness consultancy.

FASAR works with corporates, small and medium enterprises, multinationals, State Governments, Central Government (Ministry of Agriculture, Ministry of Commerce, Ministry of Food Processing Industries) and multilateral agencies in sectors like dairy farming, dairy processing, agri inputs, food processing and food services, agri SEZs, modern terminal markets, food parks, agri-infrastructure,

commodities, plantations, logistics and agri supply chain, large scale farming, skill development and rural retail, among others.

In FY 2013-14, FASAR undertook 15 advisory mandates in private *mandis*, agri SEZs, cold chains, warehousing, steel silos, agri value chain, dairy farming and processing, food parks and quick service restaurants.

FASAR conducted in-depth research on various sub-sectors in the food and agri domain and released knowledge reports and research papers apprising the stakeholders on the latest issues, trends and developments. In FY 2013-14, it published four knowledge reports with partners like ASSOCHAM and the National Skills Foundation of India, capturing the latest industry trends and issues on agri-infrastructure, biotechnology, sugar industry and skill development. Additionally, the Group spearheaded knowledge pool development for the publication of thought leadership articles in the print media.



Partnership with Australian Trade Commission (Austrade) on agribusiness and food expertise

Agribusiness accounts for a 60% share of Australia's total exports. Of this, nearly 50% is exported to Asia. Given India's constant push to achieve food and nutrition security for its growing population and the similar challenges faced by Australia, the country emerged as a potentially ideal agribusiness partner. Mutual cooperation and collaboration is needed in dairy, animal husbandry and meat processing sectors, both in terms of services as well as technology.

In October 2013, YES BANK entered into an agreement with the Australian Trade Commission (Austrade) to collaborate and explore trade opportunities in the agribusiness sector, including business development, syndicating, lending and trade financing in agribusiness.

As a part of the agreement, Austrade and YES BANK will jointly organize workshops across India to create awareness about Australian capabilities in the food and agribusiness sectors and exchange information with Indian businesses looking at international expansion opportunities. Austrade and India's food processing and agricultural sectors will collaborate in the following areas:

- Share cross-country experiences in similar climatic conditions and logistical challenges; how Australia addressed these challenges to export AUD 30.5 billion value of food each year (*Source: Australian Food Statistics Report 2011-12*) to some of the most demanding markets like Japan and Europe.
- Introduce Australian expertise and technologies to increase the productivity of key agricultural sectors like grains, vegetables and dairy.
- Explore collaborations and joint ventures in food processing areas to add value to Indian produce.

- Exchange information on new consumer trends around the world that can offer export opportunities to Indian and Australian agricultural companies.

STRATEGIC GOVERNMENT ADVISORY

To attract private sector investments through public private partnerships, YES BANK's dedicated Strategic Government Advisory division worked with Union and State Governments, their agencies and other stakeholders through the 'projectisation' approach to ensure institutional reforms and policy streamlining across identified sunrise sectors.

Highlights

- YES BANK, in its endeavor to strengthen government relations and its advisory services portfolio, signed an MoU with the Technical Consultancy Services Organization of Karnataka (TECSOK), a Government of Karnataka organization, to carry out a joint business development in the government advisory space.
- YES BANK, in association with the Ministry of Tourism, launched the 'Incredible India Tourism Card' for inbound tourists, which was successfully operationalized.
- The Bank was mandated by the Gujarat Government to prepare a 'Vision Document' on improving the tourism infrastructure in that state. The Bank submitted a roadmap to the Tourism Corporation of Gujarat Limited in positioning Gujarat as the most favored tourist destination by identifying key development themes.
- YES BANK, in its role as a country manager for a cooperative tourism development project, implemented two pilot initiatives in Bageshwar (Uttarakhand) and Purulia (West Bengal). Efforts were ongoing for a successful replication in other states.



Addressing environmental and social risk gaps: Sustainability Series

YES BANK believes that it is imperative for the financial sector to stay ahead of the curve and check all boxes, i.e. meet short-term profitability expectations through traditional lending and investing and also nurture sustainable finance business verticals that deliver long-term triple bottom-line results. In order to address this issue, YES BANK partnered with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), United Nations Environment Programme Finance Initiative (UNEP FI) and Responsible Investment Research Association (RIRA) to launch the 'Sustainability Series', and increase awareness on Environmental, Social and

Governance (ESG) risks in debt, equity and insurance sectors.

The 'Sustainability Series' was the first initiative in India to create a knowledge platform that trained finance professionals in expanding their risk management skills to incorporate environmental and social risks.

The 'Sustainability Series' was inaugurated by Shri K. C. Chakrabarty, then Deputy Governor of the Reserve Bank of India, in April 2013 in the presence of senior officials of the UNEP FI, GIZ, RIRA and YES BANK along with 200 professionals from the finance, business, academia and media sectors. In the one-day workshop, over 40 risk professionals participated from SBI Capital, HDFC, ICICI, RBS, Axis Bank, IDBI, IFCI, IL&FS, Ratnakar Bank, FirstRand Bank and IIFCL, among others.



Launching the Sustainability Series at Mumbai



Industry professionals attending the workshop

To sensitize and train professionals, the 'Sustainability Series' is designed to be held every six months with Mr. Robert Tacon, a banker with over 40 years of experience in risk management, finance and relationship banking as the tutor.

The second training workshop in the 'Sustainability Series' was held in September 2013, focusing on media professionals from the print and television media who report on E&S issues. It also included professionals from finance, risk, human resources and marketing from specific sectors and industries.

"Well organized programme. I would like to participate in future events organized by YES BANK, GIZ and UNEP-FI."

Mr Malla V. Ramanamurthy, Executive Director, RBS NV



The workshop in progress



Participants at the workshop

The next workshop is scheduled to be held in the first quarter of this financial year.

“YES BANK is doing a lot of work in the responsible finance space and this new initiative in collaboration with UNEP-FI has set another benchmark. Really appreciate YES BANK for conceptualizing this for the benefit of the whole financial industry in India.”

Mr Anshul Dubey, Manager, KPMG

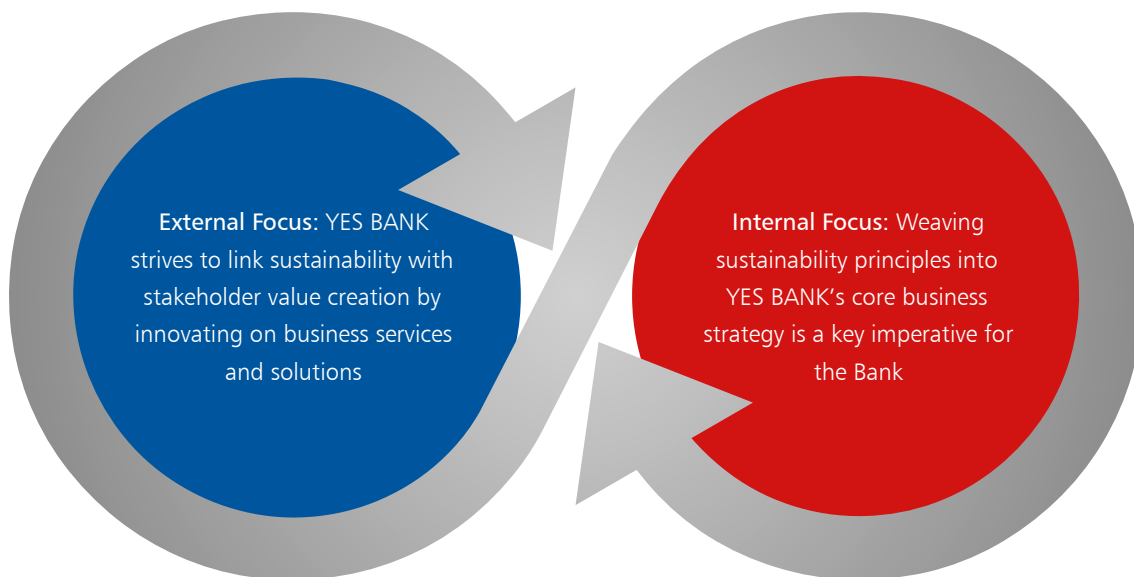
“Good series. It should be continued.”

Mr Sarnambar Roy, Vice-President, Deutsche Bank



Driving environmental sustainability

YES BANK demonstrated a two-pronged approach when it came to environmental sustainability. Given its conviction that banks play a central role in an economy as they infuse capital which can have positive or negative impact, the approach entails an external and internal focus.



This made environmental sustainability one of the vital pillars of YES BANK's strategy and translated into mainstreaming sustainability, across its supply chain and customers.

YES BANK views climate change as an opportunity that can spur the development and adoption of cleaner and newer technologies in the mainstream market. The Bank has an active investment and advisory portfolio covering FEW (food, energy and water) sectors, besides transportation and waste management. The Bank earmarked sunrise sectors such as life sciences, telecom, energy (power, oil & gas and clean technology, renewable energy), transport (roads, ports and shipping), urban infrastructure and food and agri. The Bank intends

to proactively direct investments in these sectors through its dedicated Knowledge Banking units, which offer a complete range of financial products from conceptualization to financial closure.

Sustainable Investment Banking

Sustainable Investment Banking (SIB) is a knowledge-based advisory and investment banking practice in the areas of renewable energy, clean technology and social sustainability.

Working closely with the Wholesale Banking and Responsible Banking segments, SIB facilitates funding and advisory transactions in the realm of renewable energy.

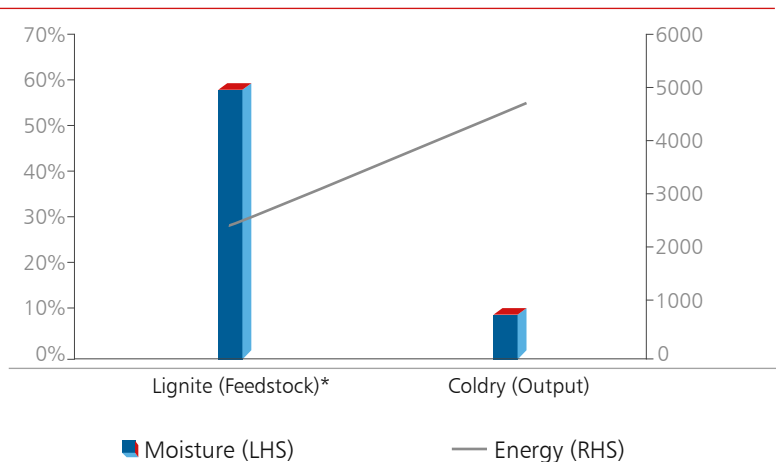


Commercialization and technology transfer of Australian clean coal technology in India

Developed by Environmental Clean Technologies (ECT), the patented clean coal process (Coldry), converts lignite/sub-bituminous coal into Black Coal Equivalent (BCE). The process produces a transportable, energy-rich thermal coal equivalent fuel that has ~80%-less moisture content and ~280% higher calorific value, resulting in substantially lower greenhouse gas emissions.

Given India’s large demand-supply mismatch of thermal coal, the Coldry technology offers an efficient cost-effective solution to utilize the country’s 43 BT (estimated) lignite reserves to enhance India’s energy security while mitigating adverse climatic impact.

Coldry output



*Input is Victorian lignite; Moisture content and calorific value are raw coal dependent

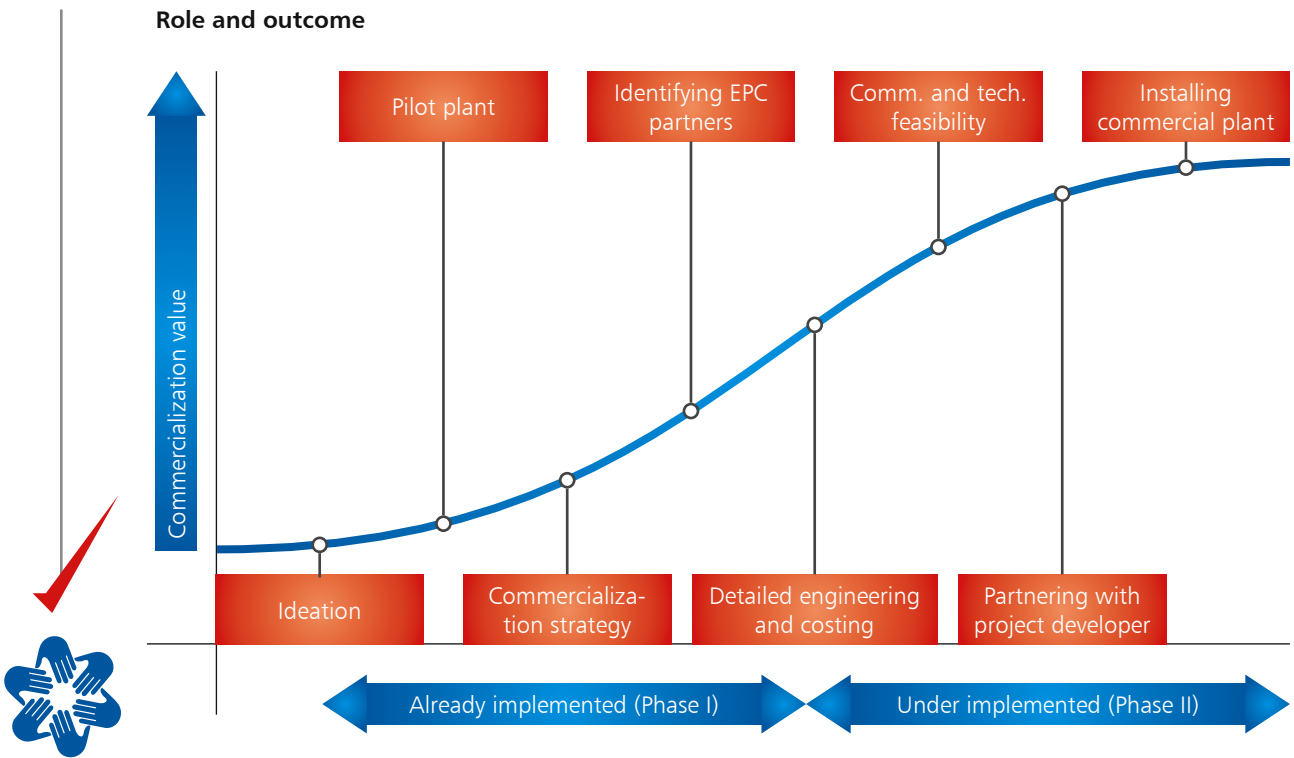
Coldry commercialization challenges

Based on the successful performance of the pilot plant, ECT planned to commission its first commercial-scale plant. YES BANK identified that the high capital costs incurred during the setting up of the Coldry process represented the most critical hurdle in the commercialization of the technology. As per ECT’s initial estimate, installing a 190,000 TPY plant would cost ~AUD 60 million. At this cost, the Coldry process would become economically unviable despite the value-addition offered.

Further, the technology had limited application in Australia, given the abundance of thermal coal and limited power capacity addition. YES BANK recommended commercializing the technology in India, given the favorable macroeconomic scenario.

Role and outcome

YES BANK’s Sustainable Investment Banking (SIB) division engaged with ECT to develop a paper encapsulating India’s entry strategy and commercialization roadmap.



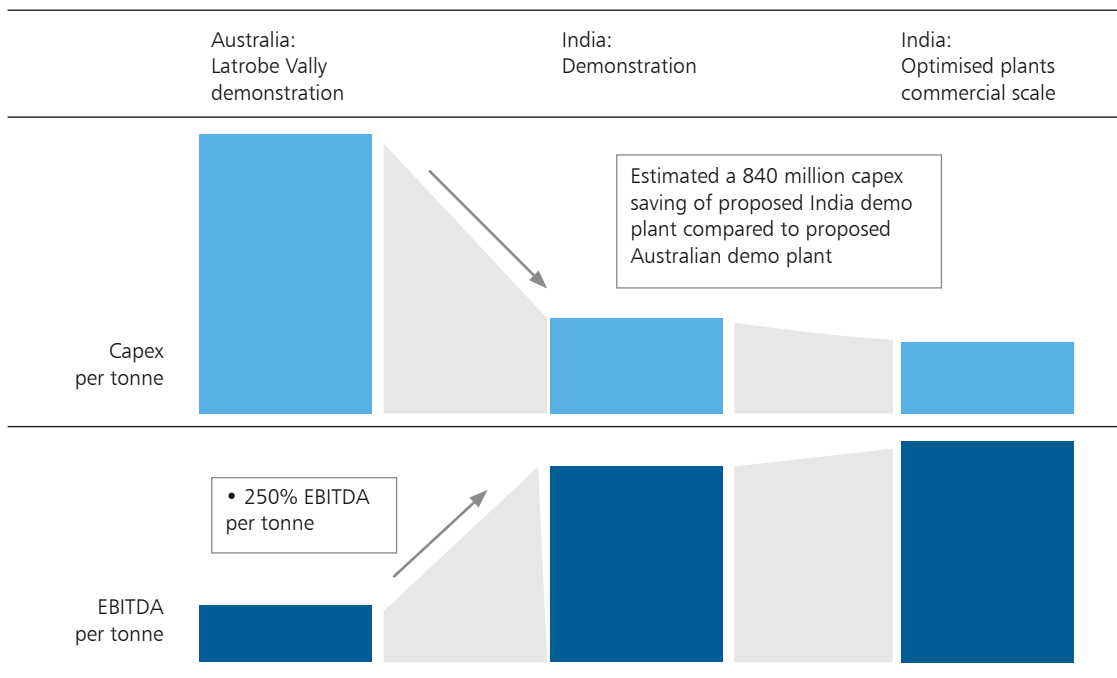
YES BANK followed a systematic programme for the delivery of the commercial roadmap and achieved the following key milestones:

- Partnering with Indian EPC players for delivery of high-quality, economically-feasible Coldry plants in India and across the world:** Based on the indigenization and process re-engineering plans put in place with Indian EPC companies, YES BANK helped derive a 65% cost reduction against the Australian benchmark. This made the Coldry process commercially attractive; it translated into high returns for ECT and potential project developers and

investors. Further, YES BANK successfully identified a reputed power engineering company in India as a long-term strategic partner for ECT. The proposed partnership substantially enhanced ECT’s capability to commission its maiden Coldry project in India and engage in procedural re-engineering to reduce capital costs further.

- Setting up the first commercial demonstration plant in India:** YES BANK is engaged in advanced discussions with leading Indian private and public sector companies for setting up the first commercial demonstration plant in India.

How ECT's India strategy is delivering value



Harnessing India's Solar Potential

The Welspun Neemuch solar PV project in Madhya Pradesh holds the distinction of being India's largest solar PV project with a capacity of 130 MW; it is also by far the largest single location renewable energy project funded by YES BANK. The project will supply electricity to 6,24,000 households and offset 2,16,372 tonnes of carbon dioxide emissions annually, as estimated by the developer.

Madhya Pradesh will meet a significant percentage of its Renewable Purchase Obligation (RPO) and effect savings through Renewable Energy Certificates (RECs). The project will use solar PV technology for the generation of electricity, thereby displacing fossil fuels and reducing GHG emissions.

The project was one of the first commissioned by the State as part of its new solar power policy. The project offered power at a tariff of ₹8.05 per unit, which was close to grid parity. YES BANK was the first bank to sanction facilities worth ₹200 crore to the project and disburse the facilities pending financial closure and consortium formation, so that project construction could be expedited. The villages that fell within a kilometre of the project boundary were key external stakeholders as the company took several initiatives in areas like education, healthcare, environment and women's empowerment.

In a global scenario marked by subdued investments, YES BANK emerged as an active funding source in the clean energy space, funding national projects in the solar, wind and waste sectors. For the Bank, the renewable energy sector holds considerable promise, believing that it will be a major source of energy supply addressing the global demand for clean energy. Being a consortium member of one of India's largest solar PV projects allowed the Bank to strengthen its portfolio and enhance experience in the space to emerge as a single lending point for prospective projects.

The Natural Capital Initiative

The fast depleting stock of global natural capital is making it imperative for industries to look into ways for reducing resource consumption (air, water, land, biodiversity and other dependent services) from a holistic perspective. YES BANK, by taking a proactive approach in the natural capital space, aims to address the most pertinent risks that industries and governments face today. The objective is to create an ecosystem that would help develop an appropriate regulatory framework, disclosure mechanisms and reporting measures to integrate, value and account for natural capital within the purview of existing financial accounting standards.



Natural Capital Declaration

As a first step in this direction, YES BANK signed the Natural Capital Declaration (NCD), convened by the United Nations Environment

Programme Finance Initiative and the Global Canopy Programme.

This is a finance-led and CEO-endorsed initiative committing financial institutions towards integrating natural capital considerations in accounting and reporting of financial products and services. YES BANK was the first and only financial institution in India to commit to this cause.

To operationalize this commitment, YES BANK volunteered to be a part of working groups to build an understanding of the impacts and the dependencies of natural capital relevant to operations, risk profiles, customer portfolios, supply chains and business opportunities. The Bank will develop a methodological system to account for the impacts, benefits and dependencies on natural capital with the objective to apply it to a financial institution's Balance Sheet.



Mr. Rana Kapoor, Managing Director and CEO, YES BANK and Ms. Yuki Yusai, Acting Head, UNEP Finance Initiative, signing the Natural Capital Declaration



Natural Capital Awards

Considering, that natural capital as a concept is still nascent in India, the Bank proactively launched the 'YES BANK Saevus Natural Capital Awards' in partnership with Saevus, a premier wildlife and natural history portal and magazine (announced in the previous reporting cycle).

The objective of these awards was to showcase responsible practices in natural capital consumption, accounting mechanisms and conservation within the industry and civil society. It also aimed to trigger and lead debates on natural capital in India and influence the government into making positive policy changes.

The awards programme was divided into three categories:

- **Eco Corporate Award:** This award honored organizations working for the environment, ecosystems and affected communities.

- **Nature Trailblazers Award (Group):** This award honored original content through India's best stories in the area of natural history and wildlife photography.

- **Pixel Perfect Award (Individual):** A selection of soul-stirring photographs of wildlife moments and awe-inspiring natural phenomena.

The first-ever Natural Capital Awards were held in New Delhi in September 2013, inaugurated by Dr. Shashi Tharoor, Minister of State for HRD (Government of India), and Dr. R.K Pachauri, Chairman of the Intergovernmental Panel on Climate Change and Director General, TERI. Among others present included Ms. Yuki Yasui, Officer-In-Charge, UNEP FI, Mr. Suresh Prabhu, former Union Minister (Government of India) and Mr. Suresh Menon, CEO, Wildlife Trust of India.



Dr. Shashi Tharoor, Minister of State for HRD, Government of India, giving the inaugural address at the ceremony



Dr. R K Pachauri, Director General, TERI, speaking at the ceremony



The winners with the guests of honor

The jury for the awards consisted of heads of Indian and international organizations like the World Business Council for Sustainable Development, the UN Global Compact Network India, GIZ, Trucost, KPMG and eminent personalities from the fields of photography and wildlife conservation.

“It is heartening to see the wide support for the Natural Capital Declaration as the supporting organizations will bring with them a range of expertise and interests of stakeholders will get aligned towards ensuring environmentally sustainable growth.”

Dr Shashi Tharoor, Chief Guest, Hon’ble Minister of State for HRD

A complete list of the winners of the various categories is available on the Natural Capital Awards website at www.thenaturalcapitalawards.com



Thought leadership and research

Through extensive research that culminated into policy advocacy, YES BANK engaged with the government, the financial sector and the community. In partnership with national and international bodies like GIZ, UNEP FI and TERI BCSD, the Bank released reports on India's energy deficit, green revolution, responsible business infrastructure, healthcare and life sciences, food and agribusiness, environment and sustainability, education and social infrastructure, taking into account innovative sustainable finance models that fed the government machinery for policy recommendations.

YES BANK – TERI BCSD Survey of Green Real Estate Sector 2014

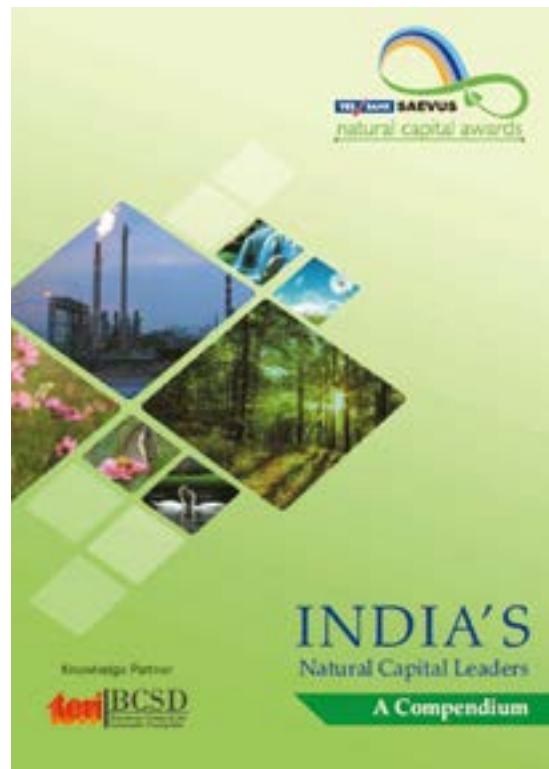
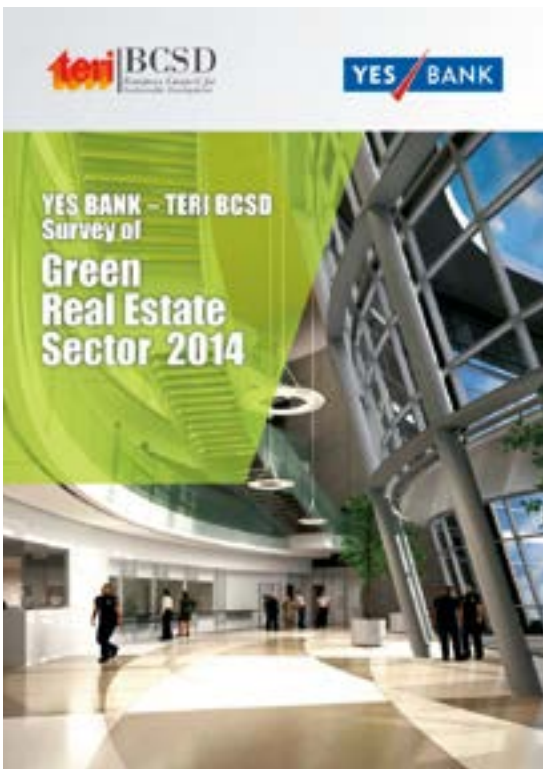
The survey provided a comprehensive multi-stakeholder perspective on challenges, gaps and key drivers for the growth of the sector in India.

The survey highlighted the lack of awareness about the benefits of constructing green buildings and the unavailability of preferential lending rates as the biggest challenges in the real estate sector, while underscoring the urgent need for all stakeholders to work towards related growth.

India's Natural Capital Leaders – A Compendium

The compendium provided insights on climate change mitigation practices, followed by Indian businesses and identifies water conservation and GHG emission reporting as key strategic practices.

The cases listed in the compendium spanned from business efficiency improvement measures to CSR initiatives and represented the best practices adopted by companies to conserve natural capital and support livelihoods.





Launch of the knowledge reports 'Survey of Green Real Estate Sector 2014' and 'India's Natural Capital Leaders – A Compendium' at the Delhi Sustainable Development Summit



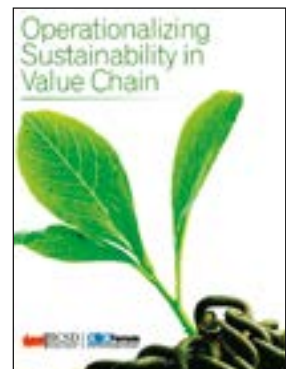
The knowledge reports of *Survey of Green Real Estate Sector 2014* and *India's Natural Capital Leaders – A Compendium* were released by the Chief Guest for TERI's Delhi Sustainable Development Summit (DSOS) 2014 Dr. Shashi Tharoor, (Minister of State for HRD) along with Dr. R. K. Pachauri, Director-General (TERI), Mr. John Bryson, former US Secretary of Commerce, and Ms. Namita Vikas, Senior President and Chief Sustainability Officer, YES BANK.

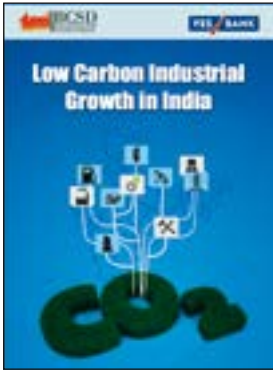
Operationalizing Sustainability in the Value Chain

The report addressed the fundamentals of sustainable value chain management and discussed the benefits an organization can leverage through collaborative interaction with key stakeholders across the value chain.

For sustainability to mature into an integral part of organizational structure and culture, and for organizations to reap tangible long-term benefits, businesses need to operationalize sustainability across the value chain – upstream, instream and downstream.

The report, developed with the active engagement and support from Mahindra, CLP India and SAP India, is a ready-reckoner for organizations to practice value chain management sustainability.





Low Carbon Industrial Growth in India

The report provides a useful roadmap for the industry in terms of reducing carbon intensity. It provides an analysis of three industry groups - iron and steel, electricity and power, and cement, which can

contribute substantially to reduction in emissions.

Indian industry's competitive advantage lies in reducing resource usage intensity. The strategic advantages emanating from a reduction in carbon intensity are becoming increasingly important. The report identifies several impediments in achieving a high level of energy efficiency and lower carbon emission intensity, across three industry groups.

The report was launched by Dr R K Pachauri, Director-General, TERI, along with Ms. Namita Vikas, Senior President and Chief Sustainability Officer, YES BANK, and Mr. Duncan Van Bergen, Global Head, Long Term Market Development, Shell Corporation.

Weaving sustainability principles into core business strategy

Establishing a framework to recognize, evaluate monitor and manage the environmental and social facets in day-to-day decision-making has assumed critical importance. It is imperative for banks to consider the triple-bottom-line approach in making credit decisions. The Bank scrutinized its business activities using the Environmental and Social Policy (ESP), a structured approach that drew from the Equator Principles, IFC guidelines and other international best practices. The ESP was a crucial part of the Bank's credit risk appraisal process, aimed at achieving the highest standards of governance and business practices.



Environmental stewardship in the financial sector – ISO 14001:2004 EMS certification for YES BANK

In line with its commitment to achieve internal natural resource consumption efficiencies and minimize its carbon footprint, YES BANK became the first commercial bank in India to achieve the ISO 14001:2004 certification, the world's leading Environment Management System, across 12 of its locations. The ISO 14001 certification is rare in the

BFSI space, with only a few international banks being awarded this certification.

The certification will enable the Bank to rigorously measure, manage and report its carbon footprint.



It is a proactive step in mitigating adverse impact on the environment. The 12 locations included its major branches and corporate offices and covered a significant percent of the Bank's employee base.



The certification was based on the Bank's Environmental Management Policy released by the MD & CEO in 2012, outlining the Bank's commitment to achieve a 5% reduction in its carbon emission intensity through broad-level actions. The Bank followed a 'Plan-Do-Check-Act' (PDCA) process to facilitate continuous improvement in terms of environmental performance with a firm management structure to achieve the objectives under the certification. The key aspects of internal resource consumption and mitigation were monitored through processes and systems included electricity, diesel, paper, water and electronic waste.

To obtain the certification, the selected locations underwent a rigorous audit by Bureau Veritas, the third party assessor, which assessed the Bank in conformity with certification standards, ability to implement all planned objectives and targets, as well as employee awareness and training. After a rigorous month-long audit, the assessors, stated in the audit report, that YES BANK had firmly embedded environmental considerations across all its operations while efficiently managing environmental and operational risks.

In the second phase of the certification process, the Bank will focus on covering its major cluster hub across India, and expand its mandate to cover parameters like waste, business travel and supply chain. The Bank aims to achieve the next phase of growth through its ISO 14001:2004 compliance in the coming financial year.

Environmental impact mitigation initiatives at YES BANK

Branch timing rationalization

YES BANK undertook branch timing rationalization pan-Bank, by optimizing operational activities so that the branches operated at suitable levels while achieving business results without impacting customer service.

The initiative was carried out across all branches with teams from relevant business units analyzing financial transactions for July and August 2013. Some 104 branches with transaction volumes less than 20% post 3:30 PM were shortlisted for rationalization in the first phase to reduce operating expenses without affecting customer service. The first phase of the initiative resulted in ₹1.5 crore power cost savings for the year.

Record management at branches

Being a financial services institution, paper is a major resource. In an effort to reduce paper consumption, the Bank undertook an initiative to eliminate the printing of uncritical reports and eliminating archival duplication. The Bank identified locations maintaining dual archives, one at the location and one with the Bank's third party vendor, entailing additional costs of archival. The Bank discontinued this duplication and stopped the archival of uncritical documents. The project yielded savings worth ₹10.78 lac during the year under review.

E-waste management

YES BANK was classified as a 'Bulk Consumer' under the new E-Waste Rules 2011 laid down by the Government of India. The Bank was in complete compliance with obligations under the Rules with all systems in place to handle e-waste.

The Bank took a proactive approach in handling electronic waste. It empanelled Central Pollution Control Board (CPCB)-authorized third party e-waste handlers for the disposal of e-waste from its locations.

In FY 2013-14, the Bank responsibly disposed 2,380 kilograms of e-waste, which included desktops, printers and laptop hardware, UPS and server hardware. The Bank partnered with Canon Inc. to disposed waste printer cartridges. During the year, Canon responsibly disposed 375 empty toner cartridges.



Document Digitization Project

During the year under review, the Bank kick-started an initiative to save paper used in account opening and verification forms following digitization of documentation and verification.

The project, done with the Bank’s partner Newgen, saved over 950,000 sheets of A4 size paper in the Bank’s retail operations, based on the estimated number of sheets typically required for these forms.



YES COST SAVE initiative

YES COST SAVE is a pan-Bank initiative aimed at sensitizing all YES BANKers

in eliminating waste. The initiative engaged with employees to seek their ideas on issues like waste elimination and cost optimization in electricity

and water consumption, paper consumption, IT hardware, courier services, telecom and business travel, among others.

The Bank received over 500 ideas from employees, which were shared with relevant internal stakeholders and evaluated for implementation.



Towards leadership in carbon disclosure

YES BANK became the only Indian bank to be featured in CDP’s Carbon Disclosure Leadership Index for three consecutive years – 2011, 2012 and 2013. YES BANK considerably improved its disclosure score from 73 to 81 in 2013.



Performance across environmental parameters

Parameter	Units	FY 2012 - 13	FY 2013 - 14
Scope 1	tCO2e	922	717.6
Scope 2	tCO2e	24,527	24,681
Total (scope 1 and 2)	tCO2e	25,459	25,399
Diesel consumption	Litres	348,616	265,549
Grid electricity consumption	MWh	26,198	33,319
Scope 1 and 2 emission intensity per employee	tCO2e/ FTE	3.62	2.88



Promotion of sustainable development in India

To a large degree, the Bank's success in the area of sustainable development is credited to opportunities presented by various stakeholder engagements. These interactions have enabled the Bank to partner stakeholders and increase impact.

TERI Business Council for Sustainable Development

YES BANK and The Energy and Resources Institute Business Council for Sustainable Development (TERI-BCSD) signed a Memorandum of Understanding (MoU) to accelerate sustainable development,

environmental management, social responsibility and sustained economic performance among Indian corporates.

This MoU acted as an enabler for YES BANK to work with the BFSI sector in the area of responsible finance and financial inclusion, focusing on the agri, MSME and tourism sectors. TERI-BCSD and YES BANK believe that research plays an important role in policy-making, evolving strategic approaches and innovating mechanisms to ensure economic growth. The MoU strategically includes this as a critical step in overall national development. The MoU includes initiatives towards natural capital, which India would be discussing at the 40th G8 summit in June 2014.



Mr. Dipankar Sanyal, CEO, TERI Business Council for Sustainable Development, and Ms. Namita Vikas, Senior President and Chief Sustainability Officer, YES BANK, at the signing of the MoU

Indian Institute of Corporate Affairs

To work collaboratively in the realms of Corporate Social Responsibility and Sustainable Development, YES BANK signed a Memorandum of Understanding (MoU) with Indian Institute of Corporate Affairs (IICA) in October 2013 in the presence of Hon’ble Minister of Corporate Affairs, Shri Sachin Pilot.

As the first major step towards financial inclusion following the addition of the new clause on Corporate

Social Responsibility in the Companies Act, 2013, YES BANK and IICA will work with the private sector and Boards of companies to create awareness that helps mitigate environmental, social and governance risks within industry. The MoU is an affirmation of YES BANK’s continued commitment towards India’s growth story. YES BANK is the only Indian bank to enter into such an agreement with IICA to further the country’s CSR and developmental agenda.



Dr Bhaskar Chatterjee, Director General and CEO, IICA and Ms. Namita Vikas, Senior President and Chief Sustainability Officer, YES BANK, in the presence of Shri Sachin Pilot, Hon’ble Minister of State (IC) for Corporate Affairs, at the signing of the MoU



Nurturing Human Capital

Human Capital represents one of the six strategic growth pillars of YES BANK. In line with its vision of evolving as 'The Professionals' Bank of India', the Bank focused on building world-class teams and establishing its brand as a strong employer within the Indian banking industry. The Bank is able to attract, engage and retain quality human capital, ensuring its long-term success.

The Bank created learning and development solutions to continually enhance employee value in line with organizational objectives. In the past year, the Bank emphasized the creation of a nurturing environment to aid personal and professional employee growth.



Employee engagement - New initiatives Lead with Passion

YES BANK launched a series of leadership workshops based on the 'Leadership Values' framework which was developed following an employee engagement survey in partnership with the Great Place to Work Institute, India. This series, titled 'Lead With Passion', was targeted at senior executives across businesses. In FY 2013-14, the Bank trained 541 YES BANKers and this exercise is expected to continue.



YES WE CARE

YES BANK launched the 'YES WE CARE' programme in December 2013 to enhance employee benefits. The Bank made several policy changes including:

- Paternity leave enhanced to four days from two days.
- Introduction of a 'Special Day Leave' which may be availed by the executive on his/her birthday or marriage anniversary or birthdays of immediate family members.

Women's special

YES BANK's women executives have played a pivotal role in the Bank's growth and success. To enable them to realize their potential, the Bank launched several initiatives during the year under review.



YES WE CARE initiative for women

The maternity leave policy, fully aligned with the Maternity Benefit Act, 1961, increased the total period of maternity leave from 90 days to 120 days with the objective to provide new mothers more time to care for their newborn. To welcome new mothers back at work following their maternity leave, the Bank presented a gift voucher for their newborn.



Say YES to WOMEN'S SAFETY

To enhance women security, the Bank partnered with Ms. Debi Steven, a renowned self-defense instructor and Founder of Action Breaks Silence, to organize workshops on women's safety. The interactive workshops provided deeper insights and hands-on training to women in dealing with threats to their personal safety. 193 women executives across Mumbai and Delhi were trained over four sessions.



Celebrating International Women's Day

YES BANK celebrated the International Women's Day across the Bank around the theme 'YES, She will WIN – Empowered Women of YES BANK, You are the BEST!'

To acknowledge the contributions of women executives to the growth story of YES BANK, special YES CONNECTs, centering on the theme 'YES, She will WIN', were conducted across the Bank's branches in a town hall format where senior business leaders addressed the audience. The Bank also launched an online photography competition with the theme 'Women Empowerment' for its women employees. The competition saw active participation from women executives across locations.

Besides, the Bank, through its Relationship Managers, reached out to wish women customers on International Women's Day.

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

In line with the newly drafted 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal Act and Rules', 2013, the Bank revised its policy for the prevention of sexual harassment.

To create a robust system for dissemination of this policy, the Bank launched, 'Say YES to G.R.A.C.E.' (Gender Respect And Commitment to Equality). This initiative will enhance awareness among employees and ensure periodic policy reiteration. This initiative also links with the Bank's objective to emerge as the 'Best Quality Bank of the World in India'.

The Y-Factor - Season 2

As part of the second season of Y-Factor, a talent recognition platform for employees, the Bank

launched a photography competition for its executives around the theme of 'YES Proudly Indian.'

The competition, open to all employees across the country, asked employees to capture images that showcased India's vast cultural heritage and unity in diversity. The event evoked strong participation from 350 employees. The best photographs were rewarded and showcased.

The Buddy Programme

To integrate new employees into the YES BANK culture, the Bank launched the Buddy Programme in November 2013. The initial phase of the programme was launched as a pilot project at IFC, Mumbai, and familiarized new executives with the Bank's professional environment, policies and procedures. Each new employee at the IFC location was assigned a buddy from the team for 10 days. The programme is expected to be rolled out pan-India in FY 2014-15.

Health and wellness

YES STEPATHLON – A race around a virtual world

As part of its YES PERSONALITY initiatives, YES BANK launched an innovative wellness initiative called YES STEPATHLON to augment executive health. YES STEPATHLON, a unique, pedometer-based event, was designed to help employees become more physically active through a fun, team-oriented and relevant format. The initiative, launched in September, 2013 attracted participation from 734 executives irrespective of age, gender, physical ability and fitness levels.

Preventive healthcare

YES BANK launched a health centre at its corporate headquarters in Mumbai, offering essential medical

facilities to all executives. The Bank endeavored to enhance employee benefits and roll out health check-up packages in coordination with healthcare partners, (Metropolis and Thyrocare), offering executives discounted rates across diverse services.

In order to encourage a healthy lifestyle, the Bank rolled out *Health Times*, a bulletin that provided health tips.

Group Mediciam policy

YES BANK strengthened its Group Mediciam policy for employees and their families, providing enhanced benefits like Group Personal Accident (GPA) cover along with the Group Term Life Insurance Policy.

Employee satisfaction barometer

YES BANK partnered with the Great Place to Work Institute, India, to measure employee satisfaction and assess the efficacy of its workplace practices. The Bank participated in the Institute's 'India's Best Companies to Work for – 2013 Study' by inviting randomly-selected YES BANK executives to respond anonymously to the survey. The survey aimed to measure the Bank's 'Trust Index', which included parameters like management credibility, respect, fairness, pride and camaraderie.

The results were analyzed to identify key issues for relevant management actions. The broad findings including strengths were identified through this study.

The areas of improvement as identified in the study are being addressed through a comprehensive plan.

Various new initiatives were undertaken as part of an 'action plan' to make YES BANK a 'Great Place to Work for'.





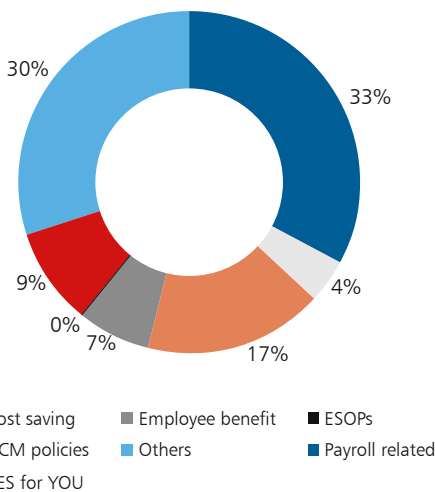
My Voice

In line with the Bank’s objective to provide a consistent and superior service experience for its employees, the Bank’s employee grievance redressal portal called My Voice was run successfully (since 2009). My Voice aimed at providing executives with a simple, easy-to-use platform to post inquiries/grievances with in-built

tracking and escalation mechanisms for effective monitoring and follow-up. Each query in My Voice also reached the Head of the Bank’s Human Capital Management (HCM) team.

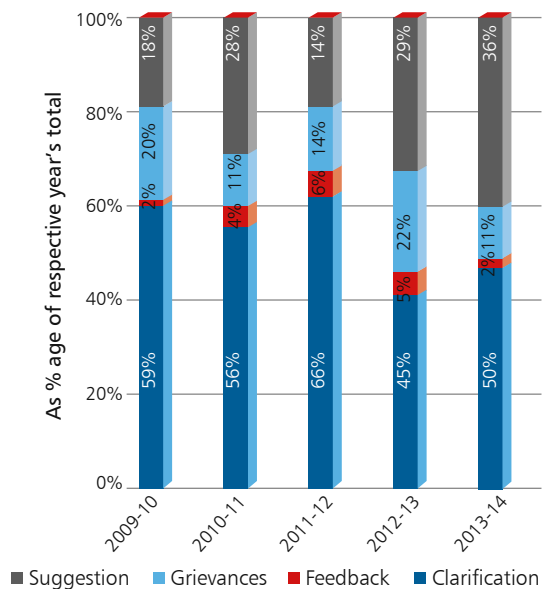
The Bank’s HCM team analyzed queries to identify concern areas along with this analysis reports were shared with the top management and corrective action plans were taken as well.

My Voice Analysis
by category FY 2013-14



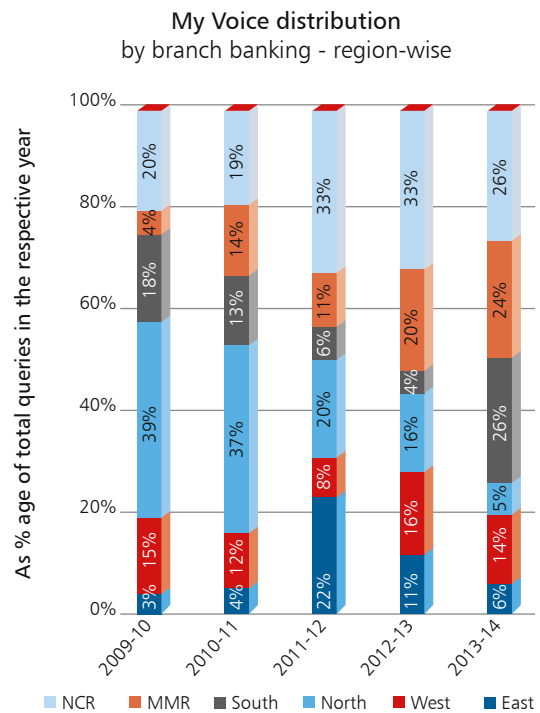
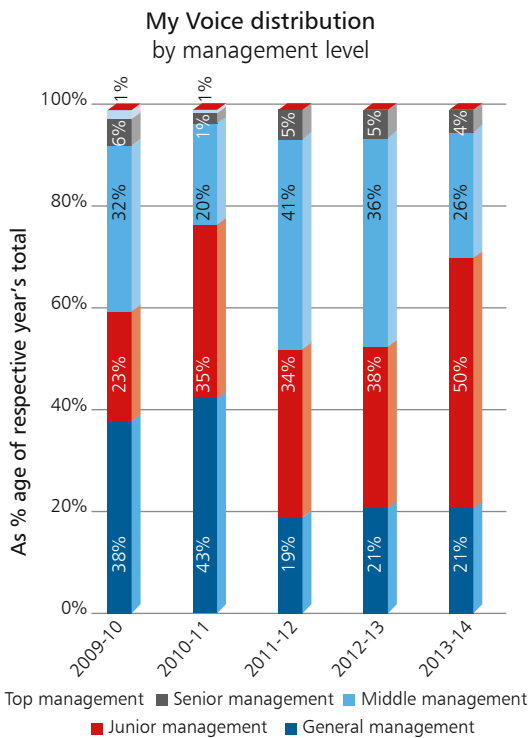
* 'Others' mainly include queries on infrastructure, suggestions on business processes, updation of outlook details among others

My Voice Analysis
by type



There was a decline in the share of payroll-related queries for FY 2013-14 compared to the previous reporting cycle. The percentage of grievances declined steeply, indicating an improved resolution of employee issues. The Bank also witnessed a rise in the number of suggestions provided by employees, a result of the Bank’s open-door employee policy.

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



YES SCHOOL OF BANKING

YES BANK aims to become an 'employer of choice' for the brightest and most efficient human capital. Its knowledge-driven approach to focus on capability development represents the cornerstone of its objective to become the 'Professionals' Bank of India'.

YES BANK drives its key human capital/organizational development and learning objectives through the YES SCHOOL OF BANKING (YSB). YSB was formed in

2007 with a vision to create a Centre of Excellence for employee learning and development.

In addition to institutionalizing learning and development initiatives, the YES SCHOOL OF BANKING augmented the University & School Relationship Management programme (USRMP), which played a pivotal role in building the YES BANK brand as an 'employer of choice' among the best educational institutions in India and overseas.





YES Udaan

YES BANK partnered with the Ministry of Home Affairs, Government of India, and the National Skill Development Corporation (NSDC), to emerge as a part of Project Udaan, a unique government initiative to train and employ youth from Jammu & Kashmir.

The Bank launched the second edition of YES Udaan in March 2014, receiving nearly 700 applications from Kashmiri youth who were screened through an online aptitude test and interview. Forty five students were selected for the second edition, going through a rigorous three-month training programme designed specifically by the YSB, equivalent to a 'Certification in Banking Fundamentals'.



Launch of the second edition of YES Udaan



The students with YES BANK executives in Jammu & Kashmir

YES-Professional Entrepreneurship Programme (Y-PEP)

Y-PEP is YES BANK's most innovative and institutionalized talent acquisition programme led by the YES SCHOOL OF BANKING, aimed at hiring the best management professionals from premier business schools and universities in India and abroad.

Following rollout in 2006, YES BANK inducted over 900 management professionals through this programme. This qualified talent pool contributed to augmented the Bank's knowledge-based, state-of-the-art and technology-driven services across key banking relationships, products, knowledge advisory groups and critical support functions. The success of this innovative programme showcased YES BANK as an 'Employer of Choice' across premium business school campuses.

YESsentials

YESsentials is the Bank's induction programme for new employees across business units and regions. Through 199 YESsentials induction programmes conducted in FY 2013-14, the Bank inducted 4,225 executives.

The programme addressed the key aspects, policies and guidelines of the Bank. These comprised the YES BANK story, strategic differentiators, the brand, business units and human capital policies.

The programme also focused on key banking regulatory and compliance topics including Know Your Customer and Anti-Money Laundering Guidelines, Direct Banking, Responsible Banking, Products and Processes and Information Security.

Employee training programmes

	FY 2013-14	FY 2012-13	FY 2011-12
Total training programmes conducted	1,198	1,008	1,054
Total executives trained	8,322	5,846	4,548

Employees trained by gender

	FY 2013-14
Male	6,969
Female	1,353
Total	8,322

Employees trained by management category

	FY 2013-14	FY 2012-13	FY 2011-12
Senior management	350	87	103
Middle management	1,755	1,450	856
Junior management	2,302	1,650	1,339
General management	3,915	2,659	2,250
Total	8,322	5,846	4,548

Training programs by category

	FY 2013-14	FY 2012-13	FY 2011-12
Behavioral and leadership skills	77	70	47
Employee induction	199	124	98
Mandatory policies and compliance	133	101	147
Process training	53	188	180
Product training	736	525	582
Total	1,198	1,008	1,054

	FY 2013-14	FY 2012-13	FY 2011-12
Participant person-days	32,814	25,400	24,402
Person-days of training per executive	3.7	3.8	4.5

Training plans for FY 2014-15

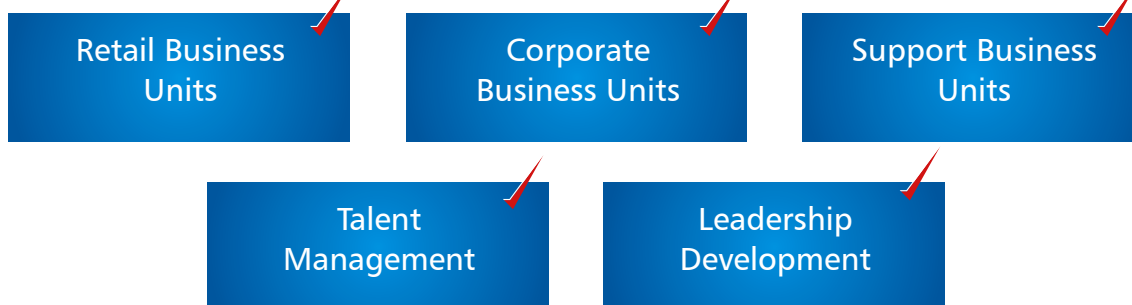
The Bank's YSB team will focus on the following learning and development areas in FY 2014-15:

- Strengthen the culture of compliance (systems, controls and processes)
- Improve productivity

- Enhance quality
- Strengthen service orientation/attitude
- Increase execution agility
- Provide scale-up and value-added training
- Assess environmental and social risks



The YSB team has developed specialized units to enable learning and development for different segments:



Each learning and development activity was based on the following:

- Inputs from business unit heads
- Job requirement (as per role and vintage)
- Inputs from annual performance review
- Regulatory requirements

HCM Risk Containment Unit

The Bank remained committed to the implementation of the highest standards of Corporate Governance and ensuring compliance extending beyond regulatory requirements. In line with this objective, the HCM -

Risk Containment Unit (HCM RCU) was set up within the Human Capital Management unit to monitor transactions in staff accounts in line with regulatory and/or internal guidelines to promote financial discipline and prevent fraud.

The HCM RCU conducted a sample surveillance of external communications to strengthen data security and detect unauthorized usage, check the background of candidates prior to hiring, and review HCM policies and processes. The HCM RCU also undertook Bank-wide coordination activities for pandemic planning.

Employees by gender

Gender	FY 2013-14	FY 2012-13	FY 2011-12
Male	7,330	5,569	4,401
Female	1,468	1,099	974

Employee profile by management category

Management category	FY 2013-14	FY 2012-13	FY 2011-12
Top management	82	58	47
Senior management	323	241	195
Middle management	2,028	1,593	1,257
Junior management	2,674	1,946	1,584
General management	3,691	2,830	2,292

Employee profile by age

Age	FY 2013-14	FY 2012-13	FY 2011-12
Below 30	4,076	3,280	2,941
30-50	4,714	3,380	2,423
Above 50	8	8	11

YES FOUNDATION – Building an empowered and equitable India



YES BANK launched YES FOUNDATION in December 2012 with the objective to stimulate entrepreneurship, use media innovatively for social transformation and facilitate inclusive growth and development. YES FOUNDATION is guided by an eminent Governing Council, led by its Chief Mentor Mr. Rana Kapoor, who is also Managing Director and CEO, YES BANK.



YES! i am the CHANGE



YES! i am the CHANGE is a nationwide movement to inspire, engage and empower youth to participate in India's social transformation through the medium of films. Through YES! i am the CHANGE, the Foundation intends to connect with the youth and the social causes.

Launched last year, YES! i am the CHANGE was a success with over 200,000 youth joining the cause and 2,300 citizen filmmakers creating films based on the United Nation's Millennium Development Goals.

The YES! i am the CHANGE film project was mentored by stalwarts like Mr. Amitabh Bachchan, the late Farooq Sheikh, Nagesh Kukunoor, Kailash Surendranath, Pritish Nandy, Shaheen Mistry, Prof. Anil Gupta and Bhaskar Das, among others.

Highlights

- 80 filmmaking workshops and screenings conducted across 19 Indian states included: inspirational workshops and film-making challenges at premier educational institutes including all 13 Indian Institutes of Management (IIM) and Institute of Rural Management, Anand (IRMA) among others

- Participation of 2,300 youth from 64 cities across India in the filmmaking challenge
- 184 short films were made
- Mr. Amitabh Bachchan felicitated the winners
- Best films were screened for over 41,400 children in schools across India on Children's Day
- More than 200,000 youth were successfully mobilised across India

YES SCALE UP

YES SCALE UP is a capacity-building programme designed to address the gap in business design and management training and aid not-for-profit organizations achieve intended impact. The Foundation acknowledged the pivotal role that not-for-profit organizations play in the development of any nation. It believes it can enhance value by building capacity for such organizations.

The programme will focus on issues of finance, marketing, communication, HR and project management to catalyze efficient reporting, investing, fundraising and scalability.



Rana Kapoor, Chief Mentor addressing the gathering at YES! i am the CHANGE awards ceremony



Young filmmakers during the shoot

Annual Business Responsibility Report (ABBR)

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company:	L65190 MH 2003 PLC 143249
2. Name of the Company:	YES BANK LIMITED
3. Registered address:	Nehru Centre, 9th Floor, Discovery of India, Dr. A.B. Road, Worli, Mumbai – 400018
4. Website:	www.yesbank.in
5. E-mail id:	yestouch@yesbank.in
6. Financial Year reported:	FY 2013-2014
7. Sector(s) that the Company is engaged in (industrial activity code-wise):	As per National Industrial Classification – 2008: Section K – Financial and Insurance Activities Division 64 - Financial service activities, except insurance and pension funding
8. List three key products/services that the Company manufactures/provides (as in Balance Sheet):	a) Retail Banking b) Corporate Banking c) Treasury
9. Total number of locations where business activity is undertaken by the Company	
i. Number of international locations (Provide details of major five)	None
ii. Number of national locations	560 branches, two national operating centers in Mumbai and New Delhi, 1,139 ATMs
10. Markets served by the Company – local/sate/national/international/	YES BANK is a pan-India Bank with branches in all states and Union territories.



Section B: Financial Details of the Company

1. Paid-up Capital (INR):	₹360.63 crore
2. Total turnover (INR):	₹11,702.93 crore (Gross Income for FY 2013-14)
3. Total profit after taxes (INR):	₹1,617.8 crore (FY 2013-14)
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	0.76%
5. List of activities in which expenditure in 4 above has been incurred:	
a. Contribution to YES FOUNDATION	
b. Hosting YES COMMUNITY	
c. Promotion of sports, arts and culture, literature	
d. Contribution to employee payroll giving	
e. Support to NGOs, non-profit organizations and institutions	

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 among others) 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/Directors responsible for implementation of the BR policy/policies

- DIN: 00320702
- Name: Rana Kapoor
- Designation: Managing Director & CEO

b) Details of the BR head

S.No.	Particulars	Details
1.	DIN (if applicable)	N/A
2.	Name	Namita Vikas
3.	Designation	Senior President & Chief Sustainability Officer
4.	Telephone number	+91 22 3347 9851
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	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

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	N ¹	N ¹	N ¹	Y ⁴	Y ⁴	Y ⁴	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



- The policy is an internal policy of the Bank and available to employees of the Bank.
- YES BANK 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 based its policies on guidelines and aims of the Reserve Bank of India, Government of India, international finance organizations and peers.

The Bank adhered to the guidelines laid down by the Banking Codes and Standards Board of India towards financial inclusion.

The Bank has a separate Code of Commitment to Micro and Small Enterprises, which is available at www.yesbank.in.
- The Bank's internal audit unit carried out 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.

- The Bank has several policies abiding by this principle. The Environment & Social Policy is available on the Bank's website at www.yesbank.in within the Responsible Banking section.

The Bank's Environmental Management Policy is available on the Bank's website at www.yesbank.in 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 under Investor Relations.
- 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 only internally.

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 2012-13, available at www.yesbank.in

7. The Bank also adheres to the guidelines laid down by the Banking Codes and Standards Board of India, and all regulations framed by the RBI. The Code of Bank’s Commitment to Customers is available at www.yesbank.in

2a. If answer to S.No. 1 against any principle, is ‘No’, please explain why: (tick up to two 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 six months									
5.	It is planned to be done within the next one year									
6.	Any other reason (please specify)									

3. Governance related to Business Responsibility

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within three months, three to six months, Annually, More than one year

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

The Chief Sustainability Officer meets the Board on the Bank’s sustainability performance at every Board meeting.

- 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 Bank released its Sustainability Report for

FY 2012-13, making it the first commercial bank in India to release a GRI A-level checked report for the GRI G3.1 reporting guidelines. The report available online at <http://www.yesbank.in/investor-relations/sustainability-report.html>.

The Bank publishes its Sustainability Disclosures as part of its Annual Report. The Disclosures for FY 2013-14 are included in this Annual Report and can be accessed at <http://www.yesbank.in/investor-relations/annual-reports.html>.

Section E: Principle-wise performance

Principle 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 were received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details, in about 50 words or so.

Customer complaints	2013-14
No. of complaints pending at the beginning of the year	2
No. of complaints received during the year	6116
No. of complaints redressed during the year	5997
No. of complaints pending at the end of the year	121
Awards passed by the banking ombudsman	
No. of unimplemented awards at the beginning of the year	0
No. of awards passed by banking ombudsman during the year	0
Number of awards implemented during the year	0
Number of unimplemented awards	0



Principle 2

1. List up to three of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
 - i. Inclusive & Social Banking – YES MONEY/YES SAHAJ/YES LEAP/YES Kisan Dairy Plus
 - ii. Sustainable Investment Banking and advisory
 - iii. Microfinance institutions and Affordable Housing Group

Please refer to the Sustainability Disclosures FY 2013-14 within this Annual Report for more details.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material among others) per unit of product(optional):
 - i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

As our products are financial services, the

major resource consumed is paper.

During the year, the Bank focused on reducing consumption of paper through printing and managing its paper procurement practices.

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

The Bank also implemented projects that reduced paper consumption.

The Bank’s paper waste was disposed responsibly through third party vendors and recyclers.

As a service organization, the Bank’s primary usage was municipal water.

The Bank consumed diesel to run power generators in branches with unreliable power supply. The Bank invested in efficient generator sets that consumed less power, reduced emissions and were low in noise.

For more details please refer to the Sustainability Disclosures FY 2013-14 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 was minimal.

The Bank focused on increasing paperless banking, and achieved strong growth in mobile banking, internet banking and e-statements, 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.

As the Bank is a service organization, its primary consumption was 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 Strategic Sourcing Department communicated its 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 and 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 underbanked population in rural and urban India.

The Business Correspondents were hired from the local regions where they operated, and were trained in banking operations.

For YES MONEY, the Bank enrolled local retail and grocery stores as business correspondents providing remittance services to local communities.

The Bank was present in all states of India, and branches procure locally for stationary, food and beverages, and other items required for normal operations. The Bank 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 had a national vendor for the disposal of e-waste, and local vendors for disposal of paper.

The Bank's waste management practices have been documented in the Sustainability Disclosures FY 2013-14, which are a part of this Report.

Principle 3

1. Please indicate the total number of employees.
As on March 31, 2014, YES BANK had 8,798 employees.

2. Please indicate the total number of employees hired on temporary/contractual/casual basis.
All employees at the Bank were hired on a permanent basis.

3. Please indicate the number of permanent women employees.
The Bank had 1,468 permanent women employees on March 31, 2014

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?
Not applicable.

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	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

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

- **Permanent employees**
During the reporting period, 8,322 employees were covered by 1,198 training programs divided into five broad categories of: Behavioral and Leadership skills, employee induction, mandatory policies and Compliance, Process Training and Product Training.
- **Permanent women employees**
1,353 women employees were imparted training during the year, comprising over 92% of the Bank's total women employees.
- **Casual/Temporary/Contractual employees**
Not applicable as the Bank only hired employees on a permanent basis.
- **Employees with disabilities**
Not applicable.

Principle 4

1. Has the Company mapped its internal and external stakeholders? Yes/No
2. Out of the above, has the Company identified the disadvantaged, vulnerable & 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 economic and social exploitation.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details 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 with the an aim to positively influence their lives.

The Bank launched several products and services

that catered to the underbanked and unbanked populations in rural and urban India. YES MONEY was a remittance service primarily focused on urban migrant workers, YES LEAP offered savings and lending services to self-help groups, YES Kisan Dairy Plus was a payments gateway for dairy farmers, and YES SAHAJ is a mobile ATM service offering basic banking to regions under-served or unserved by banking.

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 and 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?

Yes. The Bank's Environmental & Social Policy incorporated environmental and social risks and imperatives into its lending decisions. The Policy was based on guidelines from Equator Principles and IFC, which ensured that the Bank abstain from lending to socially and/or environmentally irresponsible businesses or ventures. Guided by the policy, the Bank also engaged with external stakeholders to adopt environmental best practices and influences.



The Bank's Environmental Management Policy guided 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, among others? Yes/No; If yes, please give hyperlink for webpage among others.

Yes. The Bank was a signatory to international protocols and initiatives such as the CDP (formerly, the Carbon Disclosure Project), the Natural Capital Declaration and the UN Global Compact, where the Bank actively participated and contributed to global discussions on pertinent issues.

The Bank became the first commercial bank in India to achieve the ISO 14001 certification for its Environment Management System, demonstrating its commitment in mitigating its own climate change impact.

The Bank's actions were included in its annual responses to the CDP, the Communication on Progress to the UNGC and its Sustainability Report. The Sustainability Report is available online at www.yesbank.in.

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

The Bank's Communication on Progress 2014 to the UNGC can be accessed at <http://www.unglobalcompact.org/COPs/advanced/59411>.

3. Does the Company identify and assess potential environmental risks? Yes/No

Yes. The Bank assesses its environmental risk in multiple ways. The Bank's environmental and social policy sets the guidelines through which the Bank assesses the social and environmental risks associated with its lending.

Internally, the Bank's Chief Sustainability Officer and the Bank's Management Committee review

and assess the Bank's environmental risks, including climate change.

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 was filed?

Not applicable as the Bank is a service organization. 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. Several projects that the Bank has funded may be related to CDM.

5. Has the Company undertaken any other initiatives in the areas of clean technology, energy efficiency and renewable energy, among others. Yes/No; If yes, please give hyperlink for web page among others.

Yes. The Bank has an active debt and advisory portfolio in clean technology, energy, waste management and other sectors with significant environmental impact.

Internally, the Bank has undertaken several initiatives to reduce its consumption of natural resources and its overall environmental footprint.

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 is a service organization that generates emissions and waste within permissible limits. The Bank uses low-noise and low-emission diesel generator sets at its branches to reduced its emissions. The Bank's primary wastes – paper and electronic waste – are recycled to the maximum extent through third party vendors.

7. Enumerate the number of show causes/legal notices received from CPCB/SPCB which were pending (i.e. not resolved to satisfaction) as at

the end of the financial year.

The Bank did not receive any notice during the reporting year.

Principle 7

1. Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:

- a. CII
- b. ASSOCHAM
- c. FICCI
- d. Indian Banks Association

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

2. Have you advocated/lobbied through the above associations for the advancement or improvement of public good? 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 worked towards influencing public policy and thought leadership in India and internationally. The Bank was a member of several international protocols and initiatives that brought stakeholders together on pertinent causes.

The Bank was a signatory to the CDP, the UNEP Finance Initiative, UN Global Compact, the Natural Capital Declaration and participated in national and international forums and discussions on issues including climate change, natural capital, sustainable finance and inclusive development.

More information on the Bank's initiatives in policy advocacy is available in its Sustainability Report.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy

related to Principle 8? If yes details thereof.

Yes. The Bank's Food and Agribusiness Research Management (FARM) comprised several products and services that catered to the base of the country's economic pyramid, aimed at providing banking services to the unbanked and underbanked population of India.

The details of the Bank's programs and initiatives are included in the Sustainability Disclosures FY 2013-14 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 country's economic pyramid, providing services to the under-banked and unbanked population.

YES FOUNDATION was founded as the Bank's social development arm with a vision to build an 'empowered and equitable India'.

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

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

Yes. The financial impact of the performance of the Bank's key products and services catering to the base of the pyramid are a part of the Sustainability Disclosures FY 2013-14 within this Annual Report.

The impact of YES FOUNDATION's initiatives is also included in the Sustainability Disclosures.

4. What is your Company's direct contribution to community development projects with a reference to the amount in ₹ 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 partnered with community organizations and NGOs to deliver create impact on the ground.

The Bank also supported the promotion of sports, arts, culture, literature, education and entrepreneurship through YES COMMUNITY and other events.

The details of the YES COMMUNITY events and other actions to create impact in the community are included in the Sustainability Disclosures FY 2013-14 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 ensured that its community engagement initiatives were relevant, effective and replicable.

YES COMMUNITY has incorporated feedback mechanisms to ensure that local communities can provide their suggestions or inputs on the activities that they are a part of.

Principle 9

1. What percentage of customer complaints/consumer cases were pending at the end of financial year under review.

Customer complaints	2013-14
No. of complaints pending at the beginning of the year	2
No. of complaints received during the year	6,116
No. of complaints redressed during the year	5,997
No. of complaints pending at the end of the year	121
Awards passed by the banking ombudsman	
No. of unimplemented awards at the beginning of the year	0

Customer complaints	2013-14
No. of awards passed by banking ombudsman during the year	0
Number of awards implemented during the year	0
Number of unimplemented awards	0

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

The Bank 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, an independent watch dog for service quality. All notices 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 the customer policies that the Bank adhered to, were also 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.

There were no such cases against the Bank.

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

The Bank conducted regular customer satisfaction surveys; the Bank’s Chief Experience Officer drove the Bank’s customer satisfaction initiatives.

The result of the surveys and the Bank’s initiatives are included in the Bank’s Sustainability Report, which is available on the website at www.yesbank.in.

Management Discussion & Analysis

Executive Overview

Macro-economic and industry overview

In 2013, global growth remained largely unchanged. As per IMF estimates (January 2014), global GDP growth was estimated at 3% in 2013 vis-à-vis 3.1% in 2012. The year under review was marked by a variance in growth and financial market conditions. The first half of the year evidenced weak global growth with an instability in the financial markets following a change in perception about a tapering of the US Federal Reserve's quantitative easing programme; this precipitated a sell-off in emerging market assets amid a hardening of US interest rates. Thereafter, financial markets normalised with green shoots of growth led by advanced economies like the US, the eurozone, the UK and Japan.

The US economic growth appeared robust with a significant contribution from inventory accumulation, consumption and investment. On the other hand, the eurozone moved from recession to register growth gathering pace in the second quarter of 2013. This growth was largely export-driven with domestic activity turning positive for the first time since the recession. In China, domestic demand firmed with GDP growth touching 7.7% in 2013.

Since the 2008 global financial crisis, major central banks have moved largely in accordance with their provision of conventional and unconventional monetary stimulus. However, 2013 was marked by a divergence in the tone and tenor of the central banks. With the US economy gaining momentum, the Federal Reserve voted to gradually reduce its massive economic stimulus programme in December 2013. In the eurozone, the spectre of deflation and high unemployment compelled the European Central Bank to sustain its unconventional monetary policy. The Bank of Japan underscored the divergence with its

December 2013 pledge to buy assets until it achieved its inflation target of 2%.

India's growth slackened through FY 2012-13 and FY 2013-14. The Reserve Bank of India reduced policy rates by 100 bps in FY 2012-13 and 25 bps in May 2013. Before its June 2013 policy review, following risks of external sectoral instability, the US Federal Reserve hinted at a gradual withdrawal of quantitative easing. This put EM assets under pressure, with countries running high current account deficits. Between May 2013 and August 2013, the rupee depreciated by 16.3% on the back of a USD 12.6 billion portfolio capital outflow from India's domestic equity and bond markets.

The RBI undertook several policy measures to restore stability. In consultation with the Central Government, gold imports were restricted to reduce the pressure on CAD. Interest rates increased by 200 bps bringing the MSF rate to 10.25%, resulting in tightening of liquidity. There was a cap on overnight repo borrowing at 0.5% of NDTL, OMO sales of G-secs and a hike in the daily CRR maintenance requirement from 70% to 99%. The RBI provided an unconventional dollar swap window to public sector oil marketing companies (for oil imports) and banks {for FCNR(B) deposits and Tier -I Capital} for a limited period till November 2013. These measures restored confidence in the rupee; the currency strengthened from a low of ₹68.82 against the US dollar on August 28th, 2013 to ₹59.89 on March 28th, 2014.

As per advance estimates released by the government, GDP growth in FY 2013-14 is expected at 4.9%, the second successive year of a sub-5% growth. The country's GDP growth was dragged down by contraction in industrial output, which registered a growth of -0.1% during April-February period in FY 2013-14 compared to a 0.9% growth in the same period of FY 2012-13. Stalled infrastructure projects



and subdued corporate investments contributed to the slowdown. To improve the investment climate and address infrastructural bottlenecks, the Cabinet Committee on Investment cleared 296 projects worth ₹6.6 trillion by January 2014. The agriculture sector witnessed a record production of rice, wheat, pulses, oilseeds and cotton on the back of a satisfactory monsoon.

After closing FY 2012-13 at 10.2%, average consumer price inflation began to moderate in FY 2013-14. However, food prices, especially perishables, stayed volatile. Consumer price index inflation rose to an all-time high of 11.2% in November 2013 due to a spike in vegetable prices but subsequently, consumer price index inflation declined to 8.1% in February 2014. Average consumer price index inflation for April-February FY 2013-14 moderated to 9.6% and inflation at the wholesale level also followed a similar trajectory. WPI inflation averaged 5.9% during April-February FY 2013-14 compared to an average 7.4% in FY 2012-13.

India's current account deficit touched a record 4.8% of GDP in FY 2012-13. During Q1 FY 2013-14, current account deficit deteriorated to 4.9% on the back of a surge in imports (especially gold). Domestic policy intervention and improvement in the external economic environment inspired a sharp decline in CAD to 1.2% in Q2 FY 2013-14 and 0.9% in Q3 FY 2013-14. An improvement in exports and moderation in imports helped mitigate India's external vulnerability.

Even as fiscal targets were largely met in FY 2013-14, the quality of fiscal adjustment remained a concern. Fiscal deficit is expected to remain at 4.6% of the GDP (revised budgetary estimates). On account of a growth slowdown, gross tax revenue recorded a shortfall of 6.2% against the budgeted level while non-tax revenue exceeded budgeted targets due to higher dividend receipts. The shortfall in tax revenue receipts was offset by a sharp contraction in the 12th Five Year Plan expenditure (14.4% vis-à-vis budgeted target), indicating no improvement in fiscal adjustment.

A stability in the rupee since September 2013 encouraged the RBI to start normalising its monetary policy. The MSF-repo rate spread, which had risen to 300 bps in July 2013, was moderated to 200 bps in September 2013 with a 75 bps cut in the MSF rate to 9.50% and a simultaneous 25 bps increase in the repo rate to 7.50%. The daily CRR maintenance requirement was relaxed from 99% to 95%. The MSF-repo rate spread was restored to the usual 100 bps in October 2013 with another 75 bps cut in the MSF rate to 8.75% and a simultaneous 25 bps increase in the repo rate to 7.75%. The repo rate was later increased to 8.00% (with MSF rate calibrated at 9.00%) in the January 2014 policy review to guard against inflation and calibrate the policy rate with the objective to achieve an 8% consumer price index target by January 2015 (recommended by the Urjit Patel Committee Report, January 2014).

The RBI introduced the term money market in October 2013 to enhance monetary policy transmission and provide a term money-yield curve. Liquidity to banks through the term money window increased from ₹19,500 crore in end-October 2013 to ₹1,20,000 crore in end-March 2014.

Liquidity conditions remained in the deficit during FY 2013-14. Liquidity deficit (after adjusting for CRR maintenance) tightened from ₹47,872 crore in end-June 2013 to ₹1,36,901 crore in end-September 2013 on account of various measures by the RBI and dollar sales by RBI worth USD 12 billion during July-September 2013. Even as liquidity deficit improved to ₹69,231 crore in end-November 2013 following a near USD 34 billion inflow under the dollar swap window provided to banks, the comfort was short-lived. Currency leakage worth approximately ₹70,000 crore and the government's drive to curb expenditure and meet fiscal targets during December 2013 and March 2014 resulted in tighter liquidity conditions. The year-end liquidity deficit was ₹1,78,500 crore as of March 31st, 2014.

Business Segment Overview

YES BANK launched 'Version 2.0' in April 2010, its most stimulating initiative to build scale, granularity and diversity. Your Bank completed four years of the implementation of 'Version 2.0', delivering highly satisfactory results in challenging environments. On back of a rapidly expanding branch network of desired maturity, your Bank stood at an inflection point with regard to our liabilities base. Your Bank offered the gamut of retail asset products and is poised to grow this range in order to achieve its 'Version 2.0' vision.

Your Bank continued to pursue its targets through a differentiated business model. Your Bank leveraged robust management frameworks, constant innovation and cutting-edge technologies. Your Bank's approach was validated through recognition, awards and accolades from media houses, consulting organizations and thought leadership forums.

Corporate Banking

Your Bank's Corporate Banking (CB) division provided comprehensive financial and risk management solutions to large corporate clients with a turnover greater than ₹500 crore. 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 strengthened its customer relationships through a 'core relationship management approach', which helped create multiple touch-points with clients through specialised product managers.

Your Bank offered industry-specific products in a timely manner 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's CB division offered comprehensive client-focused Corporate Banking 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 remained committed to continuous improvement in terms of service, risk management and product portfolio through original research, benchmarking and client orientation.

Commercial Banking

India's emergence as a global manufacturing hub and service provider translated into a steady growth in its commercial banking segment. Correspondingly, this reflected in the growth of your Bank's Commercial Banking business catering to high-growth clients with a turnover of ₹100 – ₹500 crore. Your Bank adopted differentiated go-to-market and segmented client relationship management strategies to address the needs of this growing segment.

Given the high-growth nature of your Bank's clients, the Commercial Banking division adopted a 'Lifecycle Banking' philosophy and through a 'Money Doctor' approach, balanced client expectations and the Bank's risk strategies. Your Bank's unique positioning provided an opportunity to offer the entire product suite, comprising Capital Market services, M&A Advisory, Corporate Finance and Project Advisory in addition to general banking products like Working Capital, Term Funding, Liabilities, Investments, Insurance, Trade Finance, Cash Management and Treasury, amongst others. Your Bank helped forge a



number of success stories across industries such as media and entertainment, consumer goods, gem and jewellery, life sciences and healthcare, food, agribusiness and auto ancillaries.

Besides, the Commercial Banking group addressed the linked and ancillary businesses of clients, ensuring relationships deepening, retention, cross-sale, referral-led business origination and capital efficiency.


This differentiated positioning made it possible for your Bank's Commercial Banker to evolve into a trusted advisor.

Government Relationship Management

At YES BANK, the Government Relationship Management (GRM) team comprehends the financial needs of Central and State Government undertakings and affiliates. The division leveraged its Knowledge Banking approach and technology leadership to deliver proven, easy-to-use solutions.

Over the years, your Bank 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 deliver innovative, structured and comprehensive solutions, accomplishing several landmark transactions with Maharatnas, Navratnas, Mini-Ratnas and other apex institutions. In just eight years, the GRM group developed robust relationships with over 550 entities across India. The GRM Group remained committed to the core values of client origination, innovation and superior service.

Your Bank signed MOUs with the Indian Army and Navy to offer 'YES Vijay', a unique salary account proposition offered to defense personnel in September 2011 and January 2012 respectively. Under this programme, the benefits offered to defense personnel will continue post-retirement, generating appreciation and traction.



The RBI introduced the term money market in October 2013 to enhance monetary policy transmission and provide a term money yield curve. Liquidity to banks through the term money window increased from ₹19,500 crore in end-October 2013 to ₹1,20,000 crore in end-March 2014.

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 SA offering, complementing your Bank's efforts to build a sustainable CASA book.

Indian Financial Institutions Relationship Management

Your Bank's Indian Financial Institutions (IFI) group interfaced with key domestic financial institutions. The team primarily engaged in offering banking solutions to domestic banks, non-banking finance companies, housing finance companies, micro finance institutions, insurance companies, insurance brokers, mutual funds, financial institutions, co-operative banks, regional rural banks and capital market participants (stock exchanges, stock brokers, commodity exchanges, commodity brokers, qualified foreign investors, foreign institutional investors, private equity funds, provident funds, pension funds, primary dealers and depositories). Your Bank

customised specific solutions for domestic financial institutions that enhanced transactional efficiencies leading to enduring relationships.

IFI played a key role in raising capital for your Bank through Tier-I and Tier-II bonds. During FY 2013-14, the IFI group successfully raised BASEL III-compliant Tier-I bonds aggregating ₹280 crore. The Perpetual Debt Issue was rated '[ICRA] A (hyd)' by ICRA with a stable outlook.

The IFI grew the number of domestic relationships exponentially, enhancing granular liability through a pioneering technological platform and the following breakthrough products:

- Immediate Payment Service (IMPS) which found favor among brokers and insurance companies
- National Automated Clearing House (NACH), which got an overwhelming response from NBFC's brokers and insurance companies
- Mobile-driven POS collections tool which largely found acceptance with insurance companies
- Extension of RTGS and NEFT services, cheque clearing under CTS, integrated ATM solutions, which enabled settlement and issuance of RuPay Debit/KCC cards, receipt of AADHAR-based payments for cooperative banks and their customers
- Over-the-counter acceptance of insurance premium, which helped insurance companies expand their collections reach
- A comprehensive product suite facilitated investments in the Indian capital market

International Banking

Your Bank was conceived with the dream to build the 'Best Quality Bank of the World in India' manifested in a knowledge-driven institution with the highest professional ethics, integrity and competencies. In line with the global aspirations of clients, your Bank created a widespread partner network of over 950

international banks, financial institutions and official bodies. Your Bank executed marquee transactions across products and geographies through its global banking partner network.

Yes-International Banking business offered a complete suite of products (Debt, Trade Finance, Treasury Services, Investment Banking Solutions, Remittance Solutions, Financial Advisory and Global Indian Banking) to international customers. These products were offered through alliances with international banks and institutions in targeted geographies. 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 Relationship, 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. Yes-International Banking raised large-ticket offshore borrowings for your Bank and negotiated overseas trade transactions for your Bank's clientele. The Dual Currency, Multi-Tenor Syndicated Foreign Currency loan availed by your Bank during the year under review was adjudged the Financial Institution Syndicated Deal of the Year 2013 by Asia Pacific Loan Market Association (APLMA), an award your Bank has won two years running and stands as a testimony to the ability to execute marquee loan deals. The loan was widely distributed, with investments received from 11 banks across eight countries. Your Bank raised USD 150 million during the year through IFC, Washington – a member of the World Bank Group – under its Co-Lending Portfolio Programme. Your Bank was the first global institution to receive this funding and also the first Indian bank to raise loans under IFC's A/B loan facility. This landmark deal



became your Bank's second major foreign currency loan, following the successful mobilisation of a USD 255 million syndicated loan in September 2013 under the RBI special window.

During the year under review, your Bank entered into an agreement with the European Bank of Reconstruction & Development (EBRD) to become a 'Confirming Bank', enabling it to help customers in Central and Eastern European economies with a cover from the EBRD.

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

Branch Banking

Your Bank provided a seamless banking experience with the objective to emerge as the 'Best Quality Bank of the World in India'. Your Bank leveraged quality, state-of-the-art branch infrastructure, cutting-edge technology and a customer-centric approach. Your Bank's branches were strategically located in premium high-street locations, benchmarked with world-class design and accessibility to facilitate a consistent customer experience. The focus was not merely on facilitating transactions, but also in engaging, informing and involving customers in a personalised manner. Your Bank successfully graduated its branches to the next service-level as community centres facilitating community engagement, rather than merely serving as touch points. Your Bank's customers were served through more than 550 branches across 375 locations and 1,139 ATMs at the close of FY 2013-14.

Your Bank continued to expand its footprint to facilitate financially-efficient inclusive banking. While your Bank's branches were designed to cater to all customer segments under the 'One-Bank Model', Branch Banking customers – Liabilities & Wealth Management, Business Banking and Retail Banking

– remained the most frequent users. Your Bank reinforced Branch Banking through a relationship-driven approach that translated into a differentiated customer experience.

Business Banking

Your Bank supported small and emerging businesses, growth engines of the Indian economy, through a dedicated Business Banking unit.

The Business Banking unit catered to the unique banking requirements of small and medium businesses in identified sectors, meeting the funding needs of entities with a turnover of up to ₹100 crore.

Your Bank also institutionalised a business unit named Agri Business Banking (ABB), which comprised a qualified 75-member team across 40 pan-India locations, focusing on loans to direct and indirect agri enterprises. Your Bank supported MSME customers dealing with large corporates (dealer or vendor) by meeting their funding needs through a focused Channel Finance team. This initiative helped MSMEs strengthen relationships with large corporates and sustain growth.

Your Bank fostered growth, competitiveness and employment creation. A greater focus in lending to MSMEs and agri-linked businesses helped the Bank fulfill 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.

Retail Banking

In line with the 'Version 2.0' objectives of quality, granularity and profitability in the loans portfolio, your Bank launched a number of retail banking asset products in FY 2013-14. Our customers could select from a wide array of retail loans products like: Secured Business Loans (erstwhile LAP), Car Loans, Two Wheeler Loans, Commercial Vehicle Loans, Construction

Equipment Loans, Loans Against Securities, Tractor Loans, Gold Loans, Personal Loan Products and Home Loans (in association with home finance partners like DHFL and Indiabulls Home Loans).

Your Bank's retail banking products were available in 25 locations supported by dedicated Retail Banking Asset team members. Your Bank will continue to focus on the retail asset segment in FY 2014-15 to build a profitable and granular book.

Product Capital

Your Bank provided a range of financial products to service customers across differentiated market segments. The 'One-Bank Model' approach built on a three-dimensional organisational structure (Relationship, Product and Knowledge Capital) enabled product cross-sell and up-sell to customers across the value chain. This approach enabled your Bank to strengthen existing relationships through multiple engagement opportunities and customised products across the customer's growth cycle.

Transaction Banking

Your Bank's Transaction Banking Group (TBG) was the driving force behind the conceptualisation and seamless delivery of quality products and services. The Group specialised in core finance areas like Corporate Current Accounts, Cash Management Services, Capital Markets & Escrow Services and Trade Finance Services, 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
- Asset management
- Treasury integration
- Exposure and risk management
- Inbound and outbound remittances

The core group developed and implemented unique and customised product propositions across industry verticals. Your Bank exceeded customer expectations by offering an efficient transaction banking desk, continuously expanding our product suite through our Knowledge Banking-led strategy and strengthening our delivery channels to ensure superior services.

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 over 550 transactions, across the product suite, for clients including corporates, PSUs, Central and State Government entities and many NBFCs.

Your Bank was adjudged 'India Bond House' by IFR Asia for 2013. Your Bank was ranked No. 2 by Prime Database in the 'Private Issuers Category' of the Arrangers tables and ranked No. 7 in the all issuers category for FY 2014. Further, your Bank was ranked No. 4 by *Bloomberg* in the India Domestic Bonds underwriting league tables for CY 2013.

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 Financial Markets Group. Your Bank continues to excel as ICRA (Moody's affiliate in India) has reaffirmed your Bank's A1+ rating for its ₹10,000 crore Certificate of Deposit programme. A1+ rating indicates the highest level of safety in the short-term.


Loan Syndications

The Loan Syndications (LS) team provides comprehensive loan syndication to the valuable clients of your Bank. Leveraging its strong sectoral expertise and market relationships, LS team has successfully met clients objectives in achieving the most efficient debt structures, both domestic and foreign. They have contributed to the non-interest income of your Bank as well as helped in effective Balance Sheet Management through a regular churning of the asset portfolio.

- The LS team has successfully placed over ₹18,000 crore (~USD 3 billion) in the last financial year to its partner banks, NBFCs and financial institutions, within India as well as internationally. The clientele involved pedigreed players across the infrastructure, manufacturing, telecom, real estate and hospitality spaces.
- The team's consistent performance has placed your Bank as sixth among the India Loans Mandated Arranger by *Bloomberg* for CY 2013.

Structured Credits Group

An ongoing challenge faced by the Indian banking industry is a decline in asset quality. Your Bank's Structured Credits Group (SCG) was created for the effective management of distressed and non-performing assets comprising qualified and experienced professionals specialising in distressed asset management. The Group provided effective



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solutions for resolving stressed assets by leveraging its 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, negotiating with borrowers for one-time settlement, recovering through the enforcement of security interest under the Securitisation Act 2002 and selling non-performing assets to asset reconstruction companies.

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

Investment Banking

Your Bank's Investment Banking team provided M&A and capital raising advisory services to large and mid-market corporate and financial sponsor clients. The Investment Banking team comprised a high-powered team of dedicated professionals seamlessly integrated with the Bank's relationship groups.

On the whole, deal activity in India continued to remain sluggish in FY 2013-14 on account of difficult economic conditions in larger, developed markets and unfavorable domestic factors marked by persistent inflation, high interest rates, lower growth and weaker investments. Most Indian corporations deferred their expansion, capital raising and acquisition plans for most part of the year.

During the year under review, the Investment Banking team consummated 140 transactions across three key products – Mergers & Acquisition Advisory, Private Equity fund-raising and Equity Capital Markets and across diverse sectors like real estate and auto components which have been out of favour. A notable transaction consummated by your Bank during the year under review was funds mobilisation for a greenfield entertainment theme park, a first-of-its-kind in India. The performance of the team was reflected in the high ranking received consistently by your Bank among the top deal-makers. During the year under review, your Bank was rated by two leading international publications as the 'Most Trusted Investment Bank' in India and among the 'Top-250 dealmakers' in the world.

Responsible Banking

Your Bank is convinced that financial institutions need to play a catalytic role in economic, social and environmental development, especially in the wake of the new Companies Act 2013, wherein corporates are required to engage in activities beyond business.

Over the last ten years, your Bank invested extensively in the realms of sustainability and Corporate Social Responsibility, assuming the position of an industry leader. As a part of its Responsible Banking philosophy, your Bank produced credible results for your Bank and the stakeholder community. Led by the Bank's Chief Sustainability Officer, Responsible Banking delivered along four broad categories – CSR, sustainability research and policy advocacy; thought leadership; environmental sustainability and the YES FOUNDATION.

Some of your Bank's research papers not only culminated in policy advocacy, but also proposed innovative financial models and sectoral perspectives:

- Operationalising sustainability in value-chains
- Low-carbon industrial growth in India
- Electric vehicles in India (challenges and opportunities)

- YES BANK-TERI BCSD Survey of Green Real Estate Sector 2014

In line with its Responsible Banking vision 'to be the benchmark financial institution for CSR and sustainability in India', your Bank played an important role in promoting environmental, social and governance parameters within the BFSI sector. Besides, your Bank was actively involved with protocols established by national and international bodies including United Nations Global Compact, UN Environment Programme Finance Initiative, CDP, India GHG Programme, Clinton Global Initiative and TERI Business Council for Sustainable Development.

Your Bank accelerated its unique engagement programme (YES COMMUNITY), connecting it with local communities while utilising its branches and branch service areas as knowledge-sharing centres for pertinent social and environmental issues. Through YES COMMUNITY alone, your Bank impacted 4,69,000 lives across the diaspora during the year under review.

Your Bank took the lead in mainstreaming a discussion on natural capital in India by signing the UNEP FI Natural Capital Declaration, making it the first (and only) signatory. This finance-led, CEO-endorsed initiative encouraged financial institutions to integrate natural capital consideration into financial products.

Through the first Natural Capital Awards, a distinctive platform that recognises individuals, groups and corporate organisations spearheading biodiversity conversations and initiatives, your Bank enhanced its commitment towards improving the state of ecosystem. Going ahead, your Bank expects to influence policy framework, industry practices and disclosure mechanisms related to natural capital.

Your Bank considers environmental and social performance measurement as well as disclosures important to business sustainability. The 'Triple Bottom-Line' approach empowered your Bank

to build trust and credibility among stakeholders (internal and external).

Your Bank was the first (and only) commercial bank in India to release its standalone Sustainability Report with an A-Level Check Certificate from the Global Reporting Initiative, demonstrating the highest level of disclosures. From FY 2013-14 onwards, your Bank will report as per the latest GRI-G4 guidelines.

As the first banking sector signatory to the UN Global Compact, your Bank disclosed its policies and performance as per the 10 UNGC principles under four categories (human rights, labor, environment and anti-corruption), starting 2009. Your Bank moved from an 'Active' to an 'Advanced' platform in FY 2013-14.

As a signatory to the CDP, formerly the Carbon Disclosure Project, your Bank reported on its carbon emissions and environmental footprint. Your Bank earned the unique distinction of being a part of the CDP's Carbon Disclosure Leadership Index in India for three straight years (2011 to 2013). Your Bank was the best performing financial institution (score 81) on the Index in 2013.

Your Bank also became India's first (and only) commercial bank to receive the ISO 14001:2004 certification for Environmental Management System at 12 locations across New Delhi and Mumbai.

The result was that your Bank won marquee awards like the Karlsruhe Sustainable Finance Award (Germany), Golden Peacock Award for Corporate Social Responsibility and the Commendation Certificate at the CII ITC Sustainability Awards, among others.

Your Bank established YES FOUNDATION as its social development arm. The Foundation's first initiative was 'YES! i am the CHANGE', a nationwide film project where individuals from all walks of life were invited to make short films on social and environmental themes. The projects received an overwhelming

response – over 2,000 registrations and 150 entries across India. The 'YES! i am the CHANGE' project conducted workshops in major institutions including IITs and IIMs.

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, your Bank created a special division called Inclusive & Social Banking (ISB). ISB was responsible for the design and implementation of various financial inclusion initiatives. For your Bank, financial inclusion is not just a social and regulatory obligation but a business opportunity. The ISB dates back to December 2006 when your Bank launched YES SAMPANN, a first-of-its-kind direct micro-finance initiative in technical collaboration with ACCION International. The mandate of the ISB was 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. 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 micro-credit, micro-saving, micro-insurance and remittance services across geographical and socioeconomic contexts and partners. Through the flagship, YES Livelihood Enhancement Action Programme (YES LEAP), your Bank provided comprehensive financial services (credit, saving and insurance) to self-help groups through partner NGOs acting as Business Correspondents. The FI4FI credo was followed to enhance efficiency in systems, processes and operations. Every self-help group 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, your Bank touched over 5.5 lac households across 16 states.

Your Bank started a unique initiative to provide a customised and comprehensive product suite for the dairy industry. In one such pilot initiative launched in collaboration with a leading private dairy in South India, your Bank provided instant account credit to farmers against the milk supplied by them and analysed them on an automated machine triggering e-mails which has details regarding farmer payments.

The ISB team was 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.

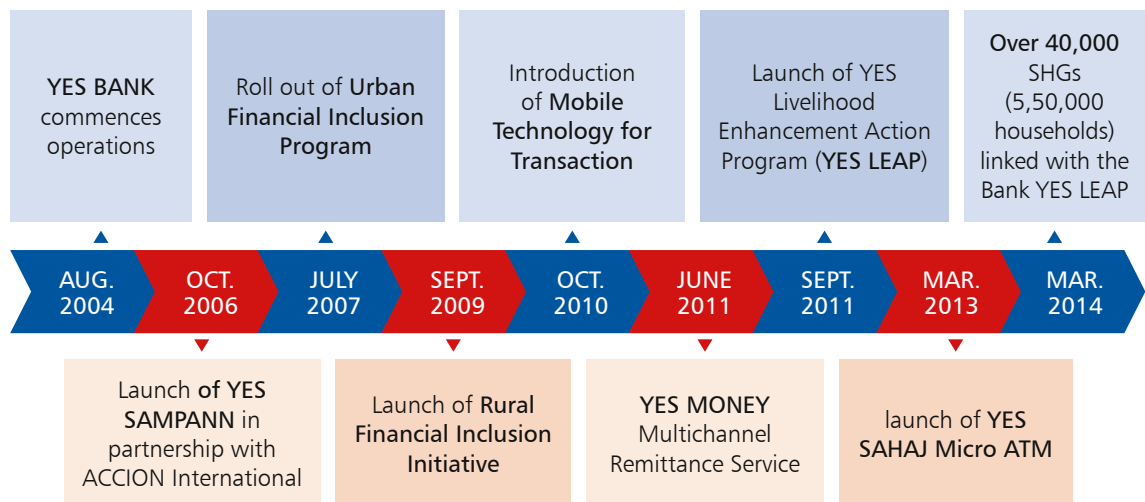
Microfinance Institutions Group

Your Bank remained committed to create equal financial opportunities for all. Your 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.

Through the MFIG's product suite (comprising term loans, loan syndications and rated capital market loan products like pool securitisation, bonds, commercial paper and loan assignments), your Bank catalysed the growth of the Indian microfinance industry. Your Bank aimed to access more investors and reduce fund costs, thereby making it possible to deliver affordable, fairly-priced and customised 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.



ISB - Spearheading Financial Inclusion



Agribusiness and Rural Banking

India's economy is predominantly agrarian with the agriculture and allied industries contributing 13.7% (FY 2012-13) to the country's GDP. Consequently, your Bank chose agribusiness as a focus sector, given the potential for growth and multiplier impact. With these objectives in mind, the ARB was empowered to create banking opportunities within the agribusiness domain. The team was also responsible for ensuring compliance with the regulatory guidelines of directed lending, as specified in the RBI's Priority Sector Lending guidelines. The team, comprising 63 young bankers, interacted with F&A clients and relationship teams to create structured lending propositions for supply chain participants – farmers as well as SMEs. To ensure a seamless and cost-efficient delivery to valued 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 customised offerings. There was also a focus on various intermediaries in the F&A supply chain, ensuring an access to structured and financially appropriate banking products. Given the critical need for additional agri-infrastructure assets, your Bank took the lead in providing long-term structured term funding for related projects.


Process, Service & Technology Overview

Service and Technology Capital

To enhance customer delight, your Bank leveraged state-of-the-art technology and innovative practices. Your Bank invested in enhancing 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 Organisation

Your Bank seamlessly extended its professional approach to business processes with the vision to emerge as the



The Quality Policy at your Bank states 'YES BANK will strive to ensure a consistent superior service experience through operational excellence, innovation, cutting-edge technology and best-in-class systems and processes in its mission to become the Best Quality Bank of the World in India' by 2020.

'Best Quality Bank of the World in India' by 2020. In recognition of this strategic intent, your Bank nurtured a culture of professional entrepreneurship wherein each employee played an important role in your Bank's growth. Your Bank strengthened business processes, resulting in continuous improvement.

Some key initiatives comprised:

- Two world-class National Operating Centres (NOC) were established in Mumbai and Gurgaon to provide superior customer service and business continuity planning. The NOCs housed the centralized back office functions of various businesses including the Yes Touch Contact Centre located in NOC Gurgaon
- 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 both NOCs, 101 key branches and your Bank's Internal Audit Function were certified under ISO 9001 (Quality Management System)
- Your Bank's complaints management process was bestowed with ISO 10002 (Customer Service - Complaints Management system) certification
- Business processes were supported by superior information technology solutions and platforms there by optimizing productivity



- Your Bank strengthened its Business Continuity Management Framework (ISO 22301-certified) and Information Security Management Framework (ISO 27001-certified). There was an evaluation of all critical quality parameters, including an end-to-end (e2e) review of critical business processes
- Your Bank remained committed to reinforce quality and innovation through a benchmarking with best-in-class processes, practices, identification and implementation of best and next innovative practices
- 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, analysed and acted upon
- Your Bank leveraged social media as a new channel for superior customer service and addressed queries/complaints, received feedback, garnered inputs on service (VOC), and shared relevant content about products, services, brand building and press release materials
- Your Bank used the Complaints & Query Management System as a singular touch point to log, handle, escalate and resolve customer grievances
- The Query Resolution Unit, part of the Yes Touch Phone Banking Service, effectively resolved customer queries and complaints
- 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, resulting in extensive compliance

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 Best 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 which helped your Bank implement 'next practices' across products, services and channels. The Quality Assurance unit drew upon efficient methodologies practiced by world-class organizations in building institutional excellence.

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 Quality 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.

Your Bank's Process Management (PM) monitored processes, benchmarked them with its sectoral peers, incorporated best practices, disseminated knowledge, improved processes, managed waste and controlled costs. The PM team used relevant tools to facilitate the ease of transactional execution through the automation of manual processes and ushering in employee training effectiveness.

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. Your Bank also provided MIS support for effective decision-making at the management level. The branch and contact centre service levels were gauged by means of service quality audits and mystery shopping by an independent quality functionary.

The Yes Service Programme - an internal service proposition - was disseminated through a defined and ongoing service marketing programme and measured through mystery shopping, on-job monitoring and Branch Executive Leadership Team (BELT) programmes 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 gone by. The former were targeted towards projects that impacted strategic business objectives, while the latter were tactical improvements carried out by the shop-floor teams.

Your Bank's processes were tracked through dashboards and shared with the management team. 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 emerged as the first ever to be awarded the 'IMC RBNQ Award Trophy-2013' in the Services Category for Business Excellence at the IMC Ramkrishna Bajaj National Quality (IMC RBNQ) Awards, 2013. The IMC RBNQ award, based on the Malcolm Baldrige Business Excellence Framework (USA), is one of the most prestigious Indian awards in the area of business excellence. Your Bank also won the Golden Peacock Global Business Excellence Award-2013 in Dubai.

Awards in Customer Service and Best Practices

- 2013 – BestPrax Leadership Governance Award – 'Leadership in Cultivating Social Media, Responsible Banking and 360 degree View of Customer'

practices.

- 2012 – BestPrax Operational Governance Award - 'Knowledge Banking'.
- 2011 – BestPrax Managerial Governance Award – 'Innovative on boarding practice'
- 2010 – Global Benchmarking Network Award for 'Knowledge Banking'.
- 2009 – Winners of Qimpro Convention Award – 'Innovative Practices in Customer Service Channels'.

Information Technology

In line with 'Version 2.0', your Bank's technology assets adapted to the changing requirements of customer service, informational security and operational excellence. With its IT outsourcing model delivering results, your Bank scaled its technology infrastructure to create a contemporary, secure and robust banking platform. Your Bank extended its product bouquet through technological tools – offered request processing through bulk options for corporate customers; provided innovative solutions in the dairy domain leading to instant credit for small partners; incorporated value-added services like mobile and DTH recharge, facilitated stop-cheque and cheque status enquiry in ATMs; empowered bunch note acceptors to accept cash deposits from customers; extended services in retail net banking.

Your Bank scaled its technology infrastructure for Retail Assets, Treasury, Contact Centre, Branch Network and Internet Banking. Your Bank's Technology team focused on innovative, timely, effective and efficient solutions to graduate your Bank towards its 'Best Quality Bank of the world in India' by 2020 vision through the following initiatives:

- Achieve customer delight through service excellence and futuristic solutions
- Build a motivated, lean and high performance team
- Build a culture of risk appreciation, transparency and cost consciousness

- Be proactively aligned with business and organisational needs

Your Bank continued to strengthen strategic partnerships with some of the best global IT majors, developing innovative features to improve procedural efficiencies and creating sector-specific banking solutions. The development of a robust business continuity plan secured those systems which are vital to your Bank's business operations.

During the fiscal under review, the following security-enhancing initiatives were undertaken:

- Your Bank implemented Public Key Infrastructure (PKI) initiatives to enable corporate customers to transact securely on an unsecure public networks, making it possible for the system to reliably verify customer identity and maintain transactional integrity
- Relevant infrastructure was created for biometric authentication in the area of Corporate Net Banking as an additional parameter of user authentication during login
- A real-time alert mechanism was incorporated across branches for dubious over-the-counter transactions
- Several enhancements helped increase online transactional security for Retail and Corporate Net Banking comprising the introduction of a cooling period, IVR OTP and transaction-wise limits. Your Bank launched international debit cards with EMV-chips and PINs.

The following projects were delivered (or were underway) across domains:

- YES BANK's Insights 2 Engage, a solution with a provision for complete 360 degree customer information including customer details, liabilities and asset products holding, services and channel usage, was re-deployed around the business intelligence platform.

The 'day zero breakeven' YES MONEY domestic remittance platform was an innovation that helped your Bank become the largest remitter within just

two years. An extension of this model was the use of IMPS for remittance, which closed the gap created by restrictions of the NEFT batch timings. This information harnessed via the IMPS engine available 24x7 was able to provide a remittance service, round-the-clock. Since the system was built on the YES MONEY service, it came with all the existing benefits of the system.

- Innovative customer service initiatives like video-phone banking and sales team tools (tablets) were launched.
- Your Bank implemented a commodity finance system, self-help groups lending system and upgraded its retail assets solution
- Your Bank was engaged in the process of launching innovative products to enable dairies to provide credit to milk producers as per preferred timelines.
- Your Bank was engaged in the process of launching Trade Finance, Channel Finance and ASBA offerings through the Corporate Net Banking channel, while remodeling its personal finance management tool (Money Monitor).
- Your Bank was engaged in launching prepaid cards on a remittance platform, which is expected to enhance financial inclusion.

Achievements

- Your Bank won the CIO Masters 2013 Award organised by Network 18 under the collaboration category; it also received recognition for the initiatives on Cloud Computing and Business Intelligence, topping the chart with the maximum number recognitions across categories
- Your Bank won the VMware, IT Excellence Award under the Defy Convention CIO category. This award for effective server virtualisation reflected in your Bank's impressive ROI
- YES MONEY was awarded under the 'Payments Solution for Domestic Remittances' category at the Financial Inclusion & Payment Systems 2013 Awards and also at the CIO 100 2013 Awards



- Your Bank was awarded the CIOL C-Change Enterprise Award for the Best Project Management for its core banking platform upgrade

Human Capital Management

Your Bank pursued a strong employee value proposition of 'Creating & Sharing Value' with a vision to build an organization driven by the ethos of professional entrepreneurship, 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'. The Bank continued to attract and retain the best talent from within India and abroad. 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 nine years. The management pool at your Bank was rated as one of the best in the Indian Banking sector.


Your Bank made significant people investments in FY 2012-13 and FY 2013-14. It institutionalised initiatives in the areas of executive engagement, improving workplace health and wellness, learning and development. Some key features of your Bank's policies and practices are illustrated below:

Rewards and Recognition

- YES BANK won the third prize at the CII National Excellence Practice Competition-2014 for 'Excellence in People Engagement and Satisfaction Practices' under the Services stream in Bangalore.

Your Bank won the following awards at the '3rd Asia's Best Employer Brand Awards 2012' in July 2012 held at Singapore:

- 'Award for Talent Management'
- 'Award for Best HR Strategy in line with Business'
- 'Award for Excellence in HR through Technology'
- 'Award for Continuous Innovation in HR Strategy at Work'



Your Bank leveraged social media as a new channel for superior customer service and addressed queries/complaints, received feedback, garnered inputs on service (VOC), and shared relevant content about products, services, brand building and press release materials

- 'Award for Innovation in Recruitment'
- 'Award for Excellence in Training'

Your Bank was awarded the 'Strong Commitment to HR Excellence' level of recognition by CII, at the 3rd CII National HR Conclave 2012 in October 2012 in New Delhi.

Executive engagement

Your Bank participated in the 'India's Best Companies to Work for – 2013' study conducted by Great Place to Work® Institute, a leading management research and consulting firm. During this study, confidential and anonymous feedback was sourced by the Institute from randomly-identified YES BANK executives, to measure the 'Trust Index' of the Bank across such parameters as organizational credibility, respect, fairness, pride and camaraderie. The results were analyzed and relevant interventions launched, including leadership workshops, the YES WE CARE initiative and Buddy programmes, among others. Your Bank participated in the 'India's Best Companies to Work for – 2014' study as well.

In August 2013, your Bank collaborated with Great Place to Work Institute to conduct the first Leadership Sensitization Workshop for Business Heads. Subsequent to this session, a high-octane series of

leadership workshops called 'Lead With Passion' was launched for leaders across businesses in October 2013. Your Bank trained 541 YES BANK leaders through this series and will sustain this momentum in FY 2014-15.

YES - WE CARE initiative

To instill the feeling among YES BANKers that Bank cares about them, an initiative was launched in December 2013 to enrich the life of our employees around the special moments in their lives.

- a. Maternity leave was enhanced to 120 days from 90 days; all new mothers resuming duties post-maternity leave were presented with a gift voucher.
- b. Paternity leave was enhanced to four days from two days.
- c. One 'Special Day Leave' was introduced to be availed by the executive on his/her birthday or marriage anniversary or birthday of immediate family members.

Y-FACTOR

'The Y-Factor - Season 2: Photography' (August 2013) was a talent recognition platform for executives to showcase their abilities in capturing still images around the theme 'YES Proudly Indian'. This talent recognition and employee engagement programme was e-enabled, making it possible for executives to upload their entries on the exclusive Y-Factor portal, while viewing entries posted by their colleagues. The event attracted over 350 entries and the three winners received certificates of excellence and gift vouchers, while another seven received certificates of merit with gift vouchers. All participants received participation certificates.

YES Stepathlon – A Wellness Initiative

YES BANK, in partnership with Stepathlon Lifestyle, launched an innovative wellness initiative called 'YES Stepathlon'. This unique, pedometer-based event was open to all executives. The event was launched pan-

Bank; 734 YES BANKers embarked on this exciting journey to improve their health and usher in happiness through teamwork in September 2013.

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 the youth of Jammu & Kashmir.

Your Bank launched the second edition of YES Udaan in March 2014, offering Certification in Banking Fundamentals programme. The programme received 700 applications screened through an online aptitude test followed by a selection interview. Some 45 students were selected for a rigorous three-month certification programme managed by your Bank.

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

Your Bank revised its 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 policy dissemination, awareness and periodic reiteration, your Bank launched the initiative called 'Say YES to G.R.A.C.E' (Gender Respect And Commitment to Equality) to connect to a broader organizational value/belief in line with the stated objective to build the 'Best Quality Bank of the World in India' by 2020.

Self-Defense Workshop for Women

Your Bank partnered with Ms. Debi Steven, Founder, Action Breaks Silence, and a world-renowned self-defense instructor. Ms. Steven possesses over 20 years of global experience in teaching personal safety methods and self-defense. The workshop was interactive, providing insights into personal safety risks and counter-initiatives. 193 women executives across Mumbai and Delhi were trained over four sessions.



Financial and operating performance

Your Bank has delivered a steady financial and operating performance for FY 2013-14 with continued focus on consolidation. Your Bank has once again delivered superior Return on Equity (RoE) of 25.0% and Return on Assets (RoA) of 1.6% for the year ended March 31, 2014.

Key ratios	FY 2013-14	FY 2012-13
Return on Equity	25.0%	24.8%
Return on Annual Average Assets	1.6%	1.5%
Basic Earnings Per Share (₹)	44.9	36.5
Diluted Earnings Per Share (₹)	44.4	35.6
Book Value Per Share (₹)	197.5	161.9
Non Interest Income to Net Revenues	38.8%	36.2%
Cost to Income	39.4%	38.4%
Gross NPA Ratio	0.31%	0.20%
Net NPA Ratio	0.05%	0.01%

Your Bank has continued to deliver on all key parameters with robust growth in net income, steady net interest margins, stable asset quality and improving liability franchise with a CASA ratio of 22.0%. This helped your Bank generate strong shareholder returns with basic and diluted EPS increasing to ₹44.9 and ₹44.4 respectively, taking the book value up to ₹197.5 after considering a dividend of ₹8 per share.

Balance Sheet (₹)

Particulars	March 31, 2014	March 31, 2013	Growth % over March 31, 2013
Assets			
Advances	55,633.0	46,999.6	18.4%
Investments	40,950.4	42,976.0	-4.7%
Others	12,432.4	9,128.5	36.2%
Total Assets	109,015.8	99,104.1	10.0%
Liabilities			
Shareholders' Funds	7,121.7	5,807.7	22.6%
Deposits	74,192.0	66,955.6	10.8%
Borrowings	21,314.3	20,922.1	1.9%
Others	6,387.8	5,418.7	17.9%
Total Liabilities	109,015.8	99,104.1	10.0%

Your Bank's total Balance Sheet size increased by 10.0% from ₹99,104.1 crore as of March 31, 2013 to ₹109,015.8 crore as of March 31, 2014, due to an increase in the size of the Bank's advances owing to the overall growth of the business.

Advances

During this fiscal, your Bank recorded a growth of 18.4% in its loan book with advances increasing to ₹55,633.0 crore, on the back of growth in lending in Corporate Banking (large corporations, government-owned corporations and institutions, multinational corporations and Indian financial institutions) and Commercial Banking (mid-market corporations, operating across various industries), Branch Banking (SMEs, MSMEs and Retail) and priority sector lending. The yield on advances for the year remained flat at 12.4%.

Investments

Total Investments as at March 31, 2014 decreased 4.7% to ₹40,950.4 crore from ₹42,976.0 crore as at March 31, 2013. This can be mainly attributed to the decline in Government Securities of ₹1,110.1 crore and Non-SLR investments of ₹915.6 crore.

Deposits

Your Bank's Deposits increased by 10.8% to ₹74,192.0 crore as at March 31, 2014, which comprised ₹7,017.2 crore of Demand Deposits, ₹9,327.5 crore

of Savings Deposits and ₹57,847.3 crore of Term Deposits. Term Deposits increased by 6.6% as at March 31, 2014, over March 31, 2013, while Savings Deposits increased by 54.9% and Current Deposits increased by 5.3% as at March 31, 2014, over March 31, 2013. 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 28.8% to ₹16,344.7 crore, taking the CASA ratio to 22.0% as at March 31, 2014, up from 18.9% as of March 31, 2013. 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 ₹20,922.1 crore as at March 31, 2013, to ₹21,314.3 crore as at March 31, 2014. Your Bank on the back of a Moody's International rating (Baa3, in line with India's sovereign rating) increased its Foreign Currency Borrowing from ₹3,693.2 crore as on March 31, 2013 to ₹5,224.4 crore as on March 31, 2014.

Profit and Loss Account (₹)

Particulars	FY 2013-14	FY 2012-13	Growth % over FY 2012-13
Net Interest Income	2,716.3	2,218.8	22.4%
Non Interest Income	1,721.6	1,257.4	36.9%
Total Net Income	4,437.8	3,476.2	27.7%
Operating Expenses	1,749.9	1,334.5	31.1%
Employee Costs	784.4	655.5	19.7%
Other Costs	965.5	679.0	42.2%
Operating Profit	2,688.0	2,141.7	25.5%
Provisions and Contingencies	361.7	215.9	67.5%
Profit before Tax	2,326.3	1,925.8	20.8%
Provision for Taxes	708.5	625.1	13.4%
Profit after Tax	1,617.8	1,300.7	24.4%

Interest Income

Your Bank's total Interest Income increased by 20.3%, from ₹8,294.0 crore for the year ended March 31, 2013 to ₹9,981.4 crore for the year ended March 31, 2014. Interest Income on advances and discounts on bills increased by 21.2%, primarily due to an increase in gross advances. The average yield on your Bank's advances portfolio was flat at 12.4% for the year ended March 31, 2014. Interest Income on investments increased by 19.4%, 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. Yield on investments declined from 8.8% for the year ended March 31, 2013 to 8.3% for the year ended March 31, 2014.

Interest Expense

Your Bank's total Interest Expense increased by 19.6%, from ₹6,075.2 crore for the year ended March 31, 2013 to ₹7,265.1 crore for the year ended March 31, 2014. Interest Expense on deposits increased by 23.1%, primarily due to an increase in overall deposit base and higher cost on deposits due to overall liquidity tightening during the year. Interest Expense on RBI/inter-bank borrowings increased by 6%.

Net Interest Income

Your Bank's Net Interest Income increased at a rate of 22.4% from ₹2,218.8 crore for the year ended March 31, 2013 to ₹2,716.3 crore for the year ended March 31, 2014. Overall yield on interest bearing assets reduced to 10.2% for the year ended March 31, 2014 from 10.4% for the year ended March 31, 2013. This was accompanied by a decline in cost of funds from 8.6% for the year ended March 31, 2013 to 8.4% for the year ended March 31, 2014, driven by an increase in the percentage of low-cost deposits in the form of CASA. Both the above factors resulted in Net Interest margins remaining flat at 2.9%.

Other Income

Your Bank also displayed robust growth in Non-Interest Income by 36.9% from ₹1,257.4 crore for the year ended March 31, 2013 to ₹1,721.6 crore for the year ended March 31, 2014, primarily due to increases in Commission, Exchange and Brokerage Income, Sales of Investments, Profit on Exchange Transactions and Miscellaneous Income. Commission, Exchange and Brokerage Income comprised mainly of income from opening and negotiating Letters of Credit, Commission charged on Financial Guarantee and Performance Guarantee, Cash Management Services, Financial Advisory Services and Fees for Loan Syndication. Income from these increased by 17.2% from ₹1,076.2 crore for the year ended March 31, 2013 to ₹1,260.9 crore for the year ended March 31, 2014. Net profit from the sale of investments increased marginally from ₹155.7 crore for the year ended March 31, 2013 to ₹166.2 crore for the year ended March 31, 2014. Profit from exchange transactions and miscellaneous income increased from ₹26.1 crore for the year ended March 31, 2013 to ₹294.5 crore for the year ended March 31, 2014, partly driven by gain on interest rate swaps due to sharp movements in 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 31.1% from ₹1,334.5 crore for the year ended March 31, 2013 to ₹1,749.9 crore for the year ended March 31, 2014. Employee Costs increased by 19.7% from ₹655.5 crore for the year ended March 31, 2013 to ₹784.4 crore for the year ended March 31, 2014, primarily due to the expansion of the branch network resulting in head count increasing from 7,024 to 8,798. Employee costs accounted for 44.8% of our Operating Expenses for the year ended March 31, 2014 compared to 49.1% for the year ended March 31, 2013. Rent, Taxes and Lighting also increased by 26.5% to ₹229.2 crore on

account of the rapid branch expansion to 560 from 430 and additional headquarters space added at Indiabulls Financial Centre, Mumbai. 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 healthy cost-to-income ratio of 39.4% for the year ended March 31, 2014.

Provisions and Contingencies

Provisions and Contingencies increased by 27.3% from ₹841.0 crore for the year ended March 31, 2013 to ₹1070.2 crore for the year ended March 31, 2014. The key components of provisions are provision for taxation of ₹708.5 crore (FY 2012-13: ₹625.1 crore), provision on account of mark-to-market of investments of ₹86 crore (FY 2012-13: release of ₹2.9 crore), provisions for NPAs of ₹134.4 crore (FY 2012-13: ₹145.5 crore).

Net profit

As a result of the above, your Bank's Net Profit increased by 24.4% from ₹1,300.7 crore for the year ended March 31, 2013 to ₹1,617.8 crore for the year ended March 31, 2014.

Shareholders' Funds and Capital Management

Your Bank's shareholder funds were ₹7,121.7 crore as at March 31, 2014, as compared to ₹5,807.7 crore as at March 31, 2013. The book value per share increased to ₹197.5 as at March 31, 2014 from ₹161.9 as at March 31, 2013, on the back of steady growth and earnings retention of approximately 80%. Total capital funds stood at ₹10,993.1 crore as at March 31, 2014 as per Basel III.

Tier-I Capital

The increase in Tier-I Capital was on account of profit retention of around 79%, exercise of stock options by employees and issuance of additional Tier-I Capital.

Tier-II Capital

During 2013-14, your Bank did not mobilise any further subordinated debt.

Your Bank had a Capital Adequacy Ratio of 14.4% (as per Basel-III) as at the end of FY 2013-14. As per Basel-III, Tier-I Capital Ratio was 9.8% and the Tier-II Capital Ratio was 4.6% as at March 31, 2014.

Capital Adequacy Ratios in percent	March 31, 2014 *	March 31, 2013
Total Capital Ratio (CAR)	14.4%	18.3%
out of the above		
- CET 1	9.1%	-
- Tier-I Capital	9.8%	9.5%
- Tier-II Capital	4.6%	8.8%

* As per Basel III, hence not comparable to previous year

In line with the RBI circular on new capital adequacy framework, 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.

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 subcommittee that strives to put in place specific policies, frameworks and systems for effectively managing the various risks. These policies and procedures are reviewed and updated at regular intervals.

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, Capital Compliance 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 taking appropriate corrective actions where necessary. These units are also responsible for ensuring compliance to internal policies and regulatory guidelines.

Credit Risk

Your Bank's Credit Risk management is governed by a comprehensive and well-defined Credit Policy which is approved by the Board. It encompasses credit approval processes for all business segments along with the guidelines for monitoring and mitigating the risks associated with them. All corporate credit exposures are approved either through the 'Three Initial System' (three approving authorities) or through the Management Credit Committee (five approving authorities). While exercising their financial 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 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



Your Bank's shareholder funds were ₹7,121.7 crore as at March 31, 2014 as compared to ₹5,807.7 crore as at March 31, 2013. The Book Value per share increased to ₹197.5 as at March 31, 2014 from ₹161.9 as at March 31, 2013.

parameters such as quality of management and conduct of account.

The Risk Management function of your Bank works in close coordination with various business segments to periodically review the individual borrower relationships, identify early warning signals and assess the overall health of borrowers. Your Bank has taken proactive measures to ensure that delinquencies are maintained at a minimum level through robust post-sanction monitoring processes. There is a dedicated team which works towards ensuring compliance to the sanctioned terms and conditions through an internal tracking system. There is also an independent 'Portfolio Analytics Unit' which 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. Further 'Credit Risk Control Unit' is responsible for independently reviewing the Bank's credit policies and programs, conducting industry studies and determining industry outlook. The internal credit rating model (IRS) and related policies are also managed and enhanced on a continual basis by this team. It is also responsible for the Bank's migration to IRB (Internal Ratings Based) approach under Credit Risk. 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 aggregate similar risks. 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, Liquidity Ratios, Value at Risk (VaR), Earnings at Risk (EaR), Duration 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 unfavorable 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 minimise operating losses. Your Bank has also constituted the Operational Risk Management Committee, which is the primary driver for implementing the best industry practices in Operational Risk Management.

Capital Management

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



SWOT Analysis

Strengths

Your Bank has displayed strong financial health since inception even during the global financial turmoil in 2008-09 and subsequent weak macro-economic environment reigning in India over the last three years. The Capital Adequacy Ratio of the Bank has been well above minimum requirements at all times reflecting upon the soundness and sustainability of the business over the longer term. Your Bank's had delivered RoA (annualized) at or above 1.5% over last three years and RoE (annualized) at or above 20% over last six years. Your Bank also has the best asset quality among private and public sector banks with one of the lowest Net NPA and Gross NPA ratios. Your Bank continues to maintain cost-to-income ratios below the industry average and retain high profitability per employee as compared to peers as a result of a continued focus on productivity enhancement measures and unlocking economies-of-scale over the last couple of years.

Your Bank has also developed a strong standing in the market mainly due to its differentiated Knowledge Banking approach. This approach coupled with its prudent corporate lending strategy and expansion on retail and SME lending helped minimize the overall impact of the financial crisis. The crisis has also helped the Bank to validate its model and acquire new corporate clients while other banks remained inward-looking. Your Bank has had a proven track record to raise capital necessary to sustain the high growth witnessed. It has raised capital (both equity and other forms of capital) at appropriate times. This ability to augment capital funds will help capture growth opportunities with the macroeconomic environment improving in the future.

Last but not the least, the Bank's performance is attributable to the finest human capital base built since inception. The numerous HR awards are a testimony to this fact that the Bank is truly a desired

employer to work with. The Bank has initiated many path breaking and innovative ideas to nurture talent such as the YES School of Banking and Yes Professional Entrepreneurship Program. Your Bank has been one of the largest and most-sought after recruiters from business schools in India.

Weaknesses

Although your Bank has made significant strides over the last few years, it is still a relatively small player in the banking space. It has a lower market share as its network of branches is still relatively smaller and its legacy is little less richer than its peers in both public and private sector. Being a new bank, brand awareness among retail customers is lower than its peers who have been in the business for a significantly longer time. However, your Bank believes that this represents an opportunity for the bank. Your Bank has been expanding its branch network and ATM base and augmenting its customer base at a rapid pace. Furthermore, Your Bank's rural presence has also been correspondingly lower than the larger private and public banking players. Consequently your Bank faces challenges in directly reaching rural farmers. Your Bank has build a specialized group for Agri & Rural Banking and financial inclusion to create an outreach in this domain.

Opportunities

Although the global economy is still short of full recovery from the 2008 financial crisis, normalization of monetary policy is now back on agenda for the developed world. This suggests that recovery is becoming broad-based and investors are now less worried about the sustainability of debt levels. New dynamics imply higher import demand from regions like the US, the eurozone and Japan; creating new opportunities for the emerging world. For India, as exports grow, a push is also expected to come in the form of governmental efforts, to revive the investment climate, thereby creating new opportunities in the field of trade and infrastructural financing. In the

12th Five Year Plan period (2012-17), over USD 1 trillion of investments would be required in the infrastructure sector for India to achieve double digit growth sustainably.

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 UID program to the use of smart cards, mobile-based payments, mobile-based card transaction facilities and thereby would help develop the knowledge infrastructure for enhancing reach of the banking sector.

Savings rate deregulation by the RBI has offered your Bank an opportunity to gain significant savings account market share by offering better rates and services to customers. An International Branch (subject to regulatory permissions) would significantly augment and diversify our overall long-term fund raising capabilities. Your Bank has been ranked by *Financial Times* among the top-600 banks in the world, and with Moody's credit rating of Baa3, at par with India's sovereign rating, both these events help make the Bank's international foray, a logical next step. The Bank's entry into new product/segments viz. retail assets offers significant potential for the Bank to build on its expanding customer base. The ability to cross sell products to retail customers would enhance the profitability of the Bank over the long run. Your Bank also has the opportunity to increase brand awareness through focused and adept marketing campaigns and leverage the growing retail footprint.

Threats

While risks have certainly reduced in the recent past, complete regularization is yet to happen. At a global level, employment in the US remains quite volatile and there are mixed signals with regards to whether the recovery is robust or not. In Japan, coordinated monetary and fiscal stimulus have been successful in bringing the economy out of a deflationary zone; but the recent sales tax hike poses some risks for the domestic demand. In Europe, although the economy is out of recession, deflationary risks are still been debated on. China is going through a rebalancing phase, where growth has dipped below its long-term average, though it still remains one of the fastest growing economies in the world. All these international challenges do not mean the risk of a double dip recession. However, it is the pace of recovery that could be lower than anticipated and thus it is important to remain constantly vigilant.

On the domestic front, it is widely anticipated that the rural growth story is losing steam and as such is likely to offer limited upside to growth in FY 2014-15. Moreover, the possibility of El Nino continues to pose a risk to rural growth. While we expect average CPI inflation to decline in FY 2014-15, development of El Nino could add marginal upside risk to food inflation. In such a scenario, revival of external demand and recovery in the capex cycle would have to play a key role in driving the economy ahead.

Changes in the RBI regulations requiring banks to set up a higher number of rural branches could 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.

Expansion may lead to increase in costs and overall reduction in operating profit accompanied by some

impact on quality of assets with seasoning of retail assets in the future. Your Bank could also face intense competition from allied firms in financial services (e.g. broking/investment banking, 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.

Internal Audit

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

This function supports your Bank's role in safeguarding its assets. The function has adopted a Risk-based approach of Internal Audit (RBIA). The primary focus of the audit is on key risk areas, which are of substantial importance to the Bank. The RBIA approach has been thoughtfully structured taking into account 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 and Compliance Committee for Audit Planning & Reporting. Additionally, your

Bank also subjects its operations to Concurrent Audit by reputable audit firms to complement its internal audit function. The Concurrent Audit covers core activities such as Credit Portfolio, Financial Markets, Operations, and Branches. All audit reports are circulated to the relevant management teams and the Audit and Compliance Committee of the Board.

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

Compliance

Your Bank has 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.

Directors' Report

To the Members,

Your Directors have the pleasure in presenting the Tenth Annual Report on business and operations of your Bank together with the audited accounts for the year ended March 31, 2014.

Financial Performance

(₹ in crore)

Particulars	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Deposits	74,192	66,956
Borrowings	21,314	20,922
Advances	55,633	47,000
Total Assets/Liabilities	109,016	99,104
Net Interest Income	2,716	2,219
Non-Interest Income	1,722	1,257
Operating Profit	2,688	2,142
Provisions and Contingencies	362	216
Profit before Tax	2,326	1,926
Provision for Taxes	709	625
Net Profit	1,617	1,301
Add: Surplus/(Deficit) brought forward from last period	2,338	1,658
Amount available for appropriation	3,956	2,959
Appropriations		
Statutory reserve under Section 17 of the Banking Regulations Act, 1949	404	325
Capital Reserve	4	35
Investment Reserve	-	10
Proposed Dividend and Tax thereon	338	250
Adjustment to earlier year Dividend and Tax thereon	2	1
Surplus carried to the Balance Sheet	3,207	2,338
Key performance indicators		
Net Interest Margin	2.9%	2.9%
Return on annual average assets	1.6%	1.5%
Return on Equity	25.0%	24.8%
Cost-to-Income ratio	39.4%	38.4%



Your Bank posted net revenues (Net Interest Income and other income) of ₹ 4,438 crore and Net Profit of ₹ 1,617 crore for the Financial Year 2013-14. The Net Revenues and Net Profit for the Financial Year 2012-13 was ₹ 3,476 crore and ₹ 1,301 crore 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


In view of the excellent financial performance of your Bank and encouraging future outlook as well as the objective of rewarding shareholders with cash dividends while retaining capital to maintain a healthy Capital Adequacy Ratio, to support future growth, the Board of Directors have recommended Dividend at a rate of ₹ 8/- per equity share for approval by the shareholders at the 10th Annual General Meeting.

Capital Raising & Capital Adequacy Ratio (CAR)

The paid-up capital of your Bank has increased to ₹ 360.63 Crore as at March 31, 2014 from ₹ 358.62 Crore as at March 31, 2013, post exercise of employee stock options during the Financial Year 2013-14.

Your Bank also raised a sum of ₹ 280 Crore by way of Additional Tier I perpetual bonds during the Financial Year 2013-14. Your Bank has utilised the proceeds of the issue of Additional Tier I Perpetual Bonds for strengthening the Capital Adequacy Ratio (CAR), enhancing the long-term capital resources and its regular business activities.

In line with the RBI circular on Capital Adequacy Framework, your Bank has computed capital charge for operational, market and credit risk and its Capital Adequacy Ratio as per Basel III accord as at March 31, 2014.



Your Bank posted net revenues (Net Interest Income and other income) of ₹ 4,438 crore and Net Profit of ₹ 1,617 crore for the Financial Year 2013-14. The Net Revenues and Net Profit for the Financial Year 2012-13 was ₹ 3,476 crore and ₹ 1,301 crore respectively.

Your Bank is well capitalised with a Capital Adequacy Ratio of 14.4% as at March 31, 2014; of which Tier I Capital Ratio was 9.8% and Tier II Capital Ratio was 4.6%.

Employees' Stock Option Scheme

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

The Employee Stock Option Plans are administered by the Board Remuneration & Human Capital Management Committee (earlier known as Board Remuneration Committee) of the Bank.

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



	JSOP I	JESOP II	JESOP III	YBL ESOP (JESOP IV)	YBL ESOP (PESOP I)	YBL JESOP V	YBL PESOP II	YBL PESOP -II 2010
Total no. of options granted (during FY 2013-14)	Nil	Nil	Nil	Nil	3,750	1,020,600	Nil	3,373,500
The pricing formula	At par	Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant	Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant	Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant	Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant	Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant	Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant	Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant
Options vested (during FY 2013-14)	-	-	-	257,250	116,750	932,125	-	958,500
Options exercised (during FY 2013-14)	8,750	7,700	23,700	405,012	358,025	317,075	510,925	380,150
Total no. of shares arising as a result of exercise of option	8,750	7,700	23,700	405,012	358,025	317,075	510,925	380,150
Options lapsed/forfeited (during FY 2013-14)	-	-	-	400	-	720,680	-	845,000

	JSOP I	JESOP II	JESOP III	YBL ESOP (JESOP IV)	YBL ESOP (PESOP I)	YBL JESOP V	YBL PESOP II	YBL PESOP –II 2010
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, 2014. 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 ₹ 341,904 thousands, the basic earnings per share would have been ₹ 43.97 per share instead of ₹ 44.92 per share; and diluted earnings per share would have been ₹ 43.42 per share instead of ₹ 44.35 per share.						
Weighted average price of the shares exercised during the year (in ₹)	10.00	83.01	91.68	156.36	165.43	207.69	129.06	269.30
Weighted average fair values of the outstanding options (in ₹)	10.00	86.47	91.89	194.59	174.68	315.92	128.50	328.15

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, 2014
Risk free interest rate	4.96% - 9.11%
Expected life	1.5 yrs - 7.5 years
Expected volatility	25.01% - 82.76%
Expected dividends	1.13% - 1.50%

Subsidiary Company

As on March 31, 2014, your Bank had one Subsidiary, YES Securities (India) Limited (YSIL).

The Ministry of Corporate Affairs (MCA), Government of India vide the General Circular No. 2/2011 dated February 8, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956 to Companies from attaching the accounts of their subsidiaries in their annual reports subject to fulfillment of certain conditions prescribed in the Circular. Pursuant to the above Circular, the Board of Directors of the Bank at its meeting held on April 23, 2014 passed the necessary resolution granting the requisite approvals for not attaching the balance sheet, profit & loss account, report of the board of directors and report of the auditors thereon of the subsidiary company to the accounts of the Bank. The Bank will make available the copies of annual accounts of the subsidiary company and related detailed information to the shareholders of the Bank seeking the same. The annual accounts of the subsidiary company will also be kept for inspection by any shareholder at the Registered Office of the Bank and that of the subsidiary company.

Further, pursuant to the provisions of Accounting Standard AS-21 prescribed under the Companies (Accounting Standards) Rules, 2006 and the Listing Agreement as prescribed by the Securities and Exchange Board of India, the Consolidated Financial Statements of the Bank along with its subsidiary for the year ended March 31, 2014 form part of this Annual Report.

Directors

In accordance with the provisions of the Companies Act, 1956, Lt. Gen (Retd.) Mukesh Sabharwal and Ms. Radha Singh, Directors shall retire by rotation at the ensuing Annual General Meeting. Mr Brahm Dutt was appointed as an additional director by the Board at its meeting held on July 24, 2013, and Mr. Saurabh Srivastava and Mr. Vasant V Gujarathi were appointed as additional directors by the Board at its meeting held on April 23, 2014 and they hold office up to the

conclusion of the ensuing Annual General Meeting. Further appointment of Mr. Ravish Chopra has been proposed as an Independent Director.

The Bank has received notices in writing pursuant to Section 160 of the Companies Act, 2013 from members along with deposits of ₹ 1,00,000 signifying their intention to propose the candidature of Mr. Brahm Dutt, Mr. Saurabh Srivastava and Mr. Vasant V Gujarathi as Independent Directors of the Bank at the ensuing Annual General Meeting of the Bank. Further, pursuant to sections 149, 152 of the Companies Act, 2013 and Section 10A (2A) of the Banking Regulation Act, 1949, approval of the shareholders has been sought for the appointment of Lt. Gen (Retd.) Mukesh Sabharwal as Independent Director not liable to retire by rotation for a period of five years, Ms. Radha Singh as Independent Director not liable to retire by rotation for a period of two years, and Mr. Ravish Chopra, Mr. Brahm Dutt, Mr Saurabh Srivastava and Mr. Vasant V Gujarathi as Independent Directors not liable to retire by rotation for a period of five years.

Mr. Rana Kapoor, with the prior approval of Reserve Bank of India (RBI), was appointed as the Bank's Managing Director & CEO for an initial period of 5 years w.e.f. September 1, 2004. Thereafter, he was re-appointed from time to time, for further tenures, pursuant to approvals of the RBI. As per the latest approval of RBI, the tenure of Mr. Kapoor's re-appointment as Managing Director & CEO of the Bank is up to August 31, 2015. Approval of members is sought for the re-appointment of Mr. Rana Kapoor as Managing Director & CEO of the Bank at the ensuing Annual General Meeting as per details provided in the Notice.

The brief resume and details of Directors who are to be appointed/re-appointed are furnished in the Notice for the Annual General Meeting.

Corporate Governance

Your Bank is committed to achieving the highest standards of Corporate Governance. Accordingly, your Board functions as trustees of the shareholders



and seeks to ensure that the long term economic value for its shareholders is achieved while balancing the interest of all the stakeholders.

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

A Certificate from the Practicing Company Secretaries, M/s. Mehta and Mehta, conforming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is attached to this Report.

Auditors

M/s. S. R. Batliboi & Co, LLP, Chartered Accountants, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment, subject to the approval of the Reserve Bank of India. Members are requested to consider their re-appointment on a remuneration to be decided by the Board or Committee thereof for the ensuing Financial Year i.e. 2014-15.

Statutory Disclosures

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

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

Business Responsibility Report

The Securities and Exchange Board of India through its circular CIR/CFD/DIL/8/2012 dated August 13, 2012, has mandated the top 100 listed entities, based on

the market capitalization on BSE Limited and National Stock Exchange of India Limited as at March 31, 2012, to include the Business Responsibility Report (BRR) as part of the Annual Report. Accordingly, your Bank's Business Responsibility Report has been enclosed to this Report.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India is presented in a separate section forming part of this Annual Report.

Corporate Social Responsibility (CSR)

Your Bank has fairly understood its responsibility towards the society and environment in which it operate and accordingly had been working towards CSR and Sustainable Development focusing on the 'Triple Bottomline' ethos' since its inception. Further, in terms of Section 135 of the Companies Act, 2013, the Bank has constituted Corporate Social Responsibility Committee to monitor the CSR activities of the Bank in terms of the provisions of the Act.

Directors' Responsibility Statement

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

- (i) in the preparation of the accounts for the Financial Year ended March 31, 2014 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at March 31,

2014 and of the profit of the Bank for the year under review;

- (III) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities; and
- (IV) the Directors have prepared the annual accounts of the Bank on a 'going concern' basis.

Acknowledgements

Your Directors take this opportunity to express their deep and sincere gratitude to the customers of the Bank for their confidence and patronage, as well as to the Reserve Bank of India, Government of India and

Regulatory Authorities for their co-operation, support and guidance. Your Directors would like to express a profound sense of appreciation for the commitment shown by the employees in supporting the Bank in its endeavour towards becoming the 'BEST QUALITY BANK OF THE WORLD IN INDIA'. Your Directors would also like to express their gratitude to the members for their trust and support.

For and on behalf of the Board of Directors

Rana Kapoor
*Managing Director
and CEO*

M R Srinivasan
Non-Executive Chairman

Place : Mumbai

Date : April 23, 2014



Certificate on Corporate Governance

To

The Members of
YES BANK Limited

We have examined all relevant records of YES BANK Limited (the Bank/Company) for the purposes of certifying compliances of the conditions of Corporate Governance under the Clause 49 of the Listing Agreement entered into with National Stock Exchange of India Limited and BSE Limited (Stock exchanges) for the Financial Year ended March 31, 2014.

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

For Mehta and Mehta

Company Secretaries

Dipti Mehta

Partner

Place: Mumbai

Date : April 23, 2014

CP No.: 3202

FCS No.: 3667

Report on Corporate Governance

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 class practices across the globe. Effective Corporate Governance is the manifestation of professional beliefs and values, which configures the organisational values, credo and actions of its employees. Transparency and accountability are the fundamental principles to sound Corporate Governance, which ensures that the organisation is managed and monitored in a responsible manner for 'creating and sharing value'.

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

Code of Ethics

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

Prevention of Insider Trading

The Bank has instituted a comprehensive code of conduct for prevention of insider trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Companies Act, 2013.

Whistle Blower Policy

The Bank has adopted the Whistle Blower Policy pursuant to which employees of the Bank can raise their concerns relating to malpractices, inappropriate use of funds or any other activity or event which is against the interest of

the Bank. Further the mechanism adopted by the Bank encourages the employees and Directors of the Bank to report genuine concerns or grievances and provides for adequate safeguards against victimisation of employees and directors who avail of such mechanism and also provides for direct access to the Chairperson of the Audit Committee (earlier known as Audit & Compliance Committee), in exceptional cases. The details of complaints received and the action taken are reviewed periodically by the Audit Committee. None of the Bank's personnel have been denied access to the Audit Committee.

Policy on Prevention & Prohibition of Sexual Harassment at Workplace

YES 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 woman executive working in the Bank. The Policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. No complaints have been received under the policy.

Board of Directors

Your Bank has a broad based Board of Directors, constituted in compliance with the Banking Regulation Act, 1949, Companies Act, 1956 and the Companies Act, 2013 as applicable, Listing Agreement with the stock exchange(s) and in accordance with best practices in Corporate Governance. The Board functions either as a full Board or through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals and evaluation of performance and control functions vest with the Board. The Committees have oversight of operational issues assigned to them by the Board.

Five Board Meetings were held during the Financial Year ended March 31, 2014 on the following dates: April 17, 2013, June 27, 2013, July 24, 2013, October 22, 2013 and January 15, 2014. The names of the members of the Board, their status, their attendance



at the Board Meetings and the last AGM, number of other Directorships and Committee membership(s)/ chairmanship(s) of each Director are as under:

Name of Director	Board Meetings attended during the year	Attendance at the last AGM	Number of other Directorships		Number of Committee memberships (Chairmanship) in other Companies ²
			Of Indian Public Limited Companies	Of other Companies ¹	
Independent Director(s)					
Ms. Radha Singh	4	Absent	2	0	3(1)
Mr. Ajay Vohra	2	Present	1	1	1
Lt. Gen. (Retd.) Mukesh Sabharwal	5	Present	1	0	1
Mr. Diwan Arun Nanda	3	Absent	2	7	0
Mr. Brahm Dutt *	2	N.A.	1	0	0
Whole-time Director(s)					
Mr. Rana Kapoor (Promoter, MD & CEO)	5	Present	1	2	1(1)
Non Executive Non Independent Director(s)					
Mr. Ravish Chopra	3	Absent	0	0	0
Mr. M. R. Srinivasan	5	Present	0	0	0

* appointed as Additional Director with effect from July 24, 2013

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

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

The Board of Directors of the Bank at its meeting held on April 23, 2014, to further augment the Bank's growth strategy, accompanied by the best Board and Management governance practices adopted by the Bank over a period of time, has inducted Mr. Saurabh Srivastava and Mr. Vasant V. Gujarathi on the Board of the Bank as Independent Directors. They bring along with them vast experience in the fields of Audit, Financial Systems and Information Technology Strategy / Information Technology.

Note:

- None of the Directors of the Bank were members in more than 10 committees nor acted as Chairperson of more than 5 committees across all Public Limited Companies in which they were Directors.
- None of the Directors held directorship in more than 15 Public Limited Companies.
- None of the Director is related to any Director or is a member of an extended family.
- None of the Director has any business relationship with the Bank.
- None of the Director has received any loans and advances from the Bank during the year.

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Bank. These Committees will monitor the activities falling within their terms of reference. Some

of the Committees of the Board were reconstituted, renamed and terms of reference were revised to align these with the provisions of the Companies Act, 2013.

Audit Committee (earlier known as Audit & Compliance Committee)

Terms of Reference

The terms of reference of the Audit Committee includes providing directions and overseeing the operation of the total audit function in the Bank (internal as well as external); creating an open avenue for communication between the Board of Directors, Internal Auditors and the Independent Auditors; 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; review and monitoring the auditor's independence and performance, and effectiveness of audit process; discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; reviewing 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:

- 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;
- Accounting policies and practices and changes, if any, with reasons for the same;
- Compliance with accounting standards;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions; and
- Qualifications in the draft audit report.

Examination of the financial statement and the auditors' report thereon; Scrutiny of inter-corporate loans and investments; valuation of undertakings or assets of the Bank, wherever it is necessary; Evaluation of risk management systems; review of annual Tax Audit statement and auditors report thereon; review of annual Long Form Audit Report as prepared by the Statutory Auditors; review of periodic inspection report submitted by the RBI; review of Certificates/ returns / reports to the RBI pertaining to the Audit Committee function; 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 coverage / frequency of internal audits; discussion and reviewing with the Internal and Concurrent Auditors their reports / findings with an objective of reporting any significant / material findings to the Board; approval or any subsequent modification of transactions with related parties; institute special investigation teams with complete access to all records, information and personnel of the Bank, if necessary; scrutinize 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; review of the Whistle blower policy and Vigil Mechanism for Directors and Employees; investigate 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; investigate any activity within its terms of reference; seek information from any employee; obtain outside legal or other professional advice; secure attendance of outsiders with relevant expertise, if it considers necessary; oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; reviewing the compliance functions of the Bank on quarterly and annual basis; reviewing, 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter; approval of 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; and to perform 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.

Composition

The Audit Committee as on March 31, 2014, comprised of 4 Non-Executive Directors, majority of them are Independent Directors. The Committee is chaired by Mr. Ajay Vohra, Independent Director. During the Financial Year ended on March 31, 2014, 6 meetings of the Committee were held on the following dates: April 16, 2013, July 23, 2013, August 24, 2013, October 21, 2013, January 14, 2014 and March 15, 2014. The Composition and attendance details are given below:

Name of the members	No. of meetings attended
Mr. Ajay Vohra	3
Ms. Radha Singh	6
Lt. Gen (Retd.) Mukesh Sabharwal	5
Mr. M. R. Srinivasan	6

The Committee has been renamed as 'Audit Committee' from 'Audit & Compliance Committee' and was reconstituted by the Board at its meeting held on April 23, 2014 by appointing Mr. Vasant V Gujarathi as a member of the Committee in addition to the members mentioned above. Further, the terms

of reference of the Committee has been expanded in terms of the provisions of the Companies Act, 2013.

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.

Risk Monitoring Committee

Terms of Reference

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

Composition

The Risk Monitoring Committee as on March 31, 2014, comprised of 5 Directors, majority of them are Independent Directors. During the Financial Year ended on March 31, 2014, 4 meetings of the Committee were held on the following dates: April 16, 2013, July 23, 2013, October 21, 2013 and January 14, 2014. The Committee is chaired by Mr. M. R. Srinivasan. The Composition and attendance details are given below:

Name of the members	No. of meetings attended
Mr. M. R. Srinivasan	4
Mr. Rana Kapoor	4
Mr. Ajay Vohra	1
Ms. Radha Singh	4

Name of the members	No. of meetings attended
Lt. Gen. (Retd.) Mukesh Sabharwal	4

Board Remuneration & Human Capital Management Committee (earlier known as Board Remuneration Committee)

Terms of Reference

The terms of reference of the Board Remuneration & Human Capital Management Committee (BR & HCMC) includes carrying out evaluation of every director's performance; recommendation to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees; 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; ensuring the following while formulating the policy on the aforesaid matters:

- 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;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 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

Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/achievement bonus, perquisites, retinals, sitting fees, etc.; considering grant of Stock Options to employees including employees of Subsidiaries and administer and supervise the Employee Stock Option Plans; functioning

as the Compensation Committee as prescribed under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and is authorized to allot shares pursuant to exercise of Stock Options by employees; and 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.

Composition

The BR & HCM Committee as on March 31, 2014, comprised of 3 Directors, majority of them are Independent Directors. During the Financial Year ended on March 31, 2014, 4 meetings of the Committee were held on the following dates: April 16, 2013, July 24, 2013, October 21, 2013 and January 14, 2014. The Committee is chaired by Mr. Diwan Arun Nanda. The Composition and attendance details are given below:

Name of the members	No. of meetings attended
Mr. Diwan Arun Nanda	2
Mr. Rana Kapoor	3
Lt. Gen. (Retd.) Mukesh Sabharwal	4

The Committee has been renamed as 'Board Remuneration & Human Capital Management Committee' from 'Board Remuneration Committee' by the Board at its meeting held on April 23, 2014 to bring the various HR related matters under the purview of the Committee.

Remuneration policy

The Compensation 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 policy differentiates pay appropriately amongst its employees 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 management level. Your Bank would also strive to create long term wealth creation opportunities through stock option schemes.

Remuneration of Directors:

The Managing Director & CEO is being paid remuneration as recommended by the BR & HCM Committee 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 the financial year 2013-14 are as under:

- Salary and allowances: ₹ 2,15,17,650/-
- Bonus to be paid as decided by the BR & HCM Committee/Board of Directors in accordance with RBI Guidelines
- Provident Fund: ₹15,72,581/-
- Superannuation : ₹13,10,484/-
- Perquisites such as benefit of Bank's furnished leased accommodation, gas, electricity, water expenses, medical at actuals, use of Bank's cars, telephones at residence, medical insurance and life insurance as per Bank's policy, gratuity as per Bank's policy, medical benefits, club membership and leave fare concession. No sitting fees are paid to the Managing Director & CEO and there was no grant of stock options.

Mr. M.R. Srinivasan, Non Executive Non Independent Part time Chairman (Chairman) is being paid remuneration as recommended by the BR & HCM Committee and approved by the Board of Directors, Reserve Bank of India and subject to approval of members. The Chairman was paid a remuneration of ₹12,00,000/- per annum. He was also entitled to the use of Bank's car with Driver and fuel and maintenance expense on an actual basis. No sitting fees are paid to the Chairman.

The Non Executive Directors are paid sitting fees of ₹20,000/- for attending each meeting of the Board of Directors or any Committee of Directors. During the Financial Year ended March 31, 2014 the Bank

paid ₹17,20,000/- 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@	60,000
2.	Ms. Radha Singh	4,80,000
3.	Lt. Gen. (Retd.) Mukesh Sabharwal	6,20,000
4.	Mr. Diwan Arun Nanda	1,20,000
5.	Mr. Ajay Vohra	1,20,000
6.	Mr. Ravish Chopra	2,40,000*
7.	Mr. Brahm Dutt	80,000#

@ for the meetings attended during the month of April 2013, before he took charge as Part time Chairman.

* includes ₹ 60,000 as sitting fees for attending the Committee Meetings as Invitee

#includes ₹ 40,000 as sitting fees for attending the Committee Meetings as Invitee

Note:

- The Bank did not pay any amount to Directors by way of salary and perquisites except to the MD & CEO and the Part time Chairman.
- The Bank did not pay any amount to Directors by way of commission.
- 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.

Nominations & Governance Committee

Terms of Reference

The terms of reference of the Committee has been expanded in terms of the provisions of the Companies Act, 2013 which includes reviewing the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval;

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; reviewing 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; scrutinising nominations for Independent/Non Executive Directors with reference to their qualifications and experience and making recommendations to the Board for appointment/filling of vacancies; identifying 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; carrying out evaluation of every director's performance; validation of '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; developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices; implementation of policies and processes relating to Corporate Governance principles; formulation of the criteria for determining qualifications, positive attributes and independence of a director; and 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.

Composition

The Nominations & Governance Committee as on March 31, 2014, comprised of 3 Directors, majority of them are Independent Directors. The Committee is chaired by Mr. Rana Kapoor. During the Financial Year ended March 31, 2014, 4 meetings of the Committee were held on the following dates: April 16, 2013, June 27, 2013, July 23, 2013 and January 14, 2014. The Composition and attendance details are given below:

Name of the members	No. of meetings attended
Mr. Rana Kapoor	4
Lt. Gen (Retd.) Mukesh Sabharwal	4
Mr. Diwan Arun Nanda (up to June 19, 2013)	1
Ms. Radha Singh (from June 20, 2013)	3

Stakeholders Relationship Committee (earlier known as Investor Relations Committee)

Terms of Reference

The terms of reference of the Committee has been expanded in terms of the provisions of the Companies Act, 2013 which includes reviewing and redressing complaints from various securityholders such as shareholders, debenture holders and any other securityholders 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.; to oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialisation, splitting and consolidation of securities issued by the Bank; to oversee the performance of the Registrar and Transfer Agent of the Bank and recommends measures for overall improvement in the quality of investor services; to review/take note of various investors presentations /communication with stakeholders; and to perform 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, the Compliance Officer under the Listing Agreement acts as the Compliance Officer of the Committee.

Composition

The Stakeholders Relationship Committee as on March 31, 2014, comprised of 2 Directors. The Committee

is chaired by Lt. Gen. (Retd.) Mukesh Sabharwal, Independent Director. During the Financial Year ended on March 31, 2014, 2 meetings of the Committee were held on the following dates: October 21, 2013 and March 15, 2014. The composition and attendance details are given below:

Name of the members	No. of meetings attended
Lt. Gen (Retd.) Mukesh Sabharwal	2
Mr. Rana Kapoor	2

The Committee has been renamed as 'Stakeholders Relationship Committee' from 'Investor Relations Committee' and was reconstituted by the Board at its meeting held on April 23, 2014 comprising of Mr. Diwan Arun Nanda as Chairman, Lt. General (Retd) Mukesh Sabharwal and Mr. Saurabh Srivastava as Members.

Details of Shareholders' Complaints:

Particulars	No. of Complaints
Investor complaints pending as at April 1, 2013	NIL
Investor complaints received during the year ended on March 31, 2014	113
Investor complaints resolved during the year ended, on March 31, 2014	112
Investor complaints pending as on March 31, 2014	1*

* one pending complaint reflecting as pending updation in SCORES, however the same has been responded by the Bank.

Fraud Monitoring Committee

Terms of Reference

The terms of reference includes, to monitor and review in detail all frauds in excess of ₹ 1 crore, identify the systematic lacunae, if any, that facilitate perpetration of the fraud and put in place measures to plug the same, identify reasons for delay in detection, if any and reporting of frauds to top management of the

Bank and the Reserve Bank of India, to monitor progress of Central Bureau of Investigation/Police investigation and recovery position thereof, ensure that staff accountability is examined at all levels in all the cases of frauds and action against staff, if required, is completed quickly, with minimum loss of time, review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal control environment.

Composition

The Fraud Monitoring Committee, as on March 31, 2014, comprised of 5 Directors, majority of them are Independent Directors. The Committee is chaired by Mr. Rana Kapoor. During the Financial Year ended on March 31, 2014, 4 meetings of the Committee were held on the following dates: April 16, 2013, July 23, 2013, October 21, 2013 and March 15, 2014. The Composition and attendance details are given below:

Name of the members	No. of meetings attended
Mr. Rana Kapoor	4
Lt. Gen (Retd.) Mukesh Sabharwal	4
Mr. Ravish Chopra	3
Ms. Radha Singh	4
Mr. Ajay Vohra	0

Service Excellence Committee

Terms of Reference

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

Composition

The Service Excellence Committee, as on March 31, 2014, comprised of 5 members. The Committee is chaired by Ms. Radha Singh. 3 meetings were held during the Financial Year ended on March 31, 2014 on the following dates: October 21, 2013, January 14, 2014 and March 15, 2014. The Composition and attendance details are given below:

Name of the members	No. of meetings attended
Ms. Radha Singh	3
Mr. Rana Kapoor	3
Lt. Gen.(Retd) Mukesh Sabharwal	3
Mr. Diwan Arun Nanda	0
Mr. Ravish Chopra	3

The Committee has been reconstituted by the Board at its meeting held on April 23, 2014 comprising of Mr. Diwan Arun Nanda as Chairman, Lt. General (Retd) Mukesh Sabharwal, Mr. Ravish Chopra and Mr. Saurabh Srivastava as Members

Capital Raising Committee

The Bank had constituted one special purpose committee viz. Capital Raising Committee. The Capital Raising Committee was formed for the purpose of looking at various options for infusion of capital, crystallize pricing after negotiation by the management and recommend the same to the shareholders at a general meeting. The Committee consists of Mr. Rana Kapoor, Chairman and Mr. Diwan Arun Nanda. No meeting of the committee was held during the financial year ended March 31, 2014.

Corporate Social Responsibility Committee

In terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board at its meeting held on April 23, 2014 has constituted a Corporate Social Responsibility Committee consisting of majority of Independent Directors. The Committee

consists of Ms. Radha Singh, Chairperson, Mr. Diwan Arun Nanda, Mr. Brahm Dutt and Mr. Ravish Chopra as members.

The terms of reference of the Committee includes formulation and recommendation 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; monitor the CSR Policy of the Bank from time to time; institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Bank; and 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.

IT Strategy Committee

YES Bank is a highly technology driven bank and has received many awards & recognitions in this regard. Given the above with a view to derive further benefits from technological innovations in the information technology field, it was considered appropriate to form a IT Strategy Committee. Accordingly, the Board at its meeting held on April 23, 2014 has constituted a IT Strategy Committee consisting of majority of Independent Directors. The Committee consists of Mr. Saurabh Srivastava, Chairman, Mr. Ravish Chopra and Mr. Vasant V Gujarathi as members.

The terms of reference of the Committee includes performing oversight functions over the IT Steering Committee (at a senior management level), investigate activities within this scope; seek information from any employee; obtain outside legal or professional advice; secure attendance of outsiders with relevant expertise, if it considers necessary; work in partnership with other Board committees and Senior Management to provide input, review and amend the aligned corporate and IT strategies; approve IT strategy and policy documents, ensure



that the management has put an effective strategic planning process in place; ratify the IT strategy in alignment with the business strategy; ensure that the IT organizational structure compliments the business model and its direction, ascertain that management has implemented processes and practices that ensure that the IT delivers value to the business; ensure that IT investments represent a balance of risks and benefits and that budgets are acceptable; monitor 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; ensure proper balance of IT investments for sustaining bank's growth; become aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks; assess Senior Management's performance in implementing IT strategies; issue high-level policy guidance (e.g.

related to risk, funding, or sourcing tasks); confirm whether IT or business architecture is to be designed, so as to derive the maximum business value from IT; oversee the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks; review IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value) and 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.

General Body Meetings

The Details of the last three Annual General Meeting(s) of the Bank and the special resolution(s) passed thereat are given below:

Year	Location	Day, Date and time	Special Resolution
2011	Hall of Culture, Ground Floor, Nehru Centre, Dr. A. B. Road, Worli, Mumbai – 400 018	Tuesday, June 28, 2011, 11.00 A.M.	Approval of partial modification of the earlier resolution passed as Item No. 8 at the Fifth Annual General Meeting of the Bank held on September 3, 2009 for increasing the coverage of stock options from 3 Crore stock options to 4.5 Crore stock options of YES Bank Limited Employee Stock Option Plan (YBL JESOP V/PESOP II)
			Approval for partial modification of the resolution passed as item No 9 at the Fifth Annual General Meeting of the Bank held on September 3, 2009 for extending the enhanced coverage of stock options under YES Bank Limited Employee Stock Option Plan (YBL JESOP V/ PESOP II) to the employees transferred / deputed to subsidiaries or employees of such subsidiaries of the bank
			Approval for authorising the Board or any committee authorised by the Board for raising of additional capital aggregating upto USD 500 million or its Indian Rupee equivalent by way of placement of shares to Qualified Institutional Buyers through Qualified Institutions Placement (QIP) and/or private placement in international markets through ADRs/GDRs or a Public Issue or any other methods
2012	Hall of Culture, Ground Floor, Nehru Centre, Dr. A. B. Road, Worli, Mumbai – 400 018	Saturday, July 14, 2012, 11.00 A.M.	Approval for authorising the Board or any committee authorised by the Board for raising of additional capital aggregating upto USD 500 million or its Indian Rupee equivalent by way of placement of shares to Qualified Institutional Buyers through Qualified Institutions Placement (QIP) and/or private placement in international markets through ADRs/GDRs or a Public Issue or any other methods

Year	Location	Day, Date and time	Special Resolution
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 authorising the Board or any committee authorised by the Board for raising of additional capital aggregating upto USD 500 million or its Indian Rupee equivalent by way of placement of shares to Qualified Institutional Buyers through Qualified Institutions Placement (QIP) and/or private placement in international markets through ADRs/GDRs or a Public Issue or any other methods

Postal Ballot

During the year, a Special Resolution as proposed in the Postal Ballot Notice dated September 16, 2013 was passed on November 8, 2013 for increase in the borrowing limits of the Board pursuant to Section 180(1)(c) of the Companies Act, 2013. Mr. B Narasimhan of BN & Associates, Practicing Company Secretaries was appointed as the Scrutinizer for overseeing the postal ballot voting process.

Total No. of shareholders	1,92,941	
Total No. of equity Shares	36,04,31,870	
Particulars	Number of Votes	% of votes
Total No. of equity Shares	36,04,31,870	100
No. of votes polled	18,13,50,807	50.31
No. of Votes - in favour	18,05,56,731	-
No. of Votes - against	7,94,076	-
% of Votes in favour on votes polled	-	99.56

The Bank has complied with the procedures for the postal ballot in terms of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and amendments thereto made from time to time.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a special resolution through postal ballot.

Disclosures

During the Financial Year ended March 31, 2014:

- There was no materially significant related party transactions with the Directors that have a potential conflict with the interests of the Bank
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements
- During the last three years, there were no

penalties or strictures imposed on the Bank by the Stock Exchange(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market.

- The Bank has formulated a Whistle Blower Policy duly approved by the Audit Committee (earlier known as Audit & Compliance Committee) and the same provides for direct access to the Chairman of the Audit Committee in exceptional cases. None of the Bank's personnel have been denied access to the Audit Committee.
- The Bank has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by Clause 49 of the Listing Agreement to the extent applicable to the Bank. The CEO and CFO certificate with respect to internal controls

on financial reporting and declaration by the CEO with respect to compliance with the Code of Conduct and Ethics for the Board of Directors and Senior Management were placed before the Board

- The Bank has implemented some of the recommendations given in the 'Corporate Governance - Voluntary Guidelines 2009' by the Ministry of Corporate Affairs and is examining the possibility of implementing the remaining recommendations
- The Bank has also ensured the implementation of the non-mandatory items, like maintenance of office for the Non Executive Chairman, Whistle Blower Mechanism and Constitution of Board Remuneration & Human Capital Management Committee. Mr. Rana Kapoor, MD & CEO, Non Independent Director is a member of Board Remuneration & Human Capital Management Committee. In terms of Section 10 (2A) of the Banking Regulation Act, 1949 all Directors other than its Chairman and/or Whole-time Directors cannot hold office continuously for a period exceeding eight years. The Bank has constituted the Nominations & Governance Committee which undertakes a process of due diligence and evaluates every year whether the members of the Board adhere to the 'fit and proper' criteria as prescribed by the Reserve Bank of India. The adherence to the 'fit and proper' criteria by the members of the Nominations & Governance Committee is evaluated by the Board of Directors.
- Brief profile of the Directors retiring by rotation

and eligible for re-appointment and Directors proposed to be appointed is attached to the notice convening Annual General Meeting.

Means of Communication

- Quarterly Results are communicated through a Press Release and newspaper advertisements in prominent national and regional dailies like the Economic Times, Business Standard, Mint, Free Press Journal, Navshakti, Financial Express, 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 financial and other information filed by the Bank from time to time is also available on the websites of the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). NSE and BSE have introduced NSE Electronic Application Processing (NEAP) System and BSE Listing Centre respectively as intimated by them from time to time, various compliances as required/prescribed under the Listing Agreement executed with the Stock Exchanges are also filed through these systems in addition to dissemination of information by email or fax.
- The Bank also publishes its Balance Sheet and Profit and Loss Account together with the Auditors' Report in newspaper(s) as required in terms of Section 31 of the Banking Regulation Act, 1949 and Rule 15 of the Banking Regulation (Companies) Rules, 1949.

General Shareholders Information

Day, Date, Time and Venue of the Annual General Meeting

Saturday, June 14, 2014 at 11.00 A.M
Hall of Culture, Ground Floor, Nehru Centre,
Dr. A. B. Road, Worli, Mumbai – 400 018

Financial Year

April 1, 2013 to March 31, 2014

Date of Book Closure

June 2, 2014 to June 14, 2014 (both days inclusive)

Dividend Payment Date Will be paid during June 16, 2014 to June 20, 2014

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
Payment of Annual Listing Fees for the FY 2014-15 is under process.

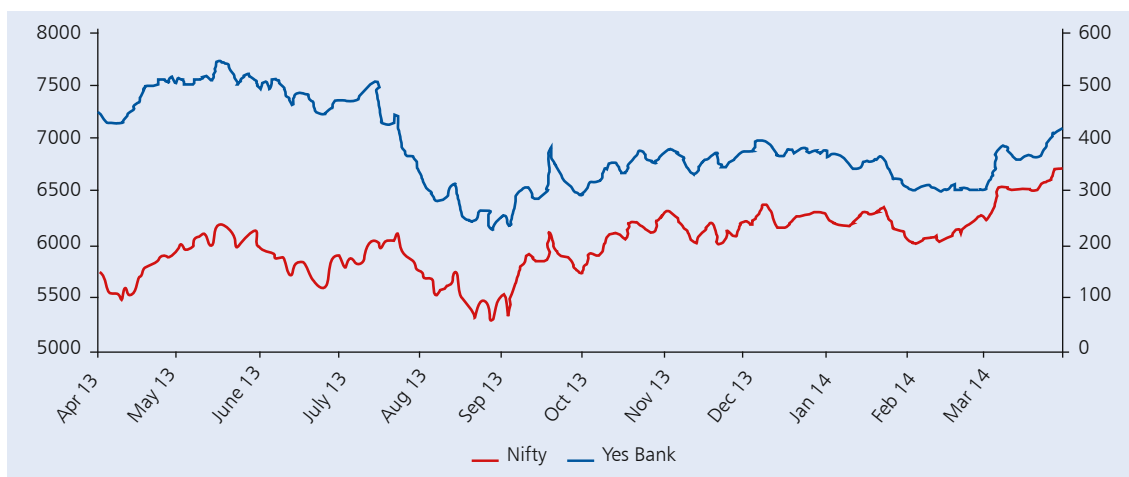
Stock Code

BSE : 532648
NSE : YESBANK



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

	NSE			BSE		
	High(₹)	Low(₹)	Volume	High(₹)	Low(₹)	Volume
April 2013	509.00	416.75	4,51,89,318	509.00	417.15	59,03,804
May 2013	547.70	486.00	3,27,64,646	547.15	486.00	48,52,029
June 2013	514.90	435.75	3,96,35,036	514.70	435.75	51,66,998
July 2013	502.00	285.00	14,07,46,035	502.00	288.55	2,22,48,754
August 2013	339.30	216.10	31,19,87,709	339.05	216.10	5,64,29,183
September 2013	394.70	223.00	35,32,68,787	394.70	224.00	6,03,37,950
October 2013	381.90	280.40	25,46,15,685	382.20	280.40	4,68,54,145
November 2013	386.25	323.65	15,40,69,253	386.35	323.25	2,51,70,641
December 2013	414.90	357.70	9,28,05,402	415.00	358.15	1,45,25,380
January 2014	381.80	303.25	11,17,46,371	381.75	304.00	1,66,69,637
February 2014	313.45	291.40	8,09,93,237	313.50	292.10	1,15,04,297
March 2014	416.75	301.55	16,28,63,565	416.80	301.70	2,25,21,800

**Registrar and Transfer Agents**

Kary Computershare Private Limited
Plot No. 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081.
Phone No. 040-44655151; Fax No. 040-23420814
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. The Bank obtains from a company secretary in practice, half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

Distribution of Shareholding as at March 31, 2014

Category (Amount)	No. of shareholders	%	Total Shares	Amount	% of Amount
Up to 5,000	181114	94.18	1,55,37,340	15,53,73,400	4.31
5,001 – 10,000	5593	2.91	43,34,808	4,33,48,080	1.20
10,001 – 20,000	2613	1.36	38,66,249	3,86,62,490	1.07
20,001 – 30,000	856	0.45	21,86,010	2,18,60,100	0.61
30,001 – 40,000	397	0.21	14,35,209	1,43,52,090	0.40
40,001 – 50,000	299	0.16	14,00,509	1,40,05,090	0.39
50,001 – 1,00,000	555	0.29	40,68,888	4,06,88,880	1.13
1,00,001 & Above	883	0.46	32,78,04,613	3,27,80,46,130	90.90
TOTAL	192310	100.00	36,06,33,626	3,60,63,36,260	100.00

Shareholding Pattern as on March 31, 2014

Sr. No	Category of shareholders	No of shares	%
I	Promoter & Promoter Group		
1(a)	Rana Kapoor (Promoter)	2,00,00,000	5.55
1(b)	YES Capital (India) Private Limited (Promoter entity)	1,51,25,000	4.19
1(c)	Morgan Credits Private Limited (Promoter entity)	1,40,50,000	3.90
2(a)	Madhu Kapur and Family*	3,51,25,000	9.74
2(b)	Mags Finvest Private Limited *	78,42,450	2.17
II	Other Institutions		
	Mutual Funds /UTI	2,30,46,094	6.39
	Financial Institutions/Banks	10,60,368	0.29
	Insurance Companies	5,15,09,003	14.28
	Foreign Institutional Investors	13,69,85,389	37.98
	Qualified Foreign Investor	700	0.00
III	Other non-institutions		
	Bodies Corporate	73,23,228	2.03
IV	Individuals		
	(i) Individuals holding nominal share capital upto ₹1 lakh	2,79,34,024	7.75
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	1,33,35,381	3.70
	Trusts	3,64,743	0.10
	Non Resident Indians	24,58,595	0.68
	H U F	9,44,396	0.26
	Clearing Members	35,29,255	0.98
	Total	36,06,33,626	100.00

* subject to regulatory clarifications

List of Major Shareholders as on March 31, 2014

Sr. No	Name	No of shares	%
	Promoter & Promoter Group		
1(a)	Rana Kapoor (Promoter)	2,00,00,000	5.55
1(b)	Yes Capital (India) Private Limited (Promoter Entity)	1,51,25,000	4.19
1(c)	Morgan Credits Private Limited (Promoter Entity)	1,40,50,000	3.90
2(a)	Madhu Kapur And Family*	3,51,25,000	9.74
2(b)	Mags Finvest Private Limited *	78,42,450	2.17

* subject to regulatory clarifications

Sr. No	Name	No of shares	%
Others			
3	Life Insurance Corporation of India along with its various schemes	3,09,42,096	8.58
4	Bajaj Allianz Life Insurance Company Limited	1,02,95,645	2.85
5	Quantum (M) Limited	75,72,687	2.10
6	Franklin Templeton Investment Funds	69,75,286	1.93
7	DB International (Asia) Limited	51,97,484	1.44
8	Merrill Lynch Capital Markets Espana S.A. S.V.	48,36,774	1.34
9	Reliance Life Insurance Company Limited	43,96,824	1.22

Dematerialization of shares and liquidity	As on March 31, 2014 almost the entire equity capital was held in the dematerialized form with NSDL (97.18%) and CDSL (2.82%). Only 21,101 shares were being held in physical form (0.01%).
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	The Bank does not have any Outstanding GDRs/ ADRs/Warrants or any other Convertible instrument as on date.
Plant Locations	As the company is engaged in the business of banking/financial services, there is no plant location.
Address for correspondence	Karvy Computershare Private Limited Plot No. 17 to 24, Vittalrao Nagar Madhapur, Hyderabad - 500 081. Phone No. 040-44655151; Fax No. 040-23420814 Contact Persons: Ms. Shobha Anand / Mr. U. S. Singh
Debenture Trustees:	IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17 th , R Kamani Marg, Ballard Estate, Mumbai – 400 001 Contact Person: Mr Ajit Guruji, Vice President Phone no: 022 4080 7001 Axis Trustee Services Limited 2nd floor, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 025 Contact Person: Mr. Makarand N. Kulkarni Phone no: 022 2425 5215/022 2425 5216

Address of the Compliance Officer **Mr. Shivanand R. Shettigar, Company Secretary**
17th Floor, Tower 2, Indiabulls Finance Centre,
Senapati Bapat Marg, Elphinstone Road (West),
Mumbai - 400 013
Phone No. : 022 - 3366 9000
Fax No. : 022 - 24214507
E-mail : shareholders@yesbank.in

For and on behalf of the Board of Directors

Rana Kapoor
Managing Director & CEO

M R Srinivasan
Non-Executive Chairman

Place: Mumbai

Date: April 23, 2014



Compliance with the Code of Conduct and Ethics

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

Rana Kapoor
Managing Director & CEO

Place: Mumbai

Date: April 23, 2014

Financial Statements

Independent Auditor's Report

To
The Members of Yes Bank Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Yes Bank Limited, which comprise the Balance Sheet as at 31 March 2014, the Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 8/2014 dated 4 April 2014. Issued by the Ministry of Corporate Affairs read with guidelines issued by the Reserve Bank of India insofar as they are applicable to the Bank and in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949 as applicable. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March, 2014;
 - (ii) in the case of the Profit and Loss Account of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of

Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956.

8. As required by section 227(3) of the Act, section 30(3) of the Banking Regulation Act, 1949 and the appointment letter dated 6 June 2013 issued by the Reserve Bank of India, we report that:

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

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

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

9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs.

10. We further report that:

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

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

(iii) On the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

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

per Surekha Gracias
Partner
Membership Number: 105488
Place of Signature: Mumbai
Date: 23 April 2014

Balance Sheet

as at March 31, 2014

(₹ in thousands)

	Schedules	As at March 31, 2014	As at March 31, 2013
CAPITAL AND LIABILITIES			
Capital	1	3,606,336	3,586,223
Reserves and surplus	2	67,611,074	54,490,482
Deposits	3	741,920,153	669,555,852
Borrowings	4	213,142,862	209,221,472
Other liabilities and provisions	5	63,877,474	54,187,245
TOTAL		1,090,157,899	991,041,274
ASSETS			
Cash and balances with Reserve Bank of India	6	45,415,683	33,387,586
Balances with banks, money at call and short notice	7	13,500,955	7,270,011
Investments	8	409,503,624	429,760,421
Advances	9	556,329,622	469,995,663
Fixed assets	10	2,934,694	2,295,452
Other assets	11	62,473,321	48,332,141
TOTAL		1,090,157,899	991,041,274
Contingent liabilities	12	2,010,168,222	2,478,043,530
Bills for collection		9,970,631	6,773,965
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		

As per our report of even date attached.

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

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

Surekha Gracias
Partner
Membership No: 105488

Rana Kapoor
Managing Director & CEO

Ajay Vohra
Director

M R Srinivasan
Non Executive Chairman

Radha Singh
Director

Rajat Monga
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

Mumbai
April 23, 2014

Profit and Loss Account

for the year ended March 31, 2014

₹ in thousands)

	Schedules	Year ended March 31, 2014	Year ended March 31, 2013
I. INCOME			
Interest earned	13	99,813,521	82,939,991
Other income	14	17,215,774	12,574,326
TOTAL		117,029,295	95,514,317
II. EXPENDITURE			
Interest expended	15	72,650,918	60,752,092
Operating expenses	16	17,498,719	13,345,367
Provisions and contingencies	17	10,701,856	8,410,051
TOTAL		100,851,493	82,507,510
III. PROFIT			
Net profit for the year		16,177,802	13,006,807
Profit brought forward		23,383,674	16,583,936
TOTAL		39,561,476	29,590,743
IV. APPROPRIATIONS			
Transfer to Capital Reserve		41,359	348,646
Transfer to Statutory Reserve		4,044,451	3,251,702
Transfer to Investment Reserve		4,385	97,136
Dividend paid for last year		4,026	7,559
Tax on dividend paid last year		17,307	1,227
Proposed Dividend		2,885,069	2,151,734
Tax (including surcharge & education cess) on Dividend		490,317	349,065
Balance carried over to balance sheet		32,074,562	23,383,674
TOTAL		39,561,476	29,590,743
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		
Earning per share (Refer Sch.18.7.6)			
Basic (₹)		44.92	36.53
Diluted (₹)		44.35	35.55
(Face Value of Equity Share is ₹10/-)			

As per our report of even date attached.

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

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

Surekha Gracias
Partner
Membership No: 105488

Rana Kapoor
Managing Director & CEO

Ajay Vohra
Director

M R Srinivasan
Non Executive Chairman

Radha Singh
Director

Rajat Monga
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

Mumbai
April 23, 2014

Cash Flow Statement

for the year ended March 31, 2014

(₹ in thousands)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from operating activities		
Net profit before taxes	23,262,817	19,257,317
Adjustment for		
Depreciation for the year	631,662	517,070
Amortization of premium on investments	446,589	295,560
Provision for investments	860,079	(29,910)
Provision for standard advances	1,278,978	766,399
Provision/write off of non performing advances	1,358,169	1,516,688
Other provisions	117,615	29,310
Loss from sale of fixed assets	948	5,101
	27,956,857	22,357,535
Adjustments for :		
Increase in Deposits	72,364,301	178,038,802
Increase/(Decrease) in Other Liabilities	8,772,122	(3,998,530)
(Increase)/Decrease in Investments	45,667,469	(86,083,831)
Increase in Advances	(87,692,128)	(91,625,933)
Increase in Other Assets	(14,273,309)	(6,765,222)
	24,838,455	(10,434,714)
Payment of direct taxes	(8,305,958)	(6,516,441)
Net cash generated from operating activities (A)	44,489,354	5,406,380
Cash flow from investing activities		
Purchase of fixed assets	(1,205,978)	(1,038,360)
Proceeds from sale of fixed assets	24,931	22,310
Changes in Capital work in progress	(90,805)	(30,535)
Investment in HTM	(26,717,341)	(66,368,749)
Net cash generated from investing activities (B)	(27,989,193)	(67,415,334)

Cash Flow Statement

for the year ended March 31, 2014

(*₹ in thousands*)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from financing activities		
Tier II Debt raised	-	17,638,000
Increase in Borrowings	1,121,390	48,618,598
Innovative Perpetual Debt raised	2,800,000	1,400,000
Proceeds from issuance of Equity Shares	20,113	56,349
Share Premium received thereon	339,509	756,774
Dividend paid during the year	(2,155,760)	(1,428,296)
Tax on dividend	(366,372)	(230,280)
Net cash generated from financing activities (C)	1,758,880	66,811,145
Net increase in cash and cash equivalents (A+B+C)	18,259,041	4,802,191
Cash and cash equivalents as at April 1	40,657,597	35,855,406
Cash and cash equivalents as at March 31	58,916,638	40,657,597
Notes to the Cash flow statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India	45,415,683	33,387,586
Balances with Banks and Money at Call and Short Notice	13,500,955	7,270,011
Cash and cash equivalents as at March 31	58,916,638	40,657,597

As per our report of even date attached.

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration No: 301003E

For and on behalf of the Board of Directors

YES BANK Limited

Surekha Gracias

Partner

Membership No: 105488

Rana Kapoor

Managing Director & CEO

Ajay Vohra

Director

M R Srinivasan

Non Executive Chairman

Radha Singh

Director

Rajat Monga

Chief Financial Officer

Shivanand R. Shettigar

Company Secretary

Mumbai

April 23, 2014

Schedules

forming part of the Balance Sheet

(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
SCHEDULE 1 – CAPITAL		
Authorized Capital		
600,000,000 equity shares of ₹10/- each (March 31, 2013: 600,000,000 equity shares of ₹10/- each)	6,000,000	6,000,000
Issued, subscribed and paid-up capital		
360,633,626 equity shares of ₹10/- each (March 31, 2013 : 358,622,289 equity shares of ₹10/- each) [Refer Sch 18.5.1.1]	3,606,336	3,586,223
TOTAL	3,606,336	3,586,223

SCHEDULE 2 - RESERVES AND SURPLUS**I. Statutory Reserves**

Opening balance	10,340,281	7,088,579
Additions during the year	4,044,451	3,251,702
Closing balance	14,384,732	10,340,281

II. Share Premium

Opening balance	18,925,609	18,168,835
Additions during the year	339,509	756,774
Closing balance	19,265,118	18,925,609

III. Capital Reserve

Opening balance	1,743,205	1,394,559
Additions during the year [Refer Sch 18.5.1.2]	41,359	348,646
Closing balance	1,784,564	1,743,205

IV. Investment Reserve

Opening balance	97,713	577
Additions during the year [Refer Sch 18.5.1.3]	4,385	97,136
Closing balance	102,098	97,713

V. Balance in Profit and Loss Account

TOTAL	67,611,074	54,490,482
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(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i) From banks	2,346,947	1,776,868
ii) From others	67,824,661	64,871,883
II. Savings Bank Deposits	93,275,190	60,226,502
III. Term Deposits		
i) From banks	63,293,491	41,593,943
ii) From others	515,179,864	501,086,656
TOTAL	741,920,153	669,555,852
B. I. Deposits of branches in India	741,920,153	669,555,852
II. Deposits of branches outside India	-	-
TOTAL	741,920,153	669,555,852

SCHEDULE 4 – BORROWINGS		
I. Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt		
A. Borrowing in India		
i) IPDI	7,410,000	7,510,000
ii) Upper Tier II Borrowings	19,367,000	19,367,000
iii) Lower Tier II Borrowings	30,255,000	31,255,000
TOTAL (A)	57,032,000	58,132,000
B. Borrowings outside India		
i) IPDI	299,575	271,425
ii) Upper Tier II Borrowings	10,382,401	9,334,984
iii) Lower Tier II Borrowings	-	-
TOTAL (B)	10,681,976	9,606,409
TOTAL (A+B)	67,713,976	67,738,409
II. Other Borrowings*		
A. Borrowings in India		
i) Reserve Bank of India	35,020,000	48,958,900
ii) Other banks	26,610,000	30,832,500
iii) Other institutions and agencies **	31,554,417	24,759,375
TOTAL (A)	93,184,417	104,550,775
B. Borrowings outside India (B)	52,244,469	36,932,288
TOTAL (A+B)	145,428,886	141,483,063
TOTAL (I+II)	213,142,862	209,221,472

*Of the above, secured borrowings are ₹31,300,000 thousands (March 31, 2013 : ₹49,896,031 thousands).

**Including refinance borrowing.

Schedules

forming part of the Balance Sheet

(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
SCHEDULE 5 - OTHER LIABILITIES & PROVISIONS		
I. Bills payable	2,050,477	1,325,549
II. Inter-office adjustments (net)	-	-
III. Interest accrued	8,871,010	8,714,189
IV. Others (including provisions)		
- Provision for standard advances	4,153,204	2,655,326
- Others (includes Mark-to-Market on derivative exposure)	48,802,783	41,414,538
- Income Tax Provision	-	77,643
TOTAL	63,877,474	54,187,245

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. Cash in hand	2,299,969	1,633,270
II. Balances with Reserve Bank of India		
- In current account	43,115,714	31,754,316
- In other account	-	-
TOTAL	45,415,683	33,387,586

SCHEDULE 7 - BALANCES WITH BANKS, MONEY AT CALL AND SHORT NOTICE

I. In India		
Balances with banks		
i) in current accounts	420,177	150,753
ii) in other deposit accounts	60	55
Money at call and short notice		
i) with banks	500,000	250,000
ii) with other institutions	-	-
iii) Lending under Reverse Repo (RBI & Banks)	555,030	-
TOTAL (I)	1,475,267	400,808
II. Outside India		
i) in current accounts	9,329,513	4,978,456
ii) in other deposit accounts	-	-
iii) money at call and short notice	2,696,175	1,890,747
TOTAL (II)	12,025,688	6,869,203
TOTAL (I+II)	13,500,955	7,270,011

(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
SCHEDULE 8 - INVESTMENTS (net of provisions)		
A. Investments in India		
i) Government securities	224,290,105	235,390,801
ii) Other approved securities	-	-
iii) Shares	932,480	1,122,391
iv) Debentures and bonds	103,155,907	103,442,521
v) Subsidiaries and/or joint ventures	175,000	500
vi) Others (CPs, CDs, Pass Through Certificates etc.)	80,950,132	89,804,208
(Refer Note 18.5.2)		
TOTAL	409,503,624	429,760,421
B. Investments outside India		
	-	-
TOTAL	409,503,624	429,760,421

SCHEDULE 9 – ADVANCES

A. i) Bills purchased and discounted	12,871,890	7,794,913
ii) Cash credits, overdrafts and loans repayable on demand	142,758,282	125,790,918
iii) Term loans	400,699,450	336,409,832
TOTAL	556,329,622	469,995,663
B. i) Secured by tangible assets (includes advances secured by fixed deposits and book debts)	374,024,050	311,377,367
ii) Covered by Bank/Government Guarantees	5,625,707	6,491,807
iii) Unsecured (Note 1 and 2)	176,679,865	152,126,489
TOTAL	556,329,622	469,995,663
1. includes advances of ₹82,545,143 thousands (March 31, 2013 ₹34,827,606 thousands) for which security documentation is either being obtained or being registered.		
2. includes nil advances (Previous year ₹263,125 thousands) for which intangible securities such as charge over the rights, licenses, authority, etc of ₹ Nil (Previous year ₹694,000 thousands) has been taken.		
C I. Advances in India		
i) Priority sectors	145,642,222	105,212,023
ii) Public sector	62,516	607,642
iii) Banks	1,656,781	617,055
iv) Others	408,968,103	363,558,943
TOTAL	556,329,622	469,995,663
II. Advances outside India		
	-	-
TOTAL	556,329,622	469,995,663

Schedules

forming part of the Balance Sheet

(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
SCHEDULE 10 - FIXED ASSETS		
I. Premises	-	-
II. Other Fixed Assets (including furniture and fixtures)		
At cost as on March 31st of preceding financial year	4,271,173	3,310,459
Additions during the year	1,205,978	1,034,450
Deductions during the year	(154,705)	(73,735)
Accumulated depreciation to date	(2,589,504)	(2,086,669)
	2,732,942	2,184,505
Capital work-in-progress	201,752	110,947
TOTAL	2,934,694	2,295,452

SCHEDULE 11 - OTHER ASSETS		
I. Interest accrued	15,454,763	14,278,348
II. Advance tax and tax deducted at source	442,198	-
III. Deferred tax asset [Refer Sch 18.7.8]	2,493,325	1,794,222
IV. Others (includes Mark to Market on derivative exposures)	44,083,035	32,259,571
TOTAL	62,473,321	48,332,141

SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	-	-
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	1,104,666,493	1,500,302,096
IV. Liability on account of outstanding derivative contracts		
- Single currency Interest Rate Swaps	498,750,662	659,577,736
- Others	95,971,508	48,188,523
V. Guarantees given on behalf of constituents		
- In India	104,640,628	85,701,999
- Outside India	-	-
VI. Acceptances, endorsements and other obligations	164,442,130	152,629,077
VII. Other items for which the bank is contingently liable		
- Value dated purchase of securities	206,475	107,240
- Capital commitments	238,440	255,584
- Foreign Exchange Contracts (Tom & Spot)	41,251,886	31,281,275
TOTAL	2,010,168,222	2,478,043,530

Refer Note- 18.8.7 for further description

Schedules

forming part of the Profit and Loss Account

(₹ in thousands)

	Year ended March 31, 2014	Year ended March 31, 2013
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	65,399,853	53,970,675
II. Income on investments	34,144,577	28,594,640
III. Interest on balances with Reserve Bank of India and other inter-bank funds	238,880	165,062
IV. Others	30,211	209,614
TOTAL	99,813,521	82,939,991

SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	12,609,208	10,762,091
II. Profit/(Loss) on the sale of investments (net)	1,661,620	1,556,556
III. Profit/(Loss) on the revaluation of investments (net)	-	-
IV. Loss on sale of land, building and other assets	(948)	(5,101)
V. Profit on exchange transactions (net)	1,985,108	666,678
VI. Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-	-
VII. Miscellaneous income	960,786	(405,899)
TOTAL	17,215,774	12,574,325

SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	56,186,397	45,636,130
II. Interest on Reserve Bank of India/inter-bank borrowings/Tier I and Tier II debt instruments	15,824,830	14,935,490
III. Others	639,691	180,472
TOTAL	72,650,918	60,752,092

Schedules

forming part of the Profit and Loss Account

(₹ in thousands)

	Year ended March 31, 2014	Year ended March 31, 2013
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	7,843,991	6,555,435
II. Rent, taxes and lighting	2,292,026	1,811,826
III. Printing and stationery	131,853	112,893
IV. Advertisement and publicity	596,476	322,083
V. Depreciation on Bank's property	631,662	517,070
VI. Directors' fees, allowances and expenses	5,659	5,649
VII. Auditors' fees and expenses	6,950	6,752
VIII. Law charges	17,109	19,465
IX. Postage, telegrams, telephones, etc.	247,071	158,557
X. Repairs and maintenance	110,318	91,463
XI. Insurance	528,209	449,041
XII. Other expenditure	5,087,395	3,295,133
TOTAL	17,498,719	13,345,367

SCHEDULE 17 - PROVISIONS & CONTINGENCIES

I. Provision for taxation [Refer Sch 18.6.1]	7,085,015	6,250,510
II. Provision for investments	860,079	(29,910)
III. Provision for standard advances	1,278,978	766,399
IV. Provision/write off for non performing advances	1,358,169	1,455,215
V. Other provisions	119,615	(32,163)
TOTAL	10,701,856	8,410,051

18. Significant accounting policies and notes forming part of the accounts for the year ended March 31, 2014

18.1 Background

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

18.2 Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the accrual method of accounting and the historical cost convention.

18.3 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is 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 on yearly basis at each anniversary over the period of the guarantee, except for guarantee commission not exceeding ₹100 thousands, which is recognized at the time of issue 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.

18.4.2 Investments

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBOD.No.BP.BC.8/21.04.141/2013-14 dated 1 July 2013 and Fixed Income Money Market and Derivative Association (FIMMDA) guidelines FIMCIR/2013-14/50/March 28, 2014.

a) 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.

b) Cost of acquisition

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

c) Basis of classification

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

d) Transfer between categories

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

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

e) Valuation

Investments 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. 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 Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date.

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

f) Accounting for repos/reverse repos

Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) including liquidity adjustment facility (LAF) with RBI are treated as collateralized borrowing and lending transactions respectively in accordance with RBI master circular No. DBOD.No.BP.BC.8/21.04.141/2013-14 dated July 1, 2013. 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.

g) 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.

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.

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

18.4.4 Transactions involving foreign exchange

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

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 the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs to the extent applicable. 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 Dec 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 and provision for impairment. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use.

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

18.4.8 Depreciation

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

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

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

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

18.4.9 Retirement and employee benefits

Leave salary

The employees of the Bank are entitled to carry forward a part of their unavailed/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. The Bank has no liability for future provident fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.

18.4.10 Leases

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

18.4.11 Income taxes

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

Deferred tax assets are 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, 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.

18.4.12 Provisions and contingent assets/liabilities

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

Provisions are reviewed at each balance sheet date and

adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not 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 ESOP Guidelines 1999. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

18.4.14 Cash and Cash equivalent

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

18.5.1 Capital

18.5.1.1 Equity Issue

During the financial year ended March 31, 2014, the Bank has issued 2,011,337 shares (previous year: 5,634,865 shares) pursuant to the exercise of stock option aggregating to ₹359,622 thousands (previous year: ₹813,123 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 ₹41,359 thousands (previous year: ₹348,646 thousands) was transferred to Capital Reserve.

18.5.1.3 Investment Reserve

The Bank has transferred ₹4,385 thousands (Previous year: ₹97,136 thousands) (net of applicable taxes and transfer to statutory reserve requirements) towards Investment Reserve on provisions for depreciation on investments credited to Profit and Loss Account.

18.5.1.4 Capital Adequacy Ratio

Capital Adequacy Ratio as per RBI guidelines (Basel III Capital Regulations dated July 01, 2013) as at March 31, 2014 is given below:

(₹ in thousands)	
Basel - III	As at March 31, 2014
Common Equity Tier I	69,913,022
Additional Tier I Capital	5,061,336
Tier-1 capital	74,974,358
Tier-2 capital	34,956,511
Total capital	109,930,869
Credit Risk – Risk Weighted Assets (RWA)	643,295,247
Market Risk – RWA	79,983,266
Operational Risk – RWA	42,690,460
Total risk weighted assets	765,968,973
Common Equity capital adequacy ratio (%)	9.1%
Tier-1 capital adequacy ratio (%)	9.8%
Tier-2 capital adequacy ratio (%)	4.6%
Total capital adequacy ratio (%)	14.4%
Amount raised during the year by issue of IPDI	2,800,000

The capital adequacy ratio computed under Basel III capital regulations is applicable from financial year 2013-14 and accordingly, corresponding details under Basel III for previous year is not applicable.

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

(₹ in thousands)	
Basel - II	As at March 31, 2013
Tier-1 capital	63,761,509
Tier-2 capital	59,190,103
Total capital	122,951,612
Credit Risk – Risk Weighted Assets (RWA)	553,470,237
Market Risk – RWA	87,829,562
Operational Risk – RWA	31,023,599
Total risk weighted assets	672,323,398
Tier-1 capital adequacy ratio (%)	9.5%
Tier-2 capital adequacy ratio (%)	8.8%
Total capital adequacy ratio (%)	18.3%
Amount raised during the year by issue of IPDI	1,400,000
Amount raised during the year by issue of Tier II instruments	17,638,000

18.5.1.5 Tier I and Tier II Capital

During the financial year 2013-14, the Bank has raised Tier I Debt instruments amounting to ₹2,800,000 thousands. Details of the same are as follows:

Tier I Debt Instruments

(₹ in thousands)

Particulars	Nature of Security	Date of Issue	Coupon Rate (%)	Tenure	Amount
Unsecured, Non Convertible, Additional Tier I, Subordinated Perpetual Bonds	Debentures	December 31, 2013	10.50	Perpetual	2,800,000
TOTAL					2,800,000

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

Tier II Debt Instruments

(₹ in thousands)

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

Innovative Perpetual Debt Instruments (IPDI)

(₹ in thousands)

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

18.5.2 Investments

(₹ in thousands)

Particulars (In India)	As at March 31, 2014	As at March 31, 2013
Gross value	410,614,302	430,011,016
Less: Provision for depreciation	1,110,678	250,595
Net value	409,503,624	429,760,421

There were no investment outside India as at March 31, 2014 and March 31, 2013.

Provision for depreciation on investments

(₹ in thousands)

Particulars (In India)	As at March 31, 2014	As at March 31, 2013
Opening Balance	250,599	280,509
Add/(Less): Provision during the year	860,079	(29,910)
Closing Balance	1,110,678	250,599

There was no provision for depreciation on investments outside India as at March 31, 2014 and March 31, 2013.

18.5.3 Repo Transactions

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2014:

(₹ in thousands)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at March 31, 2014
Securities sold under repos	-	41,294,089	2,061,401	-
Security purchased under reverse repo	-	12,834,163	865,359	555,030

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

(₹ in thousands)

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

The bank has not dealt in any repo or reverse repo transactions in corporate bonds during the financial year ended March 31, 2014 and March 31, 2013.

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

18.5.4 Non-SLR Investment Portfolio

Issuer composition of Non SLR investments as at March 31, 2014 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	6,269,477	5,088,145	-	-	-
ii)	Financial Institutions	37,255,096	35,370,100	-	671,303	25,927,100
iii)	Banks	3,979,160	2,500,336	-	-	3,940,160
iv)	Private Corporates	87,051,420	82,626,990	1,502,840	14,410	3,249,140
v)	Subsidiaries/Joint ventures	175,000	175,000	-	-	175,000
vi)	Others	50,962,473	50,962,473	1,000,000	-	50,962,473
vii)	Provision held towards depreciation	(479,107)	-	-	-	-
	Total	185,213,519	176,723,044	2,502,840	685,713	84,253,874

*Of the investments disclosed ₹82,163,874 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, 2013 is given below:

(₹ in thousands)

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

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

excludes investment in equity shares and units

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

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, 2014 is given below:

(₹ in thousands)

Sr. No.	Items	As at March 31, 2014	As at March 31, 2013
i)	The notional principal of swap agreements	498,750,662	659,577,736
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements ¹	2,058,814	1,317,725
iii)	Collateral required by the bank upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps		
	[Percentage Exposure to Banks] ¹	14.38%	21.65%
	[Percentage Exposure to PSUs] ¹	62.25%	38.81%
v)	The fair value of the swap book ²	885,220	532,183
	- INBMK	1,697,666	729,805
	- MIBOR	(69,168)	36,045
	- MIFOR	(696,718)	(111,501)
	- FCY IRS	(46,560)	(122,166)

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

2 Fair values represent MTM including accrued interest.

The nature and terms of the Rupee IRS as on March 31, 2014 are set out below:

(₹ in thousands)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	250,000	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	395	206,850,963	MIBOR	Fixed Payable v/s Floating Receivable
Trading	321	185,199,685	MIBOR	Fixed Receivable v/s Floating Payable
Trading	21	10,348,000	MIFOR	Fixed Payable v/s Floating Receivable
Trading	50	20,048,000	MIFOR	Fixed Receivable v/s Floating Payable

The nature and terms of the FCY IRS as on March 31, 2014 are set out below:

(₹ in thousands)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	1	245,792	EURIBOR	Fixed Receivable v/s Floating Payable
Trading	1	245,792	EURIBOR	Fixed Payable v/s Floating Receivable
Trading	1	145,150	JPY LIBOR	Fixed Receivable v/s Floating Payable
Trading	39	25,565,553	USDLIBOR	Fixed Receivable v/s Floating Payable
Trading	75	20,169,673	USDLIBOR	Fixed Payable v/s Floating Receivable
Trading	4	172,054	USDLIBOR	Floating Receivable v/s Floating Payable

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

(₹ in thousands)

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

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

(₹ in thousands)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	1	234,127	EURIBOR	Fixed Receivable v/s Floating Payable
Trading	1	234,127	EURIBOR	Fixed Payable v/s Floating Receivable
Trading	1	144,200	JPY LIBOR	Fixed Receivable v/s Floating Payable
Trading	39	13,188,618	USDLIBOR	Fixed Receivable v/s Floating Payable
Trading	58	19,727,665	USDLIBOR	Fixed Payable v/s Floating Receivable

18.5.5.2 Un-hedged/uncovered foreign currency exposure

The Bank's foreign currency exposures as at March 31, 2014 that are not hedged/covered by either derivative instruments or otherwise are within the Net Overnight Open Position limit (NOOP) and the Aggregate Gap limit, as approved by the RBI. NOOP at March 31, 2014 is ₹251,121 thousands (March 31, 2013 ₹519,379 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)

Sr. No.	Particulars	March 31, 2014	March 31, 2013
1.	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year : - 8.83% Government Securities 2023	3,352,600	-
2.	Notional Principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2014.	NIL	-
3.	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2014.	N.A	-
4.	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2014.	N.A	-

18.5.5.4 Currency Futures

The Bank had dealt in exchange traded currency forwards(futures) during the financial year ended March 31, 2014. As on March 31, 2014 there were Nil Open Contracts (Previous Year: Nil).

18.5.5.5 Disclosures on risk exposure in derivatives

As per RBI Master circular DBOD.No.BP.BC. 9/21.06.001/2013-14 dated July 1, 2013, the following disclosures are being made with respect to risk exposure in derivatives of the Bank:

- a) Purpose: The Bank uses Derivatives including Forwards & swaps for various purposes viz. hedging its currency and interest rate risk in its balance sheet, customer offerings and proprietary trading. The management of these products and businesses is governed by the Market Risk Policy, Investment Policy, Derivatives Policy, Derivatives Appropriateness Policy, Hedging Policy and ALM policy.
- b) Structure: The Board of Directors of the Bank have constituted a Board level sub-committee, the Risk Monitoring Committee ('RMC') and delegated to it all functions and responsibilities relating to the risk management policy of the Bank and its supervision thereof.
- c) As part of prudent business and risk management practice, the Bank has also instituted a comprehensive limit and control structure encompassing Value-at-Risk (VAR), Sensitivity and 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. Such a structure helps the Bank to monitor and mitigate market risk across FX, interest rates, credit risk, operational risk including reputational risk and legal risk.
- d) The Bank has an independent Middle Office, which is responsible for monitoring, measurement and analysis of derivative related risks, among others. The Bank has a Credit Risk Management unit which is responsible for setting up counterparty limits and also a treasury operation unit which is responsible for managing operational aspects of derivatives control function and settlement of transactions. The Bank is subject to a concurrent audit for all treasury transactions, including derivatives, a monthly report of which is periodically submitted to the Audit & Compliance Committee of the Bank.
- e) In addition to the above, the Bank independently evaluates the potential credit exposure on account of all derivative transactions, wherein risk limits are specified separately for each product, in terms of both credit exposure and tenor. As mandated by the Credit Policy of the Bank, the Bank has instituted an approval structure for all treasury/derivative related credit exposures. Wherever necessary, appropriate credit covenants are stipulated as trigger events to call for collaterals or terminate a transaction and contain the risk.
- f) The Bank reports all trading positions to the management on a daily basis. The Bank revalues its trading position on a daily basis for Management and Information System ('MIS') and control purposes and records the same in the books of accounts on a monthly basis.
- g) For derivative contracts in the banking book designated as hedge, the Bank documents at the inception of the relationship between the hedging instrument and the hedged item, the risk management objective for undertaking the hedge 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.
- i) The details of derivative transactions as at March 31, 2014 and March 31, 2013 are given below:

(₹ in thousands)

S r. No	Particular	Currency derivatives ¹		Interest rate derivatives ⁴	
		Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
i)	Derivatives (Notional Amount)				
	a) For hedging	17,061,769	7,787,677	3,500,000	20,550,000
	b) For trading	78,909,739	40,400,846	495,250,662	639,027,736

(₹ in thousands)

S r. No	Particular	Currency derivatives ¹		Interest rate derivatives ⁴	
		Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
ii)	Marked to market positions ²				
	a) Asset (+)	4,077,463	2,489,017	4,864,391	2,395,891
	b) Liability (-)	2,655,045	1,130,027	3,881,593	2,349,306
iii)	Credit exposure ³	12,024,411	7,527,531	9,005,779	8,344,364
iv)	Likely impact of one percentage change in interest rate (100*PV01) (Refer Note 1&2 below)				
	a) on hedging derivatives	314,346	339,960	71,246	608,681
	b) on trading derivatives	467,233	382,351	1,826,522	1,010,356
v)	Maximum and minimum of 100*PV01 observed during the year (Refer Note 1&2 below)				
	a) on hedging				
	Maximum	415,991	388,299	655,790	658,965
	Minimum	314,346	248,310	71,246	586,280
	b) on trading				
	Maximum	579,342	553,778	2,034,845	1,091,521
	Minimum	372,941	295,206	917,526	684,188

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:

- 1) Denotes absolute value of loss which the Bank could suffer on account of a change in interest rates by 1% which however doesn't capture the off-setting exposures between interest rate and currency derivatives.
- 2) PV01 exposures reported above may not necessarily indicate the interest rate risk the bank is exposed to, given that PV01 exposures in Investments (which may offset the PV01 reflected above) do not form part of the above table.
- 3) The notional principal amount of foreign exchange contracts classified as trading at March 31, 2014 amounted to ₹1,097,322,162 thousands (previous year: ₹1,460,579,466 thousands). For these trading contracts, at March 31, 2014, marked to market position was asset of ₹24,404,919 thousands (Previous year: ₹17,375,046 thousands) and liability of ₹24,082,263 thousands (Previous Year: ₹16,538,216 thousands). The notional principal amount of foreign exchange contracts classified as hedging at March 31, 2014 amounted to ₹7,344,331 thousands (previous year: ₹39,722,630 thousands). Credit exposure on forward exchange contracts at March 31, 2014 was ₹41,056,119 thousands (Previous Year: ₹39,992,956 thousands).

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, 2014 and the year ended March 31, 2013 are given below :

(₹ in thousands)

No.	Particulars	March 31, 2014	March 31, 2013
(i)	Net NPA to Net Advances	0.05%	0.01%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	943,236	838,589
	(b) Additions (Fresh NPAs during the year)	3,986,703	2,437,411
	Subtotal (A)	4,929,939	3,276,000
	Less:		
	(i) Up-gradations	207,854	172,611
	(ii) Recoveries (excluding recoveries made from upgraded accounts)	2,229,912	1,086,141
	(iii) Write-offs	742,917	1,074,012
	Sub-total (B)	3,180,683	2,332,764
	Gross NPAs (closing balance) (A-B)	1,749,256	943,236
(iii)	Movement of Net NPAs		
	(a) Opening Balance	69,908	174,600
	(b) Additions during the year	2,398,692	835,505
	(c) Reductions during the year	2,207,925	940,197
	(d) Closing balance	260,675	69,908
(iv)	Movement of provisions for NPAs (excluding provision on standard assets)		
	(a) Opening balance	873,328	663,989
	(b) Additions during the year	1,588,011	1,601,906
	(c) write off/write back of excess provision	972,758	1,392,567
	(d) Closing balance	1,488,581	873,328

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

(₹ in thousands)

Particulars	March 31, 2014	March 31, 2013
Opening Balance	145,367	-
Additions during the year	50,000	145,367
Reductions during the year	29,974	-
Closing Balance	165,393	145,367
Total Provision Held	135,393	145,367

18.5.6.3 Provision coverage Ratio

The provision coverage ratio of the Bank as at March 31, 2014 computed as per the RBI guidelines is 85.10% (previous year 92.59%)

18.5.6.4 Concentration of NPAs

Exposure (Funded + Non Funded) of the Bank to top four NPA is ₹718,632 thousands as at March 31, 2014 (previous year ₹558,250 thousands) and the Bank has provided for ₹718,632 thousands (previous year ₹558,250 thousands) for the same.

18.5.6.5 Sector-wise NPAs

The details of Sector-wise NPAs as at March 31, 2014 and March 31, 2013 are given below:

No.	Sector	% of gross NPAs to gross advances in that sector.	
		March 31, 2014	March 31, 2013
1	Agriculture & allied activities	0.03	0.01
2	Industry (Micro & small, Medium and Large)	0.33	0.37
3	Services	0.44	0.11
4	Personal loans	-	-

18.5.6.6 Restructured Accounts

The details of accounts Restructured during the year ended March 31, 2014 are given below :

No	Type of Restructuring Classification	Restructured Accounts as on April 1 of the FY (Opening figures)			Fresh restructuring during the year			Downgradations of restructured accounts during the FY			Write-offs/Sale/Recovery of restructured accounts during the FY			Restructured Accounts as on March 31 of the FY		
		No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding as at March 31, 2014	Provision thereon as at March 31, 2014	No. of borrowers	Amount outstanding as at March 31, 2014	Provision thereon as at March 31, 2014	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon
1	CDR															
	Standard	8	1,320,080	276,156	-	9,670	229,989	-	-	-	(2)	(386,907)	(53,889)	6	942,843	452,256
	Substandard	2	213,900	213,900	-	2,197	2,197	(1)	(33,582)	(33,582)	(1)	(182,515)	(182,515)	-	-	-
	Doubtful	1	97,025	61,049	-	-	-	1	33,582	33,582	-	(53,392)	(19,661)	2	77,215	74,970
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	11	1,631,005	551,105	-	11,867	232,186	-	-	-	(3)	(622,814)	(256,065)	8	1,020,058	527,226
2	Others															
	Standard	2	107,684	17,611	-	-	29,898	(1)	(28,318)	(28,050)	-	(15,258)	-	1	64,109	19,460
	Substandard	1	105,421	105,421	-	-	-	-	(77,103)	(77,371)	-	-	-	1	28,318	28,050
	Doubtful	4	661	661	-	-	-	1	105,421	105,421	(4)	(661)	(661)	1	105,421	105,421
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	7	213,766	123,693	-	-	29,898	-	-	-	(4)	(15,919)	(661)	3	197,848	152,931
3	Grand Total															
	Standard	10	1,427,764	293,767	-	9,670	259,888	(1)	(28,318)	(28,050)	(2)	(402,164)	(53,889)	7	1,006,952	471,717
	Substandard	3	319,321	319,321	-	2,197	2,197	(1)	(110,685)	(110,953)	(1)	(182,515)	(182,515)	1	28,318	28,050
	Doubtful	5	97,686	61,710	-	-	-	2	139,003	139,003	(4)	(54,053)	(20,322)	3	182,636	180,390
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	18	1,844,771	674,798	-	11,867	262,085	-	-	-	(7)	(638,732)	(256,726)	11	1,217,906	680,157

Notes:-

- There are no SME cases which have been restructured during the year ended March 31, 2014.
- There have been no upgradations of restructured advances during the year ended March 31, 2014.
- There were no restructured standard advances which ceased to attract higher provisioning and/or additional risk weight at the year ended March 31, 2014.
- The outstanding amount and number of borrowers as at March 31, 2014 is after considering recoveries and sale of assets during the year.
- 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 not been disclosed.
- The above table pertains to advances and does not include investment in shares of net book value of ₹627,161 thousands in the amount outstanding.
- The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
- For the purpose of arithmetical accuracy as required by Para 3.4.2. (xii) of RBI circular no DBOD.BPBC.No.7/21.04.018/2013-14 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.

18.5.6.6 Restructured Accounts (Contd.)

The details of accounts Restructured during the year ended March 31, 2013 are given below :

No	Type of Restructuring Classification	Restructured Accounts as on April 1 of the FY (opening figures)			Fresh restructuring during the year			Downgradations of restructured accounts during the FY			Write-offs/Sale/Recovery of restructured accounts during the FY			Restructured Accounts as on March 31 of the FY		
		No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding as at March 31, 2013	Provision thereon as at March 31, 2013	No. of borrowers	Amount outstanding as at March 31, 2013	Provision thereon as at March 31, 2013	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon
1	CDR															
	Standard	10	1,843,909	321,875	1	98,686	28,162	(1)	(182,515)	(182,515)	(1)	(98,025)	(19,795)	8	1,320,080	276,156
	Substandard	1	236,095	212,990	1	31,385	31,385	1	182,515	182,515	(1)	(134,739)	(134,739)	2	213,900	213,900
	Doubtful	1	74,347	74,347	-	-	-	-	-	-	-	-	-	1	97,025	61,049
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	12	2,154,351	609,212	2	130,071	59,547	-	-	-	(2)	(232,764)	(154,534)	11	1,631,005	551,105
2	Others															
	Standard	3	220,478	28,160	-	-	-	(1)	(105,421)	(105,421)	-	-	-	2	107,684	17,611
	Substandard	-	-	-	-	-	-	1	105,421	105,421	-	-	-	1	105,421	105,421
	Doubtful	10	79,021	66,772	-	-	-	-	-	-	(2)	(27,179)	(27,179)	4	661	661
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	13	299,499	94,932	-	-	-	-	-	-	(2)	(27,179)	(27,179)	7	213,766	123,693
3	Grand Total															
	Standard	13	2,064,387	350,035	1	98,686	28,162	(2)	(287,936)	(287,936)	(1)	(98,025)	(19,795)	10	1,427,764	293,767
	Substandard	1	236,095	212,990	1	31,385	31,385	2	287,936	287,936	(1)	(134,739)	(134,739)	3	319,321	319,321
	Doubtful	11	153,368	141,119	-	-	-	-	-	-	(2)	(27,179)	(27,179)	5	97,686	61,710
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	25	2,453,850	704,144	2	130,071	59,547	-	-	-	(4)	(259,943)	(181,713)	18	1,844,771	674,798

Notes:-

1. There are no SME cases which have been restructured during the year ended March 31, 2013.
2. There have been no up-gradations of restructured advances during the year ended March 31, 2013.
3. There were no restructured standard advances which ceased to attract higher provisioning and/or additional risk weight at the year ended March 31, 2013.
4. The outstanding amount and number of borrowers as at March 31, 2013 is after considering recoveries and sale of assets during the year.
5. The above table pertains to advances and does not include shares of ₹811,099 thousands in the Amount Outstanding.
6. The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.

18.5.7 Financial assets sold to Securitization/Reconstruction Company for Asset Reconstruction

Details of Financial assets sold to Securitization/Reconstruction Company for the year ended March 31, 2014 are as follows-

(₹ in thousands)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
(i) No. of accounts	8	2
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	1,885,843	340,965
(iii) Aggregate consideration (includes Net Book Value of Security Receipts of ₹1,464,199 thousands (previous year ₹277,637 thousands))	1,953,000	573,000
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/(loss) over net book value*	67,157	232,035

*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).

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, 2014 and March 31, 2013.

18.5.9 Provisions for Standard Assets

Provision on standard advances is ₹4,153,204 thousands and ₹2,655,326 thousands as at March 31, 2014 and March 31, 2013 respectively.

18.5.10 Business ratios

Business Ratios	As at March 31, 2014	As at March 31, 2013
i) Interest income as a percentage to working funds ¹	9.92%	10.04%
ii) Non-interest income as a percentage to working funds ¹	1.71%	1.52%
iii) Operating profit as a percentage to working funds ¹	2.67%	2.59%
iv) Return on assets ¹	1.61%	1.57%
v) Business (deposits + net advances) per employee (₹ '000) ²	155,810	177,419
vi) Profit per employee (₹ '000) ²	2,045	2,102

¹ Working funds represents the average of total assets as reported in Return Form X to RBI under Section 27 of the Banking Regulation Act, 1949.

² For the purpose of computation of business per employee (deposits plus advances), interbank deposits have been excluded and average employees have been considered.

18.5.11 Asset Liability Management

In compiling the information of maturity pattern, 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, 2014

(₹ in thousands)

Maturity Buckets	Loans & Advances* #	Investment Securities	Deposits	Borrowings
1 day	2,038,182	1,000,000	10,161,393	-
2 days to 7 days	9,825,771	-	33,860,159	34,261,300
8 days to 14 days	5,300,496	-	26,722,761	10,334,371
15 days to 28 days	2,362,994	1,150,296	41,901,566	9,695,158
29 days to 3 months	70,227,708	6,918,020	117,345,681	17,443,533
Over 3 to 6 months	31,407,294	3,765,540	134,913,352	21,854,883
Over 6 to 12 months	84,425,727	10,457,610	173,757,905	18,447,712
Over 1 year to 3 years	128,890,741	68,049,943	52,519,462	26,863,744
Over 3 years to 5 years	147,500,815	92,875,814	144,045,571	5,641,775
Over 5 years	74,349,894	225,286,401	6,692,303	68,600,386
TOTAL	556,329,622	409,503,624	741,920,153	213,142,862

Had the Behavioral study for bucketing the Cash credit/overdraft facilities into various tenor buckets for FY13 was applied for FY14, the amount in "over 3 years bucket" for FY 2014 would have been lower by ₹62,827,255 thousands.

Specified assets and liabilities as at March 31, 2013

(₹ in thousands)

Maturity Buckets	Loans & Advances*	Investment Securities	Deposits	Borrowings
1 day	2,211,941	-	5,968,491	-
2 days to 7 days	6,687,905	-	45,289,832	62,347,081
8 days to 14 days	6,245,494	368,400	35,097,867	2,671,425
15 days to 28 days	10,089,421	-	34,129,892	12,926,268
29 days to 3 months	43,069,022	43,168,616	128,802,454	15,102,693
Over 3 to 6 months	37,436,803	19,475,685	98,147,190	24,550,604
Over 6 to 12 months	51,190,708	31,694,415	192,640,064	10,020,585
Over 1 year to 3 years	193,093,925	56,155,228	35,536,058	14,750,088
Over 3 years to 5 years	61,576,756	85,004,308	89,478,067	2,463,321
Over 5 years	58,393,688	193,893,769	4,465,937	64,389,407
TOTAL	469,995,663	429,760,421	669,555,852	209,221,472

*For the purpose of disclosing the maturity pattern, loan and advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') have been classified in the maturity bucket corresponding to the original maturity of such loans and advances gross of any risk participation. Correspondingly, the balances have been reported net of IBPC maturities falling due in the respective buckets.

18.5.11 Asset Liability Management (Contd.)

Foreign currency denominated assets and liabilities as at March 31, 2014:

(₹ in thousands)

Maturity Buckets	Assets	Liabilities
1 day	9,546,533	49,693
2 days to 7 days	3,119,335	77,349
8 days to 14 days	433,229	112,533
15 days to 28 days	1,795,867	2,505,997
29 days to 3 months	9,066,090	5,090,420
Over 3 to 6 months	4,828,050	19,823,050
Over 6 to 12 months	127,657	6,073,550
Over 1 year to 3 years	1,846,872	14,495,258
Over 3 years to 5 years	428,480	8,244,323
Over 5 years	180,400	13,942,711
TOTAL	31,372,513	70,414,884

Foreign currency denominated assets and liabilities as at March 31, 2013:

(₹ in thousands)

Maturity Buckets	Assets	Liabilities
1 day	5,458,909	34,945
2 days to 7 days	2,236,506	1,699,281
8 days to 14 days	413,248	533,595
15 days to 28 days	2,782,040	1,067,259
29 days to 3 months	8,269,046	6,419,180
Over 3 to 6 months	5,692,386	18,166,360
Over 6 to 12 months	-	1,885,608
Over 1 year to 3 years	-	9,315,766
Over 3 years to 5 years	-	175,213
Over 5 years	94,999	9,606,409
TOTAL	24,947,134	48,903,616

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, 2014	As at March 31, 2013
i)	Direct exposure		
	Residential Mortgages	4,522,225	3,255,066
	Commercial Real Estate*	66,014,668	57,519,843
	of total Commercial Real Estate outstanding as advances	38,395,118	33,592,579
	Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
	- Residential	2,285,736	3,040,056
	- Commercial Real Estate	-	-
ii)	Indirect exposure		
	Fund based and non fund based exposures on National Housing Board and Housing Finance Companies	23,620,915	19,958,530
	TOTAL	96,443,544	83,773,495

*Commercial real estate exposure classification is based on RBI circular DBOD.BPBC.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, 2014	As at March 31, 2013
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;	21,938	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;	20,724	26,617
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;	6,435,238	8,357,122
v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	3,295,741	3,595,750

18.5.12.2 Exposure to Capital Market (Contd.)

(₹ in thousands)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
vi)	loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	2,750,000*
vii)	bridge loans to companies against expected equity flows/issues;	640,000	-
viii)	underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix)	financing to stockbrokers for margin trading	-	-
x)	all exposures to Venture Capital Funds (both registered and unregistered)	142,136	96,126
Total Exposure to Capital Market		10,555,777	14,825,616

Capital market exposure is reported in line with para 2.3 of RBI's Master Circular on Exposure Norms dated July 1, 2013 (DBOD.No.Dir.BC.13/13.03.00/2013-14).

*Pertains to loans given to Indian company for acquisition of shares of an infrastructure company.

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, 2014 and March 31, 2013, the Bank's funded exposure to any individual country did not exceed 1% of the total funded assets of the Bank :

(₹ in thousands)

Risk Category	Exposure (net) as at March 31, 2014	Provision held as at March 31, 2014	Exposure (net) as at March 31, 2013	Provision held as at March 31, 2013
Insignificant	41,877,377	-	31,794,676	-
Low	4,713,207	-	4,162,517	-
Moderately Low	54,720	-	203,678	-
Moderate	301	-	-	-
Moderate High	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
TOTAL	46,645,605	-	36,160,871	-

18.5.12.4 Details of Single Borrower Limit (SBL) and Group Borrower Limit (GBL)

During the year ended March 31, 2014, the Bank has complied with the Reserve Bank of India guidelines on single borrower and borrower group limit. As per the exposure limits permitted under the extant RBI regulation, the Bank, with the approval of the Board of Directors, can enhance exposure to a single borrower or borrower group by a further 5 percent of capital funds.

During the year ended March 31, 2014, with the prior approval of the Board of Directors, the Bank sanctioned enhancement in single borrower limit for Sesa Sterlite Ltd from 15% of Capital Funds to 20% of Capital Funds. At March 31, 2014, the exposure to Sesa Sterlite Ltd as a percentage of capital funds as of March 31, 2014 was 17.0%.

During the year ended March 31, 2014, with the prior

approval of the Board of Directors, the Bank sanctioned enhancement in group borrower limit for Tata Group from 50% of Capital Funds to 55% of Capital Funds. At March 31, 2014, the exposure to Tata Group as a percentage of capital funds as of March 31, 2014 was 40.7%.

During the year ended March 31, 2013, the Bank has complied with the Reserve Bank of India guidelines on single borrower and borrower group limit. As per the exposure limits permitted under the extant RBI regulation, the Bank,

with the approval of the Board of Directors, can enhance exposure to a single borrower or borrower group by a further 5 percent of capital funds. During the year ended March 31, 2013, with the prior approval of the Board of Directors, the Bank exceeded the single borrower limit of 15% of capital funds to Tata Steel and Hindalco Industries. At March 31, 2013, the exposure to Tata Steel as a percentage of capital funds was 11.68% and exposure to Hindalco Industries as a percentage of capital funds was 5.32%.

18.6 Miscellaneous

18.6.1 Income Taxes

Provisions made for Income Tax during the year

(₹ in thousands)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Current income tax expense	7,784,118	6,677,634
Deferred income tax benefit	(699,103)	(427,124)
TOTAL	7,085,015	6,250,510

18.6.2 Disclosure of penalties imposed by RBI

Pursuant to the show cause notice dated June 7, 2013, RBI has levied penalty of ₹20,000 thousand in July 2013 under Section 47 A (1) (c) read with section 46 (4) (i) of the Banking Regulation Act, 1949 for non compliance of the RBI instruction on Know Your Customer/Anti Money Laundering. Further, In terms of RBI circular reference no. IDMD.DOD.17/11.01.01 (B) 2010-11 dated July 14, 2010, RBI has levied penalty of ₹500 thousand on January 3, 2014 on account of instance of Subsidiary General Ledger (SGL) bounce due to insufficient balance in the SGL account on December 26, 2013.

No penalty has been imposed by RBI on the Bank during the financial year ended March 31, 2013.

18.6.3 Fees/Remuneration received from bancassurance

Bank has earned ₹237,572 thousands from bancassurance business during year ended March 31, 2014 (previous year: ₹200,049 thousands).

18.6.4 Concentration of Deposits

As at March 31, 2014, the deposits of top 20 depositors aggregated to ₹104,528,126 thousands (previous year: ₹100,431,510 thousands) (excluding certificate of deposits, which are tradable instruments), representing 14.09%

(previous year: 15.01%) of the total deposit base.

18.6.5 Concentration of Advances

As at March 31, 2014 the top 20 advances aggregated to ₹200,355,130 thousands (previous year ₹140,002,772 thousands), representing 16.19% (previous year 13.38%) of the total advances. For this purpose, advance is computed as per definition of Credit Exposure in RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.13/13.03.00/2013-14 dated July 1, 2013.

18.6.6 Concentration of Exposures

As at March 31, 2014 the top 20 exposures aggregated to ₹229,680,404 thousands (previous year ₹193,299,611 thousands), representing 16.10% (previous year 15.55%) of the total exposures. Exposure is computed as per definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.13/13.03.00/2013-14 dated July 1, 2013.

18.6.7 Overseas Assets, NPAs and Revenue

For the year ended March 31, 2014 and March 31, 2013, 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, 2014 and March 31, 2013.

18.6.8 Sponsored SPVs

The Bank has not sponsored any SPV and hence there is no consolidation in Bank's books.

18.7.1 Staff retirement benefits

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Bank's financial statements as of March 31, 2014 and March 31, 2013:

Changes in present value of Obligations

(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
Present Value of Obligation at the beginning of the year	264,117	180,937
Interest Cost	19,997	14,971
Current Service Cost	106,376	101,120
Past Service Cost	-	-
Benefits Paid	(17,424)	(13,311)
Actuarial (gain)/loss on Obligation	(57,412)	(19,600)
Present Value of Obligation at the end of the year	315,654	264,117

Changes in the fair value of planned assets:

(₹ in thousands)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Fair value of plan assets at the beginning of the year	32,304	17,591
Adjustment to Opening Balance	83	2,069
Expected return on plan assets	9,127	2,403
Contributions	150,000	25,955
Benefits paid	(17,424)	(13,311)
Actuarial gain/(loss) on planned assets	(5,696)	(2,403)
Fair value of planned assets at the end of the period	168,394	32,304

Fair value of planned assets:

(₹ in thousands)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Fair value of plan assets at the beginning of the year	32,304	17,591
Adjustment to Opening Balance	83	2,069
Actual return on plan assets	3,431	-
Contributions	150,000	25,955
Benefits paid	(17,424)	(13,311)
Fair value of planned assets at the end of the period	168,394	32,304

Net gratuity cost for the year ended March 31, 2014 and March 31, 2013 comprises the following components:

(₹ in thousands)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Current Service Cost	106,376	101,120
Interest Cost	19,998	14,970
Expected Return on plan assets	(9,127)	(2,403)
Net Actuarial gain recognized in the year	(51,716)	(17,197)
Past Service Cost	-	-
Expenses recognized	65,531	96,490

Experience History:

(₹ in thousands)

	For the year ended March 31, 2014	For the year ended March 31, 2013
(Gain)/Loss on obligation due to change in assumption	(62,747)	11,805
Experience (Gain)/Loss on obligation	5,335	(31,406)
Actuarial Gain/(Loss) on planned assets	(5,696)	(2,403)

The assumptions used in accounting for the gratuity plan are set out below:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Discount Rate	8.93%	7.83%
Expected Return on Plan Assets	9.25%	9.25%
Mortality	L.I.C. (1994-96) Ultimate Table	L.I.C. (1994-96) Ultimate Table
Future Salary Increases	12% p.a.	15% p.a.
Disability	-	-
Attrition	13% - 25%	20%
Retirement	60 yrs	60 yrs

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

18.7.3 Segment 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 mobilisation from other banks and financial institutions.
- Corporate/Wholesale Banking: Includes lending, deposit taking and other services offered to corporate customers.
- Retail Banking: Includes lending, deposit taking and other services offered to retail customers.
- Other Banking Operations: Includes para banking activities like third party product distribution, merchant banking etc.

Segmental results for the year ended March 31, 2014 are set out below:

(₹ in thousands)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	33,839,160	73,051,983	5,650,572	444,249	112,985,964
Less: Inter-segment					3,974,802
Revenue net of inter- segment					116,960,765
Result	14,877,394	21,749,537	(638,171)	195,259	36,184,020
Unallocated Expenses					(12,921,203)
Operating Profit					23,262,817
Income Taxes					7,085,015
Extra-ordinary Profit/(Loss)					-
Net Profit					16,177,802
Other Information:					
Segment assets	512,444,049	516,845,449	52,459,440	28,247	1,081,777,185
Unallocated assets					8,380,714
Total assets					1,090,157,899
Segment liabilities	232,245,520	506,399,531	197,129,929	3,804,822	939,579,802
Unallocated liabilities					150,578,097
Total liabilities					1,090,157,899

Segmental results for the year ended March 31, 2013 are set out below:

(₹ in thousands)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	30,390,543	59,009,459	4,887,438	310,150	94,597,590
Less: Inter-segment					887,373
Revenue net of inter- segment					95,484,963
Result	15,096,221	15,682,087	(846,799)	91,112	30,022,621
Unallocated Expenses					(10,765,304)
Operating Profit					19,257,317
Income Taxes					6,250,510
Extra-ordinary Profit/(Loss)					-
Net Profit					13,006,807
Other Information:					
Segment assets	506,159,088	433,273,170	45,626,250	14,641	985,073,149
Unallocated assets					5,968,125
Total assets					991,041,274
Segment liabilities	241,678,101	475,229,362	137,800,295	751,763	855,459,521
Unallocated liabilities					135,581,753
Total liabilities					991,041,274

Notes for segment reporting:

1. The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.
2. In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.
3. Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.
4. Fixed assets and related depreciation on fixed assets, non treasury related bank balances at branches, Bills payable, Tax related accounts, Tier II instruments, IPDI instruments and relevant interest and rent expenses which cannot be allocated to any segments have been classified as unallocated. The unallocated liabilities include Share Capital and Reserves and Surplus.
5. Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

18.7.4 Related Party Disclosures

The Bank has transactions with its related parties comprising of subsidiary, key management personnel and the relative of key management personnel

- a) As per AS 18 "Related Party Disclosures", prescribed by the Companies (Accounting Standards) Rules, 2006, the Bank's related parties for the year ended March 31, 2014 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, 2014:

(₹ 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	65,722	123,192	#	#	4,061*	69,636
Investment	175,000	175,000				
Interest paid	5,421		#	#	5,216	
Reimbursement of Cost incurred	327		#	#	-	
Dividend paid	-		#	#	-	

* Represents outstanding as of March 31, 2014

In Financial Year 2013-14 there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by the RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks".

b) As per AS 18 "Related Party Disclosures", prescribed by the Companies (Accounting Standards) Rules, 2006, the Bank's related parties for the year ended March 31, 2013 are disclosed below:

Subsidiary

- Yes Securities (India) Limited.

Individuals having significant influence:

- Mr. Rana Kapoor, Managing Director & CEO

Key Management Personnel ('KMP') (Whole time Director)

- Mr. Rana Kapoor, Managing Director & CEO

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2013:

(₹ in thousands)

Items/Related Party Category	Subsidiaries	Whole time directors/ individual having significant influence	Maximum Balance during the year	Relatives of whole time directors/ individual having significant influence	Maximum Balance during the year
Deposits	500	#	#	67,024*	69,952
Investment	500				
Interest paid	-	#	#	7,760	
Receiving of services	-	#	#	-	
Dividend paid	-	#	#	-	

* Represents outstanding as of March 31, 2013

In Financial Year 2012-13 there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by the RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks".

18.7.5 Operating Leases

Lease payments recognized in the profit and loss account for the year ended March 31, 2014 was ₹1,976,918 thousands (Previous year: ₹1,550,742 thousands).

As at March 31, 2014 and March 31, 2013 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)

Lease obligations	As at March 31, 2014	As at March 31, 2013
Not later than one year	1,844,065	1,509,924
Later than one year and not later than five years	7,589,364	6,239,102
Later than five years	3,332,577	1,875,515
TOTAL	12,766,006	9,624,541

The Bank does not have any provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

18.7.6 Earnings Per Share ('EPS')

The Bank reports basic and diluted earnings per equity share in accordance with AS-20, "Earnings Per Share". The dilutive impact is mainly due to stock options granted to employees by the Bank.

The computation of earnings per share is given below:

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Basic (annualised)		
Weighted average no. of equity shares outstanding	360,162,478	356,081,726
Net profit/(loss) (₹ '000)	16,177,802	13,006,807
Basic earnings per share (₹)	44.92	36.53
Diluted (annualised)		
Weighted average no. of equity shares outstanding	364,763,008	365,850,588
Net profit/(loss) (₹ '000)	16,177,802	13,006,807
Diluted earnings per share (₹)	44.35	35.55
Nominal value per share (₹)	10.00	10.00

18.7.7 ESOP disclosures

Statutory Disclosures Regarding Joining Stock Option Scheme:

The Bank has Five Employee Stock Option Schemes viz.

- Joining Stock Option Plan I (JSOP I),
- Joining Employee Stock Option Plan II (JESOP II),
- Joining Employee Stock Option Plan III (JESOP III),
- YBL ESOP (consisting of JESOP IV and PESOP I)
- YBL JESOP V/PESOP II (consisting JESOP V, PESOP II and PESOP II - 2010).

The schemes include provisions for grant of options to eligible employees of the Bank and its subsidiaries. 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.

JSOP I was for employees joining the Bank on or before March 31, 2005. All the grants under JSOP I were made before the IPO of the Bank. JESOP II and JESOP III 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.

A summary of the status of the Bank's stock option plans as on March 31, 2014 is set out below:

Particulars	JSOP - I	JESOP - II	JESOP -III	JESOP -IV	YBL PESOP I	YBL PESOP II	JESOP -V	PESOP II 2010
Opening balance	260,000	283,500	56,300	735,025	946,250	2,321,200	5,059,330	9,988,000
Add : Option granted during the year	-	-	-	-	3,750	-	1,020,600	3,373,500
Less : Options exercised during the year	8,750	7,700	23,700	405,012	358,025	510,925	317,075	380,150
Less : Options lapsed during the year	-	-	-	400	-	-	720,680	845,000
Closing balance	251,250	275,800	32,600	329,613	591,975	1,810,275	5,042,175	12,136,350
Approved by shareholders on	Oct 27, 2004	April 26, 2005	July 24, 2006	August 29, 2007	August 29, 2007	Sep 18, 2008	Sep 18, 2008	Sep 18, 2008
Options granted and exercised during the year	-	-	-	-	-	-	-	-
Options granted and eligible for exercising and exercised during the year	-	-	-	-	-	-	-	-
Weighted average share price on the date of options exercised during the year	10.00	83.01	91.68	156.36	165.43	129.06	207.69	269.30
Weighted average remaining contractual life of options outstanding (days)	-	-	-	-	-	-	587	816

The Bank has charged Nil, being the intrinsic value of the stock options granted for the year ended March 31, 2014. 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 ₹341,904 thousands, the basic earnings per share would have been ₹43.97 per share instead of ₹44.92 per share; and diluted earnings per share would have been ₹43.42 per share instead of ₹44.35 per share.

A summary of the status of the Bank's stock option plans as on March 31, 2013 is set out below:

Particulars	JSOP - I	JESOP - II	JESOP -III	JESOP -IV	YBL PESOP I	YBL PESOP II	JESOP -V	PESOP II 2010
Opening balance	261,500	304,700	435,650	1,487,795	1,825,400	5,639,375	5,322,950	7,493,500
Add : Option granted during the year	-	-	-	-	-	-	1,338,500	3,435,500
Less : Options exercised during the year	1,500	21,200	379,350	655,870	852,900	3,274,875	449,170	-
Less : Options lapsed during the year	-	-	-	96,900	26,250	43,300	1,152,950	941,000
Closing balance	260,000	283,500	56,300	735,025	946,250	2,321,200	5,059,330	9,988,000
Approved by shareholders on	Oct 27, 2004	April 26, 2005	July 24, 2006	August 29, 2007	August 29, 2007	Sep 18, 2008	Sep 18, 2008	Sep 18, 2008
Options granted and exercised during the year	-	-	-	-	-	-	-	-
Options granted and eligible for exercising and exercised during the year	-	-	-	-	-	-	-	-
Weighted average share price on the date of options exercised during the year	10.00	100.55	121.35	205.51	172.06	122.35	184.13	-
Weighted average remaining contractual life of options outstanding (days)	-	-	-	54	91	-	766	954

The Bank has charged Nil, being the intrinsic value of the stock options granted for the year ended March 31, 2013. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹292,207 thousands, the basic earnings per share would have been ₹35.71 per share instead of ₹36.53 per share; and diluted earnings per share would have been ₹34.75 per share instead of ₹35.55 per share.

The following assumptions have been made for computation of the fair value during the year ended March 31, 2014 and March 31, 2013.

	March 31, 2014	March 31, 2013
Risk free interest rate	4.96% - 9.11%	4.96% - 8.83%
Expected life	1.5 yrs - 7.5 yrs	1.5 yrs - 7.5 yrs
Expected volatility	25.01% - 82.76%	29.21% - 82.76%
Expected dividends	1.13% - 1.50%	1.13% - 1.50%

In computing the above information, certain estimates and assumptions have been made by the Management.

18.7.8 Deferred Taxation

The deferred tax asset of ₹2,493,325 thousands as at March 31, 2014 and ₹1,794,222 thousands as at March 31, 2013, is included under other assets and the corresponding credits have been taken to the profit and loss account.

The components that give rise to the deferred tax asset included in the balance sheet are as follows:

Particulars	(₹ in thousands)	
	As at March 31, 2014	As at March 31, 2013
Deferred tax asset		
Depreciation	173,554	148,167
Provision for gratuity and unutilized leave	105,080	132,660
Provision for Non Performing Assets	6,714	6,409
Amortization of premium on HTM securities	380,917	280,978
Provision for standard advances	1,347,778	871,551
Other Provisions	479,282	354,457
Deferred tax asset	2,493,325	1,794,222

18.7.9 Provisions and Contingencies

The breakup of provisions of the Bank for the year ended March 31, 2014 and March 31, 2013 are given below:

Particulars	(₹ in thousands)	
	March 31, 2014	March 31, 2013
Provision for taxation	7,085,015	6,250,510
Provision for investments	860,079	(29,910)
Provision for standard advances	1,278,978	766,399
Provision made/write off for non performing advances	1,358,169	1,455,215
Others Provisions*	119,615	(32,163)
TOTAL	10,701,856	8,410,051

* 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 Remuneration Committee.-

The Board of Directors of the Bank through its Board Remuneration Committee (BRC) shall exercise oversight & effective governance over the framing and implementing of the Compensation policy. The BRC shall comprise a minimum of 3 Board members, of which two would be independent directors, besides the MD and CEO.

Composition of the Board Remuneration Committee (BRC) of the Bank as on March 31, 2014 is as follows:

- Lt Gen (Retd.) Mukesh Sabharwal
- Mr. Diwan Arun Nanda – Chairman
- Mr. Rana Kapoor

The roles and responsibilities of the Remuneration Committee are as under-

- to review the Bank's overall Compensation Structure and related policies with a view to attract, motivate and retain employees and review compensation levels vis-à-vis other banks and the industry in general;
- to determine the Bank's policies on remuneration packages payable to the Directors including performance/achievement bonus, perquisites, retinals, sitting fee, etc;
- consider grant of stock options to employees and administer and supervise the Employee Stock Option Plans with particular reference to:
 - o determination of quantum of options to be granted;
 - o determination of grant price, vesting schedule, exercise period, etc
 - o procedure for making fair and reasonable adjustments to the number of options granted in case of a corporate action such as rights issues, bonus, share split, mergers, etc.
 - o conditions under which options would lapse in case of termination due to mis-conduct;
 - o procedure for cashless exercise of options, if any;
 - o to frame suitable policies to ensure compliance with all applicable laws, regulations.
- Perform any other act, duty as stipulated by the Companies Act, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges, and any other regulatory authority, as prescribed from time to time.

b. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy-

The Bank has framed Compensation and benefit policy based on the guidelines contained in the RBI circular DBOD No. BC.72/29.67.001/2011-12 dated January 13, 2012 which is approved by the Board Remuneration committee on January 7, 2013. The remuneration of MD & CEO/Wholetime Directors will be in accordance with the above mentioned circular and shall be reviewed basis RBI guidelines issued from time to time and approved by BRC before obtaining Regulatory approvals.

The compensation philosophy of the Bank is aligned to the organizational values aimed at encouraging Professional Entrepreneurship and reinforcing a strong culture promoting meritocracy, performance, potential and prudent risk taking.

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

Human Capital Management shall review the policy annually or as required, based on changes in statutory, regulatory requirements and industry practices pertaining to Compensation and Benefits.

c. Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks

The broad factors taken into account for the Annual Review/revision of Fixed Compensation (TCC) & Performance Bonus are:

1. Individual performance based on the Annual Performance Review (APR) process of the Bank.
2. Business Unit performance in terms of financial outcomes, productivity, etc.
3. Consideration of all types of risk factors and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk.
4. Profitability of the Bank.
5. Industry Benchmarking and consideration towards cost of living adjustment/inflation

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

The sum-of-parts compensation comprises:

- Fixed Compensation
- Variable Compensation in the form of Performance Bonus
- Employee Stock Option Plans (ESOP)

The Board of Directors of the Bank through its Board Remuneration Committee (BRC) shall exercise oversight & effective governance over the framing and implementing of the Compensation policy. Human Capital Management under the guidance of MD & CEO shall administer the Compensation and Benefits structure in line with Industry practices and statutory requirements as applicable from time to time.

- d. *Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration and A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.*

The Bank ensures that the compensation remains adjusted for all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk. Further, the compensation in all forms will be consistent with the risk alignment.

One of the key factors to be considered for the Annual Review/revision of Fixed Compensation (TCC) & Performance Bonus includes individual performance based on the Annual Performance Review (APR) process of the Bank. The evaluation on risk management parameters is an integral part of the Annual Performance Review process, forming part of Key Result Areas of the executives with suitable weightage. The inputs for assessment on these parameters will be independently provided by the Risk Management function of the Bank. For the services pertaining to financial year 2013-14 where variable pay is 50% or more, 40-60% shall be

deferred over minimum period of 3 years. In the event of a negative contribution, deferred compensation shall be subject to appropriate malus/claw back arrangements as decided by the Board Remuneration Committee. Guaranteed bonus shall not be a part of the compensation plan.

The compensation for executives in Risk Control and Compliance functions shall be independent of the business areas they oversee.

The Bank shall not provide any facility or funds or permit employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement.

- e. *Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank 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 Board remuneration committee held during the year ended March 31, 2014. The Bank had paid a remuneration of ₹120 thousands to the members of the remuneration committee.

(₹ in thousands)

	No of employees	For the year ended March 31, 2014	No of employees	For the year ended March 31, 2013
a. (i) Number of employees having received a variable remuneration award during the financial year. (refer note 1)	5	79,883	6	76,086
(ii) Number and total amount of sign-on awards made during the financial year.	-	-	1	6,000
(iii) Details of guaranteed bonus, if any, paid as joining/sign on bonus	-	-	-	-
(iv) Details of severance pay, in addition to accrued benefits, if any.	-	-	-	-
b. (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.(refer note 1)	4	37,700	-	-
c. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.(refer note 2)			8	161,612
Total remuneration award	5	246,959		
Of which Fixed Component	5	167,076		
Of which Variable Component	4	79,883		
Deferred	4	37,700		
Paid	4	42,183		
d. (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. (refer note 1)	4	37,700	-	-
(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments. (refer note 1)	-	-	-	-
(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments. (change in variable payout due to change in Market Conditions). (refer note 1)	-	-	-	-

Note:

1. Amounts disclosed represents variable pay paid during the year ended March 31, 2014 and March 31, 2013 is for services rendered by the risk takers during the year March 31, 2013 and March 31, 2012 respectively, since the bonus pool for the year ended March 31, 2014 has not yet been allocated and accordingly, the deferred component for the risk takers is yet to be determined.
2. For the year ended March 31, 2013 amounts disclosed represents only fixed component paid during the year to the risk takers since the bonus pool was not yet been allocated and accordingly, the deferred component was yet to be determined.
3. Compensation for MD & CEO is as approved by the RBI and paid by the Bank to the MD & CEO. Compensation for other risk takers is as approved by the Bank.
4. ESOPs have not been considered as per the extant RBI guidelines.

18.8.1 Movement in Floating Provisions

The bank has not created or utilized any floating provisions during the financial year ended March 31, 2014 and financial year ended March 31, 2013. The floating provision as at March 31, 2014 was ₹ Nil (Previous year: ₹ Nil).

18.8.2 Drawdown on Reserves

During the financial year ended March 31, 2014, the Bank has not drawn down any reserve. (Previous year: ₹ Nil).

18.8.3 Disclosure of complaints**A. Customer Complaints**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
i) No. of Complaints pending at the beginning of the year	2	14
ii) No. of Complaints received during the year	6,116	1,452
iii) No. of Complaints redressed during the year	5,997	1,464
iv) No. of Complaints pending at the end of the year	121	2

B. Awards passed by the Banking Ombudsman

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
i) No. of unimplemented Awards at the beginning of the year	Nil	Nil
ii) No. of Awards passed by the Banking Ombudsman during the year	Nil	Nil
iii) No. of Awards implemented during the year	Nil	Nil
iv) No. of unimplemented Awards at the end of the year	Nil	Nil

18.8.4 Dues to Micro 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.

18.8.5 Securitization Transactions

The Bank has not done any securitization transactions during the year ended March 31, 2014 and March 31, 2013.

18.8.6 Letter of comfort

The Bank has not issued any letter of comfort during the year ended March 31, 2014 and March 31, 2013.

18.8.7 Description of contingent liabilities

Sr. No.	Contingent Liabilities	Brief
1.	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank’s financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts.	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments 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 favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
	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.
	Other items for which the bank is contingently liable	<ul style="list-style-type: none"> - Value dated purchase of securities - Capital commitments - Foreign Exchange Contracts (Tom & Spot)
Refer Schedule 12 for amounts relating to contingent liability		

18.8.8 Fixed Assets

The software capitalized under Fixed Asset was ₹215,448 thousands and ₹261,194 thousands as at March 31, 2014 and March 31, 2013 respectively.

18.8.9 Prior period comparatives

Previous period's figures have been regrouped where necessary to conform to current year classification.

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration No: 301003E

For and on behalf of the Board of Directors

YES BANK Limited

Surekha Gracias

Partner

Membership No: 105488

Rana Kapoor

Managing Director & CEO

Ajay Vohra

Director

M R Srinivasan

Non Executive Chairman

Radha Singh

Director

Rajat Monga

Chief Financial Officer

Shivanand R. Shettigar

Company Secretary

Mumbai

April 23, 2014

Independent Auditor's Report

To

The Board of Directors of Yes Bank Limited

We have audited the accompanying consolidated financial statements of Yes Bank Limited ("the Bank") and its subsidiary, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Bank in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Bank as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit total assets of Rs. 131,624 thousands as at March 31, 2014, total revenues of Rs. 5,446 thousands and net cash outflows amounting to Rs. 53,374 thousands for the year then ended, included in the accompanying consolidated financial statements in respect of the subsidiary, whose financial statements and other financial information have been audited by other auditors and whose report has been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiary is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

Place of Signature:

Mumbai

Date: 23 April 2014

per Surekha Gracias

Partner

Membership Number: 105488

Consolidated Balance Sheet

as at March 31, 2014
(₹ in thousands)

	Schedules	As at March 31, 2014	As at March 31, 2013
CAPITAL AND LIABILITIES			
Capital	1	3,606,336	3,586,223
Reserves and surplus	2	67,545,861	54,490,482
Deposits	3	741,856,256	669,555,352
Borrowings	4	213,142,862	209,221,472
Other liabilities and provisions	5	63,896,369	54,187,245
TOTAL		1,090,047,684	991,040,774
ASSETS			
Cash and balances with Reserve Bank of India	6	45,415,835	33,387,586
Balances with banks, money at call and short notice	7	13,500,955	7,270,011
Investments	8	409,328,624	429,759,921
Advances	9	556,329,622	469,995,663
Fixed assets	10	2,970,942	2,295,452
Other assets	11	62,501,706	48,332,141
TOTAL		1,090,047,684	991,040,774
Contingent liabilities	12	2,010,168,222	2,478,043,530
Bills for collection		9,970,631	6,773,965
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		

As per our report of even date attached.

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

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

Surekha Gracias
Partner
Membership No: 105488

Rana Kapoor
Managing Director & CEO

Ajay Vohra
Director

M R Srinivasan
Non Executive Chairman

Radha Singh
Director

Rajat Monga
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

Mumbai
April 23, 2014

Consolidated Profit and Loss Account

for the year ended March 31, 2014

(₹ in thousands)

	Schedules	Year ended March 31, 2014	Year ended March 31, 2013
I. INCOME			
Interest earned	13	99,813,521	82,939,991
Other income	14	17,215,800	12,574,326
TOTAL		117,029,321	95,514,317
II. EXPENDITURE			
Interest expended	15	72,645,498	60,752,092
Operating expenses	16	17,568,753	13,345,367
Provisions and contingencies	17	10,702,483	8,410,051
TOTAL		100,916,734	82,507,510
III. PROFIT			
Net profit for the year		16,112,587	13,006,807
Profit brought forward		23,383,674	16,583,936
TOTAL		39,496,261	29,590,743
IV. APPROPRIATIONS			
Transfer to Capital Reserve		41,359	348,646
Transfer to Statutory Reserve		4,044,451	3,251,702
Transfer to Investment Reserve		4,385	97,136
Dividend paid for last year		4,026	7,559
Tax on dividend paid for last year		17,305	1,227
Proposed Dividend		2,885,069	2,151,734
Tax (including surcharge and education cess) on Dividend		490,317	349,065
Balance carried over to balance sheet		32,009,349	23,383,674
TOTAL		39,496,261	29,590,743
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		
Earning per share (Refer Sch.18.7.6)			
Basic (₹)		44.74	36.53
Diluted (₹)		44.17	35.55
(Face Value of Equity Share is ₹10/-)			

As per our report of even date attached.

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

Surekha Gracias
Partner
Membership No: 105488

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

Rana Kapoor
Managing Director & CEO

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Chief Financial Officer

M R Srinivasan
Non Executive Chairman

Shivanand R. Shettigar
Company Secretary

Mumbai
April 23, 2014

Consolidated Cash Flow Statement

for the year ended March 31, 2014

(₹ in thousands)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from operating activities		
Net profit before taxes	23,198,229	19,257,317
Adjustment for		
Depreciation for the year	635,429	517,070
Amortization of premium on investments	446,589	295,560
Provision for investments	860,079	(29,910)
Provision for standard advances	1,278,978	766,399
Provision/write off of non performing advances	1,358,169	1,516,688
Other provisions	117,615	29,310
Loss from sale of fixed assets	948	5,101
	27,896,036	22,357,535
Adjustments for :		
Increase in Deposits	72,300,904	178,038,302
Increase in Other Liabilities	8,791,016	(3,998,530)
Increase in Investments	45,667,469	(86,083,331)
Increase in Advances	(87,692,128)	(91,625,933)
Increase in Other Assets	(14,302,318)	(6,765,222)
	24,764,943	(10,434,714)
Payment of direct taxes	(8,305,958)	(6,516,441)
Net cash generated from operating activities (A)	44,355,021	5,406,380
Cash flow from investing activities		
Purchase of Fixed Assets	(1,245,993)	(1,038,360)
Proceeds from sale of Fixed Assets	24,931	22,310
Changes in Capital Work- in – Progress	(90,805)	(30,535)
Changes in Held to Maturity Investment	(26,542,841)	(66,368,749)
Net cash used in investing activities (B)	(27,854,708)	(67,415,334)

Consolidated Cash Flow Statement

for the year ended March 31, 2014 (contd...)

(₹ in thousands)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from financing activities		
Tier II Debt raised	-	17,638,000
Increase in Borrowings	1,121,390	48,618,598
Innovative Perpetual Debt raised	2,800,000	1,400,000
Proceeds from issuance of Equity Shares	20,113	56,349
Share Premium received thereon	339,509	756,774
Dividend paid during the year	(2,155,760)	(1,428,296)
Tax on dividend	(366,372)	(230,280)
Net cash generated from financing activities (C)	1,758,880	66,811,145
Net increase in cash and cash equivalents (A+B+C)	18,259,193	4,802,191
Cash and cash equivalents as at April 1	40,657,597	35,855,406
Cash and cash equivalents as at March 31	58,916,790	40,657,597
Notes to the Cash flow statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India	45,415,835	33,387,586
Balances with Banks and Money at Call and Short Notice	13,500,955	7,270,011
Cash and cash equivalents as at March 31	58,916,790	40,657,597

As per our report of even date attached.

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

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

Surekha Gracias
Partner
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Director

Rajat Monga
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

Mumbai
April 23, 2014

Schedules

forming part of the Consolidated Balance Sheet

(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
SCHEDULE 1 – CAPITAL		
Authorized Capital		
600,000,000 equity shares of ₹10/- each (March 31, 2013: 600,000,000 equity shares of ₹10/- each)	6,000,000	6,000,000
Issued, subscribed and paid-up capital		
360,633,626 equity shares of ₹10/- each (March 31, 2013 : 358,622,289 equity shares of ₹10/- each)	3,606,336	3,586,223
TOTAL	3,606,336	3,586,223
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening balance	10,340,281	7,088,579
Additions during the year	4,044,451	3,251,702
Closing balance	14,384,732	10,340,281
II. Share Premium		
Opening balance	18,925,609	18,168,835
Additions during the year	339,509	756,774
Closing balance	19,265,118	18,925,609
III. Capital Reserve		
Opening balance	1,743,205	1,394,559
Additions during the year	41,359	348,646
Closing balance	1,784,564	1,743,205
IV. Investment Reserve		
Opening balance	97,713	577
Additions during the year	4,385	97,136
Closing balance	102,098	97,713
V. Balance in Profit and Loss Account		
	32,009,349	23,383,674
TOTAL	67,545,861	54,490,482

Schedules

forming part of the Consolidated Balance Sheet

(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i) From banks	2,346,947	1,776,868
ii) From others	67,824,661	64,871,383
II. Savings Bank Deposits	93,275,190	60,226,502
III. Term Deposits		
i) From banks	63,293,491	41,593,943
ii) From others	515,115,967	501,086,656
TOTAL	741,856,256	669,555,352
B. I. Deposits of branches in India	741,856,256	669,555,352
II. Deposits of branches outside India	-	-
TOTAL	741,856,256	669,555,352
SCHEDULE 4 – BORROWINGS		
I. Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt		
A. Borrowing in India		
i) IPDI	7,410,000	7,510,000
ii) Upper Tier II Borrowings	19,367,000	19,367,000
iii) Lower Tier II Borrowings	30,255,000	31,255,000
TOTAL(A)	57,032,000	58,132,000
B. Borrowings outside India		
i) IPDI	299,575	271,425
ii) Upper Tier II Borrowings	10,382,401	9,334,984
iii) Lower Tier II Borrowings	-	-
TOTAL(B)	10,681,976	9,606,409
TOTAL(A+B)	67,713,976	67,738,409
II. Other Borrowings*		
A. Borrowings in India		
i) Reserve Bank of India	35,020,000	48,958,900
ii) Other banks	26,610,000	30,832,500
iii) Other institutions and agencies **	31,554,417	24,759,375
TOTAL(A)	93,184,417	104,550,775
B. Borrowings outside India (B)	52,244,469	36,932,288
TOTAL(A+B)	145,428,886	141,483,063
TOTAL(I+II)	213,142,862	209,221,472

*Of the above, secured borrowings are ₹31,300,000 thousands (March 31, 2013 : ₹49,896,031 thousands).

**Represents refinance borrowing.

Schedules

forming part of the Consolidated Balance Sheet

(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
SCHEDULE 5 - OTHER LIABILITIES & PROVISIONS		
I. Bills payable	2,050,477	1,325,549
II. Inter-office adjustments (net)	-	-
III. Interest accrued	8,868,695	8,714,189
IV. Others (including provisions)		
- Provision for standard advances	4,153,204	2,655,326
- Others	48,823,993	41,414,538
- Income Tax Provision	-	77,643
TOTAL	63,896,369	54,187,245
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand	2,300,121	1,633,270
II. Balances with Reserve Bank of India		
- In current account	43,115,714	31,754,316
- In other account	-	-
TOTAL	45,415,835	33,387,586
SCHEDULE 7 - BALANCES WITH BANKS, MONEY AT CALL AND SHORT NOTICE		
I. In India		
Balances with banks		
i) in current accounts	420,177	150,753
ii) in other deposit accounts	60	55
Money at call and short notice		
i) with banks	500,000	250,000
ii) with other institutions	-	-
iii) Lending under Reverse Repo (RBI & Banks)	555,030	-
TOTAL (I)	1,475,267	400,808
II. Outside India		
i) in current accounts	9,329,513	4,978,456
ii) in other deposit accounts	-	-
iii) Money at call and short notice	2,696,175	1,890,747
TOTAL(II)	12,025,688	6,869,203
TOTAL(I+II)	13,500,955	7,270,011

Schedules

forming part of the Consolidated Balance Sheet

(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
SCHEDULE 8 - INVESTMENTS (net of provisions)		
A. Investments in India		
i) Government securities	224,290,105	235,390,801
ii) Other approved securities	-	-
iii) Shares	932,480	1,122,391
iv) Debentures and bonds	103,155,907	103,442,521
v) Others (CPs, CDs, Pass Through Certificates etc.)	80,950,132	89,804,208
TOTAL	409,328,624	429,759,921
B. Investments outside India		
TOTAL	409,328,624	429,759,921
SCHEDULE 9 – ADVANCES		
A. i) Bills purchased and discounted		
	12,871,890	7,794,913
ii) Cash credits, overdrafts and loans repayable on demand		
	142,758,282	125,790,918
iii) Term loans		
	400,699,450	336,409,832
TOTAL	556,329,622	469,995,663
B. i) Secured by tangible assets		
	374,024,050	311,377,367
ii) Covered by Bank/Government Guarantees		
	5,625,707	6,491,807
iii) Unsecured (Note 1 & 2)		
	176,679,865	152,126,489
TOTAL	556,329,622	469,995,663
1. includes advances of ₹82,545,143 thousands (March 31, 2013 ₹34,827,606 thousands) for which security documentation is either being obtained or being registered.		
2. includes nil advances (Previous year ₹263,125 thousands) for which intangible securities such as charge over the rights, licenses, authority, etc of ₹ Nil (Previous year ₹694,000 thousands) has been taken.		
C I. Advances in India		
i) Priority sectors	145,642,222	105,212,023
ii) Public sector	62,516	607,642
iii) Banks	1,656,781	617,055
iv) Others	408,968,103	363,558,943
TOTAL	556,329,622	469,995,663
II. Advances outside India		
TOTAL	556,329,622	469,995,663

Schedules

forming part of the Consolidated Balance Sheet

(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
SCHEDULE 10 - FIXED ASSETS		
I. Premises	-	-
II. Other Fixed Assets (including furniture and fixtures)		
At cost as on March 31st of preceding financial year	4,271,173	3,310,459
Additions during the year	1,245,993	1,034,450
Deductions during the year	(154,705)	(73,735)
Accumulated depreciation to date	(2,593,271)	(2,086,669)
	2,769,190	2,184,505
Capital work-in-progress	201,752	110,947
TOTAL	2,970,942	2,295,452

SCHEDULE 11 – OTHER ASSETS		
I. Interest accrued	15,452,407	14,278,348
II. Advance tax and tax deducted at source	442,198	-
III. Deferred tax asset (net)	2,492,698	1,794,222
IV. Others	44,114,402	32,259,571
TOTAL	62,501,706	48,332,141

SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	-	-
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	1,104,666,493	1,500,302,096
IV. Liability on account of outstanding derivative contracts		
- Single currency Interest Rate Swaps	498,750,662	659,577,736
- Others	95,971,508	48,188,523
V. Guarantees given on behalf of constituents		
- In India	104,640,628	85,701,999
- Outside India	-	-
VI. Acceptances, endorsements and other obligations	164,442,130	152,629,077
VII. Other items for which the bank is contingently liable		
- Value dated purchase of securities	206,475	107,240
- Capital commitments	238,440	255,584
- Foreign Exchange Contracts (Tom & Spot)	41,251,886	31,281,275
TOTAL	2,010,168,222	2,478,043,530

Schedules

forming part of the Consolidated Profit and Loss Account

(₹ in thousands)

	Year ended March 31, 2014	Year ended March 31, 2013
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	65,399,853	53,970,675
II. Income on investments	34,144,577	28,594,640
III. Interest on balances with Reserve Bank of India and other inter-bank funds	238,880	165,062
IV. Others	30,211	209,614
TOTAL	99,813,521	82,939,991

SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	12,609,234	10,762,091
II. Profit/(Loss) on the sale of investments (net)	1,661,620	1,556,556
III. Profit/(Loss) on the revaluation of investments (net)	-	-
IV. Loss on sale of land, building and other assets	(948)	(5,101)
V. Profit on exchange transactions (net)	1,985,108	666,679
VI. Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-	-
VII. Miscellaneous income	960,786	(405,899)
TOTAL	17,215,800	12,574,326

SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	56,180,977	45,636,130
II. Interest on Reserve Bank of India/inter-bank borrowings/Tier I and Tier II debt instruments	15,824,830	14,935,490
III. Others	639,691	180,472
TOTAL	72,645,498	60,752,092

Schedules

forming part of the Consolidated Profit and Loss Account

(₹ in thousands)

	Year ended March 31, 2014	Year ended March 31, 2013
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	7,886,371	6,555,435
II. Rent, taxes and lighting	2,303,815	1,811,826
III. Printing and stationery	131,930	112,893
IV. Advertisement and publicity	597,823	322,083
V. Depreciation on Bank's property	635,429	517,070
VI. Directors' fees, allowances and expenses	5,739	5,649
VII. Auditors' fees and expenses	7,788	6,752
VIII. Law charges	21,051	19,465
IX. Postage, telegrams, telephones, etc.	250,479	158,557
X. Repairs and maintenance	110,318	91,463
XI. Insurance	528,209	449,041
XII. Other expenditure	5,089,801	3,295,133
TOTAL	17,568,753	13,345,367

SCHEDULE 17 - PROVISIONS & CONTINGENCIES		
I. Provision for taxation	7,085,642	6,250,510
II. Provision for investments	860,079	(29,910)
III. Provision for standard advances	1,278,978	766,399
IV. Provision/write off for non performing advances	1,358,169	1,455,215
V. Other provisions	119,615	(32,163)
TOTAL	10,702,483	8,410,051

18. Notes forming part of the Consolidated Accounts

for the year ended March 31, 2014

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") is a wholly owned subsidiary of the Bank incorporated in India on March 14, 2013 to provide stock broking services and distribution of financial products. The company was admitted as a member of the equity, futures & options and currency derivatives, segment on 2 May 2013 by the National Stock Exchange (NSE) and the equity segment on 11 June 2013 by the Bombay Stock Exchange (BSE). The Company has received approval from the Securities & Exchange Board of India on 8 July 2013.

18.2 Principles of Consolidation

The consolidated financial statements comprise the financial statements of YES Bank Limited, and its subsidiary which together constitute the 'Group'.

The Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 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 and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines

issued by the Reserve Bank of India ('RBI') from time to time, AS notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs to the extent applicable and current practices prevailing within the banking industry in India. Suitable adjustments are made to align with the format prescribed under the Banking Regulation Act, 1949.

The consolidated financial statement includes the results of YES Securities (India) Limited in addition to the Bank.

18.4 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is 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.
- 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 on yearly basis at each anniversary over the period of the guarantee, except for guarantee commission not exceeding ₹100 thousands, which is

recognized at the time of issue 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.
- Income from Brokerage activities is recognised 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. Interest income from treasury activities is recognized based on accrual basis.

18.5.2 Investments

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBOD.No.BP.BC.8/21.04.141/2013-14 dated 1 July 2013 and Fixed Income Money Market and Derivative Association (FIMMDA) guidelines FIMCIR/2013-14/50/March 28, 2014.

a) 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.

b) Cost of acquisition

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

c) Basis of classification

Securities that are held principally for resale within 90 days from the date of purchase are classified under the

HFT category. Investments that the Bank intends to hold till maturity are classified under the HTM category, or as per RBI guidelines. Securities which are not classified in the above categories are classified under the AFS category.

d) Transfer between categories

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

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

e) Valuation

Investments 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. 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 Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date.

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

f) Accounting for repos/ reverse repos

Securities sold under agreements to repurchase (Repos)

and securities purchased under agreements to resell (Reverse Repos) including liquidity adjustment facility (LAF) with RBI are treated as collateralized borrowing and lending transactions respectively in accordance with RBI master circular No. DBOD.No.BP.BC.8/21.04.141/2013-14 dated July 1, 2013. 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.

g) 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.

18.5.3 Advances

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

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

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

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

18.5.4 Transactions involving foreign exchange

Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI').

Foreign exchange contracts of original maturities less than 12 months outstanding at the balance sheet date are marked to market at rates notified by FEDAI for specified maturities, suitably interpolated for in-between maturity contracts. Long term foreign exchange contracts (original maturities of over 12 months) are stated at net present value using LIBOR/SWAP curves of the respective currencies. The resulting profits or losses are 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.

18.5.5 Earnings per share

The Group reports basic and diluted earnings per equity share in accordance with (AS) 20, "Earnings per Share" notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs to the extent applicable. Basic earnings per equity share have been computed by dividing net profit after tax for the year by the weighted average number of equity shares outstanding for the period.

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

18.5.6 Accounting for derivative transactions

Derivative transactions comprises forward rate agreements, swaps and option contracts. The Bank undertakes derivative transactions for market making/trading and hedging on-balance sheet assets and liabilities. All market making/trading transactions are marked to market on a periodic basis and the resultant 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 Dec 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 and provision for impairment. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use.

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

18.5.8 Depreciation

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

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

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

For assets purchased/sold during the year, depreciation is being provided on pro rata basis by the 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 Bank 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 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 Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre determined rate. The Bank has no liability for future provident fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.

18.5.10 Leases

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

basis over the lease term.

18.5.11 Income taxes

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

Deferred tax assets are 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, 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

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. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Contingent assets are not 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 ESOP Guidelines 1999. The Bank measures compensation

cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

18.5.14 Cash and Cash equivalent

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

18.6 Equity Issue

During the financial year ended March 31, 2014, the Bank has issued 2,011,337 shares (previous year: 5,634,865 shares) pursuant to the exercise of stock option aggregating to ₹359,622 thousands (previous year: ₹813,123 thousands).

18.7.1 Income Taxes

Provisions made for Income Tax during the year

(₹ in thousands)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Current income tax expense	7,784,118	6,677,634
Deferred income tax benefit	(698,476)	(427,124)
TOTAL	7,085,642	6,250,510

18.7.2 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, 2014 and March 31, 2013:

Changes in present value of Obligations

(₹ in thousands)

	As at March 31, 2014	As at March 31, 2013
Present Value of Obligation at the beginning of the year	264,117	180,937
Interest Cost	19,998	14,971
Current Service Cost	106,741	101,120
Past Service Cost	-	-
Benefits Paid	(17,424)	(13,311)
Actuarial (gain)/loss on Obligation	(57,412)	(19,600)
Present Value of Obligation at the end of the year	316,019	264,117

Changes in the fair value of planned assets:

(₹ in thousands)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Fair value of plan assets at the beginning of the year	32,304	17,591
Adjustment to Opening Balance	83	2,069
Expected return on plan assets	9,127	2,403
Contributions	150,000	25,955
Benefits paid	(17,424)	(13,311)
Actuarial gain/(loss) on planned assets	(5,696)	(2,403)
Fair value of planned assets at the end of the period	168,394	32,304

Fair value of planned assets:

(₹ in thousands)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Fair value of plan assets at the beginning of the year	32,304	17,591
Adjustment to Opening Balance	83	2,069
Actual return on plan assets	3,431	-
Contributions	150,000	25,955
Benefits paid	(17,424)	(13,311)
Fair value of planned assets at the end of the period	168,394	32,304

Net gratuity cost for the year ended March 31, 2014 and March 31, 2013 comprises the following components:

(₹ in thousands)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Current Service Cost	106,741	101,120
Interest Cost	19,998	14,970
Expected Return on plan assets	(9,127)	(2,403)
Net Actuarial gain recognized in the year	(51,716)	(17,197)
Past Service Cost	-	-
Expenses recognized	65,896	96,490

Experience History:

(₹ in thousands)

	For the year ended March 31, 2014	For the year ended March 31, 2013
(Gain)/Loss on obligation due to change in assumption	(62,747)	11,805
Experience (Gain)/Loss on obligation	5,335	(31,406)
Actuarial Gain/(Loss) on planned assets	(5,696)	(2,403)

The assumptions used in accounting for the gratuity plan are set out below:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Discount Rate	8.93%-9.19%	7.83%
Expected Return on Plan Assets	9.25%	9.25%
Mortality	L.I.C. (1994-96) Ultimate Table	L.I.C. (1994-96) Ultimate Table
Future Salary Increases	10% - 12% p.a.	15% p.a.
Disability	-	-
Attrition	5% - 25%	20%
Retirement	60 yrs	60 yrs

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

18.7.3 Segment Reporting

Pursuant to the guidelines issued by RBI on AS-17 (Segment Reporting) - Enhancement of Disclosures dated April 18, 2007, effective from period ending March 31, 2008, the following business segments have been reported.

- Treasury: Includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilisation from other

banks and financial institutions.

- Corporate/Wholesale Banking: Includes lending, deposit taking and other services offered to corporate customers.
- Retail Banking: Includes lending, deposit taking and other services offered to retail customers.
- Other Banking Operations: Includes para banking activities like third party product distribution, merchant banking etc.

Segmental results for the year ended March 31, 2014 are set out below:

(₹ in thousands)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	33,839,160	73,052,009	5,650,572	444,249	112,985,990
Add/(Less): Inter-segment Revenue net of inter- segment					3,974,802
Result	14,877,394	21,684,624	(638,171)	195,259	36,119,106
Unallocated Expenses					(12,920,877)
Operating Profit					23,198,229
Income Taxes					7,085,642
Extra-ordinary Profit/(Loss)					-
Net Profit					16,112,587
Other Information:					
Segment assets	512,444,049	516,735,234	52,459,440	28,247	1,081,666,970
Unallocated assets					8,380,714
Total assets					1,090,047,684
Segment liabilities	232,245,520	506,354,529	197,129,929	3,804,822	939,534,800
Unallocated liabilities					150,512,881
Total liabilities					1,090,047,684

Segmental results for the year ended March 31, 2013 are set out below:

(₹ in thousands)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	30,390,543	59,009,459	4,887,438	310,150	94,597,590
Less: Inter-segment Revenue net of inter- segment					887,373
Result	15,096,221	15,682,087	(846,799)	91,112	30,022,621
Unallocated Expenses					(10,765,304)
Operating Profit					19,257,317
Income Taxes					6,250,510
Extra-ordinary Profit/(Loss)					-

Segmental results for the year ended March 31, 2013 are set out below (Contd.):

(₹ in thousands)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operations	Total
Net Profit					13,006,807
Other Information:					
Segment assets	506,158,588	433,273,170	45,626,250	14,641	985,072,649
Unallocated assets					5,968,125
Total assets					991,040,774
Segment liabilities	241,678,101	475,228,862	137,800,295	751,763	855,459,021
Unallocated liabilities					135,581,753
Total liabilities					991,040,774

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.

18.7.4 Related Party Disclosures

The Group has transactions with its related parties comprising key management personnel and the relative of key management personnel

- a) As per AS 18 "Related Party Disclosures", prescribed by the Companies (Accounting Standards) Rules, 2006, the Group's related parties for the year ended March 31, 2014 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, 2014:

(₹ in thousands)

Items/Related Party Category	Whole time directors/individual having significant influence	Maximum Balance during the year	Relatives of whole time directors/individual having significant influence	Maximum Balance during the year
Deposits	#	#	4,061*	69,636
Interest paid	#	#	5,216	
Receiving of services	#	#	-	
Dividend paid	#	#	-	

* Represents outstanding as of March 31, 2014

In Financial Year 2013-14 there was only one related party in the said category, hence the Bank has not disclosed the

details of transactions in accordance with circular issued by the RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks".

b) As per AS 18 "Related Party Disclosures", prescribed by the Companies (Accounting Standards) Rules, 2006, the Group's related parties for the year ended March 31, 2013 are disclosed below:

Individuals having significant influence:

- Mr. Rana Kapoor, Managing Director & CEO

Key Management Personnel ('KMP') (Whole time Director)

- Mr. Rana Kapoor, Managing Director & CEO

The following represents the significant transactions between the Group and such related parties including relatives of above mentioned KMP during the year ended March 31, 2013:

(₹ in thousands)

Items/Related Party Category	Whole time directors/individual having significant influence	Maximum Balance during the year	Relatives of whole time directors/individual having significant influence	Maximum Balance during the year
Deposits	#	#	67,024*	69,952
Interest paid	#	#	7,760	
Receiving of services	#	#	-	
Dividend paid	#	#	-	

* Represents outstanding as of March 31, 2013

In Financial Year 2012-13 there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by the RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks".

18.7.5 Operating Leases

Lease payments recognized in the profit and loss account for the year ended March 31, 2014 was ₹1,976,918 thousands (Previous year: ₹1,550,742 thousands).

As at March 31, 2014 and March 31, 2013 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:

(₹ in thousands)

Lease obligations	As at March 31, 2014	As at March 31, 2013
Not later than one year	1,854,078	1,509,924
Later than one year and not later than five years	7,622,407	6,239,102
Later than five years	3,332,577	1,875,515
TOTAL	12,809,062	9,624,541

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.

18.7.6 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 Bank.

The computation of earnings per share is given below:

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Basic (annualised)		
Weighted average no. of equity shares outstanding	360,162,478	356,081,726
Net profit/(loss) (₹ '000)	16,112,587	13,006,807
Basic earnings per share (₹)	44.74	36.53
Diluted (annualised)		
Weighted average no. of equity shares outstanding	364,763,008	365,850,588
Net profit/(loss) (₹ '000)	16,112,587	13,006,807
Diluted earnings per share (₹)	44.17	35.55
Nominal value per share (₹)	10.00	10.00

18.7.7 ESOP disclosures

Statutory Disclosures Regarding Joining Stock Option Scheme:

The Bank has Five Employee Stock Option Schemes viz.

- Joining Stock Option Plan I (JSOP I),
- Joining Employee Stock Option Plan II (JESOP II),
- Joining Employee Stock Option Plan III (JESOP III),
- YBL ESOP (consisting of JESOP IV and PESOP I)
- YBL JESOP V/PESOP II (consisting JESOP V, PESOP II and PESOP II - 2010).

The schemes include provisions for grant of options to eligible employees of the Bank and its subsidiaries. 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.

JSOP I was for employees joining the Bank on or before March 31, 2005. All the grants under JSOP I were made before the IPO of the Bank. JESOP II and JESOP III 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.

A summary of the status of the Bank's stock option plans as on March 31, 2014 is set out below:

Particulars	JSOP - I	JESOP - II	JESOP -III	JESOP -IV	YBL PESOP I	YBL PESOP II	JESOP -V	PESOP II 2010
Opening balance	260,000	283,500	56,300	735,025	946,250	2,321,200	5,059,330	9,988,000
Add : Option granted during the year	-	-	-	-	3,750	-	1,020,600	3,373,500
Less : Options exercised during the year	8,750	7,700	23,700	405,012	358,025	510,925	317,075	380,150
Less : Options lapsed during the year	-	-	-	400	-	-	720,680	845,000
Closing balance	251,250	275,800	32,600	329,613	591,975	1,810,275	5,042,175	12,136,350
Approved by shareholders on	Oct 27, 2004	April 26, 2005	July 24, 2006	August 29, 2007	August 29, 2007	Sep 18, 2008	Sep 18, 2008	Sep 18, 2008
Options granted and exercised during the year	-	-	-	-	-	-	-	-
Options granted and eligible for exercising and exercised during the year	-	-	-	-	-	-	-	-
Weighted average share price on the date of options exercised during the year	10.00	83.01	91.68	156.36	165.43	129.06	207.69	269.30
Weighted average remaining contractual life of options outstanding (days)	-	-	-	-	-	-	587	816

The Bank has charged Nil, being the intrinsic value of the stock options granted for the year ended March 31, 2014. 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 ₹341,904 thousands, the basic earnings per share would have been ₹43.79 per share instead of ₹44.74 per share; and diluted earnings per share would have been ₹43.24 per share instead of ₹44.17 per share.

A summary of the status of the Bank's stock option plans as on March 31, 2013 is set out below:

Particulars	JSOP - I	JESOP - II	JESOP -III	JESOP -IV	YBL PESOP I	YBL PESOP II	JESOP -V	PESOP II 2010
Opening balance	261,500	304,700	435,650	1,487,795	1,825,400	5,639,375	5,322,950	7,493,500
Add : Option granted during the year	-	-	-	-	-	-	1,338,500	3,435,500
Less : Options exercised during the year	1,500	21,200	379,350	655,870	852,900	3,274,875	449,170	-
Less : Options lapsed during the year	-	-	-	96,900	26,250	43,300	1,152,950	941,000
Closing balance	260,000	283,500	56,300	735,025	946,250	2,321,200	5,059,330	9,988,000
Approved by shareholders on	Oct 27, 2004	April 26, 2005	July 24, 2006	August 29, 2007	August 29, 2007	Sep 18, 2008	Sep 18, 2008	Sep 18, 2008
Options granted and exercised during the year	-	-	-	-	-	-	-	-
Options granted and eligible for exercising and exercised during the year	-	-	-	-	-	-	-	-
Weighted average share price on the date of options exercised during the year	10	100.55	121.35	205.51	172.06	122.35	184.13	-
Weighted average remaining contractual life of options outstanding (days)	-	-	-	54	91	-	766	954

The Bank has charged Nil, being the intrinsic value of the stock options granted for the year ended March 31, 2013. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹292,207 thousands, the basic earnings per share would have been ₹35.71 per share instead of ₹36.53 per share; and diluted earnings per share would have been ₹34.75 per share instead of ₹35.55 per share.

The following assumptions have been made for computation of the fair value during the year ended March 31, 2014 and March 31, 2013.

	March 31, 2014	March 31, 2013
Risk free interest rate	4.96% - 9.11%	4.96% - 8.83%
Expected life	1.5 yrs - 7.5 yrs	1.5 yrs - 7.5 yrs
Expected volatility	25.01% - 82.76%	29.21% - 82.76%
Expected dividends	1.13% - 1.50%	1.13% - 1.50%

In computing the above information, certain estimates and assumptions have been made by the Management.

18.7.8 Deferred Taxation

The net deferred tax asset of ₹2,492,698 thousands as at March 31, 2014 and ₹1,794,222 thousands as at March 31, 2013, is included under other assets and the corresponding credits have been taken to the profit and loss account.

The components that give rise to the deferred tax asset and liability included in the balance sheet are as follows:

(₹ in thousands)

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax asset		
Depreciation	173,554	148,167
Provision for gratuity and unutilized leave	105,193	132,660
Provision for Non Performing Assets	6,714	6,409
Amortisation of premium on HTM securities	380,917	280,978
Provision for standard advances	1,347,778	871,551
Other Provisions	479,429	354,457
Preliminary expenses u/s 35D of IT Act	207	-
Total Deferred tax asset	2,493,792	1,794,222
Deferred Tax Liability		
Depreciation and amortisation	1,094	-
Total Deferred Tax Liability	1,094	-
Total Net Deferred Tax Asset/(Liability)	2,492,698	1,794,222

18.7.9 Provisions and Contingencies

The breakup of provisions of the Group for the year ended March 31, 2014 and March 31, 2013 are given below:

(₹ in thousands)

	March 31, 2014	March 31, 2013
Provision for taxation	7,085,642	6,250,510
Provision for investments	860,079	(29,910)
Provision for standard advances	1,278,978	766,399
Provision made/write off for non performing advances	1,358,169	1,455,215
Others Provisions*	119,615	(32,163)
TOTAL	10,702,483	8,410,051

* Other Provisions includes provision made against other assets and provision for sacrifice of interest on Restructured Assets.

18.8.1 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.

18.8.2 Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statement.

18.8.3 Description of contingent liabilities

S r . No.	Contingent Liabilities	Brief
1.	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank’s financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts.	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments 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 favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.

S r . No.	Contingent Liabilities	Brief
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the bank is contingently liable	<ul style="list-style-type: none"> - Value dated purchase of securities - Capital commitments - Foreign Exchange Contracts (Tom & Spot)

18.8.4 Fixed Assets

The software capitalized under Fixed Asset was ₹230,805 thousands and ₹261,194 thousands as at March 31, 2014 and March 31, 2013 respectively.

18.8.5 Prior period comparatives

Previous period's figures have been regrouped where necessary to conform to current year classification.

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

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

Surekha Gracias
Partner
Membership No: 105488

Rana Kapoor
Managing Director & CEO

Ajay Vohra
Director

M R Srinivasan
Non Executive Chairman

Radha Singh
Director

Rajat Monga
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

Mumbai
April 23, 2014

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

(In terms of the direction u/s 212(8) of the Companies Act, 1956 issued by the Ministry of Corporate Affairs vide General Circular no. 2/2011 dated February 8, 2012)

As on/for the year ended March 31, 2014

(₹ in thousands)

Name of the Subsidiary	Yes Securities(India) Limited
Capital	175,000
Reserves & Surplus	(65,213)
Total Assets	131,624
Total Liabilities(excluding reserves and surplus)	21,837
Investments	-
Turnover(Total Income)	5,446
Profit Before taxation	(64,586)
Provision for taxation	627
Profit after taxation	(65,213)
Proposed dividend including tax there on	-

Disclosures under Basel III Capital Regulations – Pillar III

In accordance with RBI circular DBOD.No.BP.BC.2/21.06.201/2013-14 dated July 1, 2013, Banks are required to make Pillar 3 disclosures under Basel III capital requirements. The Bank has made these disclosures which are available on its website at the following link.

http://www.yesbank.in/images/all_pdf/Basel_III_Disclosure_March_31_2014.pdf

National Capital Region (NCR)

DELHI 1. Ashok Vihar 2. Bhikaji 3. Cama Place 4. Chandini Chowk 5. Chattarpur 6. Connaught Place 7. Darya Ganj 8. Dwarka -Delhi(2) 9. Greater Kailash-2 10. Green Park 11. Janakpuri 12. Jangpura 13. Jasola 14. Jhandewala 15. Kama Nagar 16. Kapashera 17. Karol Bagh 18. Kashmere gate 19. Kirti Nagar 20. Krishna Nagar 21. Lajpat Nagar 22. Malcha Market 23. Malviya Nagar 24. Meera Bagh 25. Model Town 26. Naraina Industrial Estate	27. Nehru Place 28. New Friend's Colony 29. Okhla 30. Okhla Phase 31. Pitampura 32. Preet Vihar 33. Panjabi Bagh 34. Rajendra Place 35. Rajouri Garden 36. Ram Vihar 37. Rohini(2) 38. Sadar Bazar 39. Saket 40. Shalimar Bagh 41. South Extension 42. Vasant Kunj 43. Vasant Vihar 44. Vikasपुरी 45. Mayur Vihar 46. Patel Nagar East 47. Mohan Co-Operative 48. Rajdhani Enclave 49. Sunder Nagar	4. Bahadurgarh 5. Bawal 6. Bhangrola 7. Damdama 8. Daula 9. Dharunhera 10. Dundaheera 11. Faridabad(2) 12. Ganaur 13. Garhi Harsaru 14. Hayatpur 15. Gohana 16. Gurgaon(6) 17. Haileymandi 18. Jhajjar 19. Kankrola 20. Khandsa 21. Kherla 22. Kundali 23. Manesar 24. Nawada 25. Fatehpur 26. Narnaul 27. Panipat 28. Rai 29. Rehtoj 30. Samalkha 31. Sankhol 32. Sonapat 33. Taoru 34. Wazirabad	35. Ajaib 36. Atail 37. Bahamnoli 38. Garhi Bazidpur 39. Bhaini Chanderpal 40. Bhaini Bharan 41. Surjan 42. Goela Kalan 43. Kabri 44. Jakhoda 45. Jalal 46. Jatola 47. Kanonda 48. Krola 49. Khandewla 50. Kharak Jalan 51. Kherka Gujar 52. Kulasi 53. Ladpur 54. Lava Khurd 55. Marot 56. Mehrana 57. Navarangpur 58. Nilauthi 59. Pelpa 60. Pilana 61. Samachana 62. Sikanderpur 63. Sunderpur	RAJASTHAN 1. Alwara 2. Behror 3. Bhiwadi 4. Khairthai 5. Kisangarh 6. Neemrana 7. Toolera 8. Kithoor 9. Kerwa Jat 10. Dadar 11. Jatiyana
HARYANA 1. Alipur 2. Badli 3. Badshahpura				UTTAR PRADESH 1. Anupshahr 2. Baghatp 3. Dasna 4. Debai 5. Gaziabad(3) 6. Greater Noida 7. Gulaothi 8. Kasana 9. Khekra 10. Meerut 11. Modinagar 12. Noida(2) 13. Sardhana 14. Shakarpur 15. Shikarpur 16. Siana

Mumbai Metropolitan Region (MMR)

GREATER MUMBAI INCLUDING THANE 1. Andheri (E) 2. Andheri (W) 3. Badlapur 4. Bandra(2) 5. Bhiwandi 6. Boisar 7. Borivali 8. Cadet Road 9. Chembur 10. Colaba	11. Fort 12. Four Banglows 13. Ghatkopar 14. Goregaon 15. Indiabulls Finance Centre 16. Jogeshwari 17. Juhu 18. Kalyan-Dombivili 19. Kurali 20. Lohian Khas 19. Khandivili(3) 20. Kurla 21. Lamington Road	22. Malad 23. Marine Drive 24. Metro 25. Mira-Bhayander 26. Mulund 27. Napean Sea Rd 28. Nariman Point 29. Pokhrian Thane 30. Powai 31. Sakinaka 32. Santacruz 33. Seepz	34. Sion 35. Sv Road Khar 36. Talaupali Thane 37. Thane (3) - Ghobunder Road 38. Ulhasnagar 39. Vasai 40. Worli 41. Pali Hill 42. Parel 43. Prabhadevi 44. Shoppers Stop- Andheri(W)	45. Veera Desai Road 46. Vile Parle East
NAVI MUMBAI 1. APMC Market 2. Navi Airoli 3. Navi Belapur 4. Navi Khargar 5. Navi Nerul 6. Navi Sanpada 7. Vashi				

North

JAMMU & KASHMIR 1. Srinagar 2. Anantanag 3. Udhampur 4. Katra 5. Jammu	9. Dasuya 10. Derabassi 11. Dhuri 12. Firozpur 13. Goraya 14. Jalandhar(3) 15. Jandiala 16. Kapurtala 17. Kartarpur 18. Kharar(2) 19. Kurali 20. Lohian Khas 21. Ludhiana (4) 22. Mahilpur 23. Mandi Gobindgarh 24. Moga 25. Mohali(2) 26. Morinda 27. Mukerian 28. Gurdaspur 29. Hoshiarpur 30. Muktsar 31. Nakodar 32. Nagal 33. Nawanshahr 34. Nurmahal 35. Pathankot	36. Patiala 37. Phullanwalla 38. Rajpura 39. Rayya 40. Rupnagar (Ropar) 41. Sahnewal 42. Sohana 43. Sultanpura 44. Lodhi 45. Ulmer Tanda 46. Zirakpur(2) 47. Banga	3. Saharanpur 4. Moradbad 5. Bilari 6. Aligarh 7. Mathura 8. Bareilly 9. Gajraula 10. Shrinagar-Hathras 11. Kosi-Kalan 12. Agra(2) 13. Firozabad 14. Barabanki 15. Lucknow 16. Gorakpur 17. Kanpur 18. Kunda 19. Allahabad 20. Varanasi 21. Jhansi	3. Ambala Cantt 4. Cheeka 5. Dhand 6. Fatehbad 7. Jind 8. Kaithal 9. Kalka 10. Karnal 11. Narwana 12. Panchkula 13. Pinjore 14. Safidon 15. Tohana 16. Yamuna Nagar
HIMACHAL PRADESH 1. Dharamtala 2. Kangra 3. Una 4. Manali 5. Shimla 6. Paonta Sahib 7. Baddi 8. Solan	PUNJAB 1. Adampur 2. Ajnala 3. Amritsar (2) 4. Banur 5. Barnala 6. Begowal 7. Bhatinda 8. Bishanpura	UTTARANCHAL 1. Mussoorie 2. Dehradun 3. Rishikesh 4. Ramnagar 5. Jaspur 6. Rudrapur	HARYANA (except NCR) 1. Chandigarh(5) 2. Jhajjar	CHANDIGARH (UT)

West

MAHARASHTRA 1. Kolhapur 2. Chiplun 3. Baranmati 4. Pune (6) 5. Aundh 6. Chakan 7. Pen 8. Tolegaon 9. Khed 10. Kandli 11. Ahmadnagar 12. Aurangabad 13. Sinnar 14. Ghoti 15. Waluj 16. Yeola 17. Deolali 18. Nasik (2) 19. Ozar 20. Jalgaon 21. Umred 22. Buti Bori 23. Nagpur (2)	GUJARAT 1. Silvasa 2. Vapi 3. Daman 4. Chikli 5. Sachin 6. Surat (3) 7. Bharuch 8. Dahej 9. Anand 10. Vallabh Vidya Nagar 11. Bardoli 12. Bodeli 13. Baroda(3) 14. Halol 15. Bhavnagar 16. Dwarka 17. Rajkot(2) 18. Bavla 19. Adalaj 20. Sanand 21. Ahmedabad (6) 22. Bodakdev 23. Gandhinagar 24. Unjha	25. Vijapur 26. Deesa 27. Nidharad 28. Gandidham 29. Jamnagar 30. Badla 31. Vadsala 32. Rupal 33. Vadaj	14. Balotra 15. Jodhpur 16. Merta City 17. Bilara 18. Kota 19. Deoli 20. Nasirabad 21. Niwai 22. Nagaur 23. Nokha 24. Jaipur (4) 25. Neem-Ka-Thana 26. Pilani 27. Alwar 28. Kishangarh 29. Bikaner 30. Dausa	6. Ponda 7. Vacra
RAJASTHAN (except NCR) 1. Banswara 2. Udaipur 3. Abu Road 4. Sumerpur 5. Bhinmal 6. Barmer 7. Nathdwara 8. Chittuargarh 9. Rajsamand 10. Shahapura 11. Bhillwara 12. Deogarh 13. Jalore	GOA 1. Calangute 2. Curchorem 3. Margao 4. Mapusa 5. Panjim	GOA 1. Calangute 2. Curchorem 3. Margao 4. Mapusa 5. Panjim	MADHYA PRADESH 1. Vidisha 2. Raisen 3. Bhopal (2) 4. Sehore 5. Ujjain 6. Mandideep 7. Jabalpur 8. Dewas 9. Indore (2) 10. Itarsi 11. Dhar 12. Chhindwara 13. Betul 14. Sendhwa	DADRA & NAGAR HAVELI UT DAMAN & DIU UT

South

KARNATAKA 1. Hubli-Dharwad 2. Mangalore 3. Bangalore (11) 4. Devanahalli 5. Thippasandra 6. Mysore 7. Belgaum	ANDHRA PRADESH 1. Warangal 2. Suryapet 3. Secunderabad 4. Hyderabad (9) 5. Shamsabad 6. Narasaraopet 7. Vijayawada 8. Vizianagaram 9. Vizag 10. Tirupati 11. Guntur	KERALA 1. Kannur 2. Mallapuram 3. Kochi 4. Thiruvananthapuram 5. Kozhikode 6. Thrissur 7. Kottayam 8. Tiruvalla 9. Kollam	TAMIL NADU 1. Hosur 2. Chennai (5) 3. Sriperumbudur 4. Sale 5. Coimbatore 6. Kurichi 7. Ambur 8. Puduchery 9. Tiruchirappalli 10. Tirupur	LAKSHADWEEP UT PUDUCHERRY UT
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East

BIHAR 1. Patna	JHARKHAND 1. Ranchi 2. Chas Bokaro 3. Dhanbad 4. Jamshedpur 5. Adityapur	ODISHA 1. Roukela 2. Bhubneshwar 3. Puri	SIKKIM 1. Gangtok	3. Bardhaman 4. Kalyani 5. Durgapur 6. Howrah 7. Bidhan Nagar 8. Kharagpur
CHHATTISGARH 1. Bilhai 2. Raipur 3. Bilaspur			WEST BENGAL 1. Kolkata (6) 2. Asansol	ANDAMAN & NICOBAR ISLANDS UT

North-east

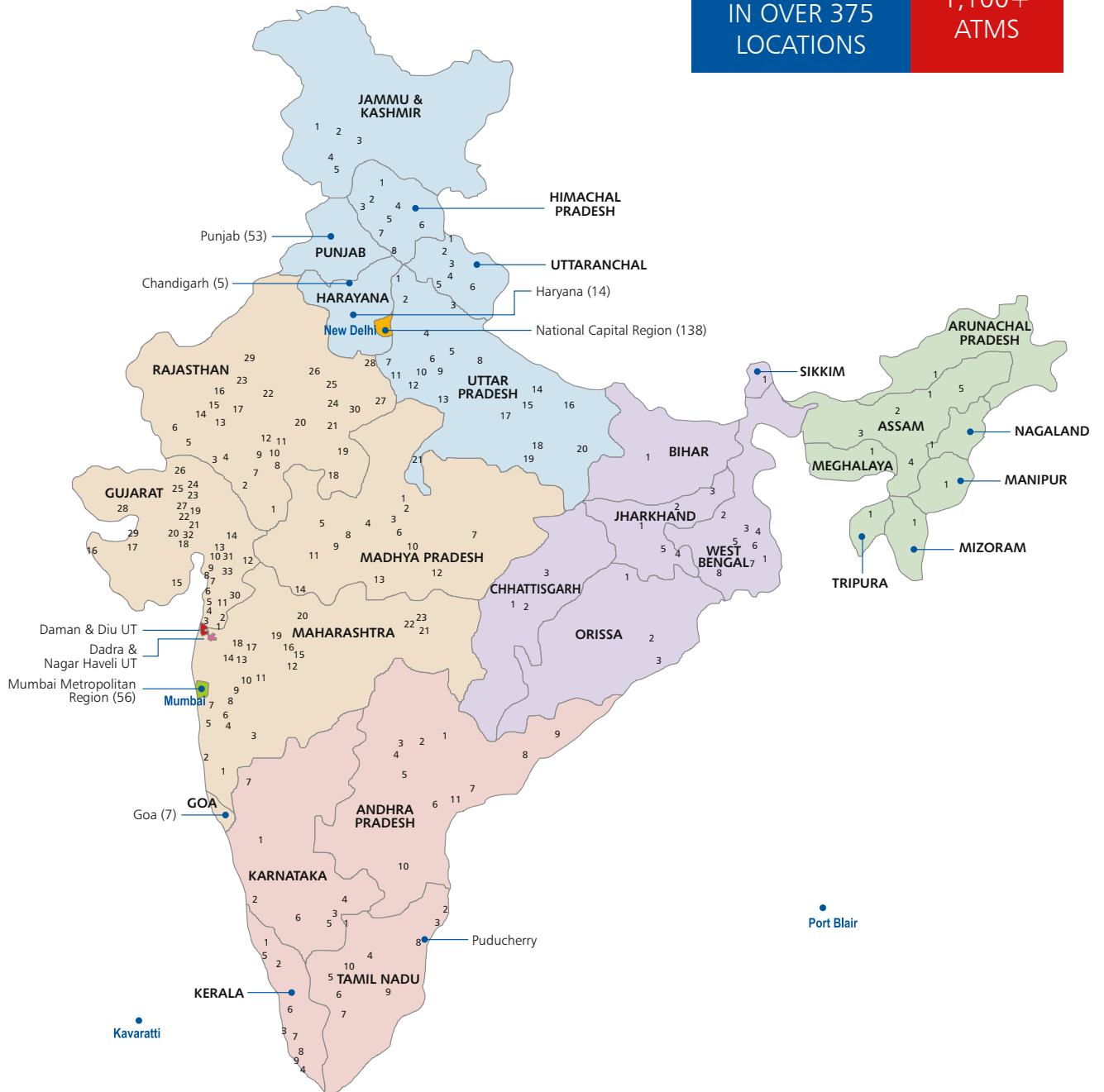
ASSAM 1. Jorhat 2. Tezpur 3. Guwahati (3) 4. Silchar 5. Sibsagar	MEGHALAYA 1. Shillong	NAGALAND 1. Dimapur	TRIPURA 1. Agartala	
ARUNACHAL PRADESH 1. Itanagar		MANIPUR 1. Imphal	MIZORAM 1. Aizwal	

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560 BRANCHES
IN OVER 375
LOCATIONS

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