

THANK YOU
for saying



01-16

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THANK YOU FOR SAYING



In the second year of our transformation journey, we have scaled several milestones in our endeavour to create a customer centric, empathy driven, transparent and accountable institution. This year, the challenges posed by COVID-19 only strengthened our resolve to serve all our stakeholders. In this journey our strongest pillar has been you, our customers – Thank You for saying YES.

The past twelve months have further fortified our dynamism, resilience and agility. Driven by these levers, we have reimagined our strategy, systems and offerings to present to you a transformed YES BANK. Through thoughtful innovations and solutions, we have made continuous efforts to adapt to the evolving realities of our stakeholders. Our digital first innovations across Retail, MSME and Corporate banking have been developed with the sole focus of supporting all our customers. Thank you for supporting us during this transformation and reinforcing our confidence in the new direction we're moving towards.

The change in our collective reality has helped the Bank realise that the corporate mindset goes beyond the business-as-usual approach and our biggest success stories are the ones where we have served our

communities and ecosystems. Even as COVID-19 continued to pose challenges, our employees embraced the 'new normal', driven by their passion and dedication to serve. Thank you for giving each of us this opportunity to be of value to our stakeholders.

Driven by a refreshed vision of the future and supported by you, we continue our journey to further amplify our efforts to enhance the experience of banking with YES BANK. We promise that we will persist in staying resolute to best support you while attaining our core operating targets.

We are proud to serve India and equally grateful because like us, India said YES every step of the way.

FY 2020-21 KEY HIGHLIGHTS

₹ **10,769** crore

Total Income

17.5%

Capital Adequacy Ratio

5.88%

Net NPA

51%

Retail & MSME share of
Total Advances

2.8%

Net Interest Margin

26.1%

CASA Ratio

YES BANK AT A GLANCE

YES BANK is a full service commercial bank offering a comprehensive suite of products and services to its retail, msme and corporate customers. Customer-centric and service-driven since inception, the Bank is taking confident strides into the future by blending its wide physical reach with digital capabilities to provide differentiated offerings, in line with India's evolving banking needs.



New Age Private Sector Bank

Total Assets of ₹ 273,543 crore,
with Advances of ₹ 166,893 crore
(49% Corporate and 51% MSME and Retail)



Young Enterprising Workforce

22,270 YES BANKers with a vintage of
9 years for Top management and
8 years for Senior Management



Differentiated Technology Platform

Market leader within Payments
-#1 IMPS Remitter Bank
-#1 in UPI P2M transactions with share in overall transactions at ~41% market share - AEPS 19% market share in transaction volume
(Basis off-us transactions)



Pan-India Presence

1,070 Branches, 72 BC banking outlets
and 1,340 ATMs



PRODUCTS AND SERVICES

Tailored to suit the evolving customer needs.



BRANCH BANKING
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DIGITAL BANKING
[Read more ▶ PG NO 46](#)



YES PRIVATE
[Read more ▶ PG NO 47](#)



YES FIRST AND YES FIRST BUSINESS
[Read more ▶ PG NO 47](#)



GLOBAL INDIAN BANKING
[Read more ▶ PG NO 48](#)



RURAL BANKING GROUP
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INCLUSIVE & SOCIAL BANKING AND MICROFINANCE BANKING
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CREDIT CARDS
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RETAIL BANKING ASSETS
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SMALL AND MICRO ENTERPRISES BANKING
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LARGE CORPORATES
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STRATEGIC CLIENT GROUP
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INSTITUTIONAL & GOVERNMENT BANKING GROUP
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EMERGING LOCAL CORPORATES (ELC)
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AGRI BANKING AND FASAR
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TRANSACTION BANKING
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FINANCIAL MARKETS
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LOAN SYNDICATIONS
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STRESSED ASSET MANAGEMENT
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MESSAGE FROM THE CHAIRMAN



“ The Bank has brought in clear responsibility and accountability at multiple levels across the organization. It has successfully delivered a robust liabilities momentum with 55% growth in deposits over the previous year. This encouraging development reflects growing customer confidence across all segments.

Sunil Mehta
Chairman

Dear Shareholders,

Well into the second year as Chairman of the Board of a redefined YES BANK, I thank you for your invaluable support to the Bank's journey of transformation. Over the past year, the Bank has accomplished one of the most significant balancing acts in Indian banking history – successfully forging the transformation from a very precarious situation in March 2020, into an organization truly motivated and ready to deliver value to all its stakeholders. This extraordinary journey of completely reinventing the Bank, was done in parallel to the continuance of unusual circumstances and unknown risks induced by COVID-19, which has left no portion of our shared existence unaffected.

The transformation journey

The Bank in its transformational journey has made significant changes – bringing in clear responsibility and accountability at multiple levels across the organization. Having committed to responsible banking and social engagement last year, your Bank has, as promised dealt with all legacy governance, compliance and risk issues with dexterity and alacrity. In addition, the Bank has focused on building and reinforcing the foundation for high quality sustainable growth. It has successfully delivered a very robust liabilities momentum with 55% growth in deposits over previous year. This reflects very encouraging customer confidence across all segments.

Over the last year, the Bank focused on creating a more granular franchise with balanced earnings mix between wholesale and retail, monetized new businesses through digital innovation – while conforming to the highest standards of risk management, compliance and governance. I am delighted to share that in FY21, the Bank recorded 9.06 billion UPI transactions, a 102% growth over previous year, thereby positioning the Bank as a clear market leader in the banking industry.

I especially feel proud of each and every YES BANKer, who stepped up, putting in their best through these very difficult times, to help the Bank cross various key milestones of success. At this critical hour, with the Black Swan event of COVID-19 extending into 2021, I express my unreserved regard and gratitude, for the immeasurable contribution of essential service providers and many other nameless heroes who are working tirelessly for the collective well-being of the nation.

With unflagging commitment, YES BANK has also paved its way through this daunting situation, steadily and surely. After a historic Reconstruction Scheme executed in March 2020 by the Reserve Bank of India (RBI) and a consortium of investing banks, YES BANK undertook a systemic overhaul, putting in place a significantly more robust corporate governance model with extensive changes across organization, processes

MESSAGE FROM THE CHAIRMAN

and business strategy. Building on the three pillars of transparency, commitment and accountability, the Bank has laid a strong foundation for inclusive and sustainable growth.

Operating performance

I am happy to report that over the past year we have witnessed a strong resurgence in our operating performance. The operating profit for FY21 increased by 42% over previous year. We have strengthened the Bank's position on our specific strategic priorities – capital, cost, liquidity, stressed assets and governance. YES BANK saw its credit profile improve further this year with rating upgrades from multiple institutions. The upgrade from Moody's and other domestic rating agencies, following our successful FPO of INR 15,000 crore reflected the Bank's improving business fundamentals in 2020 itself.

On the asset quality front, our legacy stressed book has shrunk, and the Bank is well provided for with a provision coverage ratio (PCR) of 79%. The management, prudently accelerated the provisioning on incremental slippages in FY21, to prevent carrying forward provisioning requirements into FY22. On the back of this, the Bank posted an overall loss for FY2021, even as it maintained a profit run with sequential gains through the first three quarters of FY21. Importantly, capital ratios of the Bank remain

healthy, which will enable the Bank to tap into growth opportunities in FY22 in line with its stated objectives. The Bank's CRAR and CET1 ratios stand at 17.5% and 11.2% respectively as against 8.5% and 6.3% last year.

Economy and business: The road ahead

The Indian economy contracted by 7.3% in FY21 and was expected to clock a double-digit growth in FY22 before the second COVID-19 wave necessitated localized lockdowns once again. While this will push back the recovery to an extent, the economy is expected to return to a more normal and robust growth path with continued policy support from monetary authorities and the government. It would be equally prudent to prepare for possible weaker consumer sentiment in FY22. The economy will face some pressure to support adversely impacted unorganized, rural, MSME and contact intensive service sectors, amongst others. Given the consequent impact on jobs, rising input costs and supply side constraints, the Reserve Bank of India is expected to keep a watchful eye and monitor inflation trends on the back of domestic supply constraints and higher global oil prices. For now, the RBI is expected to lean towards boosting growth and hence persist with easy monetary policy.

Discretionary consumption could be affected as consumers, wary of a possible third wave, would prefer to build up on precautionary savings. A possible saving grace for the economy for FY22, will be a large budgeted capital expenditure of the Central Government, expected to unleash a multiplier effect on the economy. This will ultimately crowd in private investments and help revive the job market.

Even as challenges remain, the circumstances are likely to have created fresh opportunities for the banking sector. COVID-19 has no doubt enhanced the digital footprint in all areas of life – human interaction, e-commerce, education and also remote working. Businesses are encountering a shakeout. I am confident they will adapt to a changed landscape and seize new opportunities that emerge out of this fast evolving technological and risk transformation, changes in social structure and consumer behavior, unpredictable market dynamics and volatile economic cycles. Given this backdrop, YES BANK continues to strengthen its strategic foresight and be future ready.

Poised for growth

At YES BANK, we continue to closely monitor the current macro-economic scenario and I believe that our coordinated efforts, together with stakeholders' support, will enable us to deliver our commitment

“ On the asset quality front, our legacy stressed book has shrunk. The management prudently accelerated the provisioning on incremental slippages in FY21, to prevent carrying forward provisioning requirements into FY22.

79%

YES BANK's provision coverage ratio (PCR) for FY21

MESSAGE FROM THE CHAIRMAN

“Rural India will continue to be key in propelling the country's economic growth. The transformed YES BANK fully recognizes its role and business opportunities in serving Bharat. The Bank will place significant thrust on identifying emerging rural markets to increase value growth and drive profitability.

4,77,000

CASA accounts opened in H2 FY21, pointing to strong customer acquisition

to customers and communities. We fully recognize new and challenging risks as they move from 'Known Unknowns' to 'Unknown Unknowns'. The risk culture in the Bank will adapt accordingly.

The effort in the past year has been to build granular retail business and MSME advance book with customer-centric product launches. A strong foundation has been laid for the Retail franchise over the last few years, and the Bank is future ready for growth, enabled by product and service differentiation, and a focus on quality customers, cross-sell, the right people skill sets, technology and compliance. New customer acquisition was strong in H2FY21 with the Bank opening 4,77,000 CASA accounts and lifetime best retail asset disbursements at INR 15,000 crore and this should continue into FY22. Even the SME business showed strong traction with H2FY21 disbursements in excess of INR 8,000 crore.

Business and digital transformation

Granularized growth of our retail franchise continues to be a core part of our growth strategy, driven by our pan-India branch network and leveraging our digital capabilities. The Bank is focused on calibrated cash flow-based growth in high quality retail and select MSME sectors, developing viable ecosystems in these growth sectors. In the corporate segment, our aim would be to expand in select asset light sectors with differentiated offerings.

As we progress further on our transformational journey, the Bank is well placed to deal with turbulent events and technological disruptions to traditional banking business models by fintech players. Over the last twelve months, we have digitized our key asset and deposit journeys to build segmented and personalized 'digital first propositions'. With customers at the center of our actions, a major pillar of our retail strategy is to strengthen our customer service with greater empathy, care as well as imbibing technology led innovations to enhance our digital self-serve models. Our 'Loan in Seconds' platform, front-end automation initiatives viz. YES Robot, CRM platform YES Genie, have resulted in lower turnaround time along with higher productivity. We had 75%+ accounts digitally opened in Q4FY21. To provide our customers with a personalized banking experience, catering to their needs, we are looking at transforming our data and analytics thereby deepening our analytics expertise. The Bank has recruited ~300 profiles with technology, product, digital or analytics background to strengthen our digital leadership.

In the wholesale banking space, the focus would be on granular, cash flow backed business to leverage digital or transaction backed relationships with fintech and e-commerce partners. A crucial area of our growth strategy is to fortify our digital distribution capabilities in the transaction banking space through curated fintech partnerships. Transaction banking will

develop digital distribution via partnership with fintech companies to reach out to new customers.

Key pillars of the wholesale banking strategy would be around sector-specific lending opportunities with a focus on new customer onboarding, deepening product penetration and cross-sell, liability growth and focus on agency banking, digital investments and knowledge sector driven relationship management, while maintaining the highest standards of governance and risk management. YES BANK is also targeting selective presence in the infrastructure lending space such as roads, ports, renewables and transmission, cement and metals that are likely to get a boost from enhanced government expenditure.

Rural India will continue to be key in propelling the country's economic growth. The transformed YES BANK fully recognizes its role and business opportunities in serving Bharat. The Bank will place significant thrust on identifying emerging rural markets to increase value growth and drive profitability. It will fully serve its rural customers by deepening its branch presence in rural regions and strategically partnering with technology providers for co-origination and cross sell of retail and SME assets, insurance, securities and wealth offerings.

The Bank has already covered some distance towards its goal of a long-term frugal, sustainable cost culture,

MESSAGE FROM THE CHAIRMAN

“ By strengthening its frameworks for addressing environmental and social risks and impacts of its lending activity, operations and supply chain, the Bank continues to align more closely with global Sustainable Development Goals.

5%

Reduction in carbon emission intensity of Bank operations in FY21, compared to year before

with projects focused on price reductions through bottom-up assessment and zero-based budgeting of various spends.

Environmental, Social and Governance (ESG) Goals

The Bank recognizes that sustainable growth is inextricably linked with environmental sustainability and social development, and therefore, continues to strategically integrate ESG considerations into its core business strategy. By strengthening its frameworks for addressing environmental and social risks & impacts of its lending activity, operations and supply chain, the Bank continues to align more closely with global Sustainable Development Goals. The Bank is also committed to aligning its business to the Paris Climate Agreement's goal of limiting global temperature rise to 1.5 degrees Celsius, starting with definitive actions towards measuring its financed emissions and aligning its electricity sector exposure, to the global 1.5-degree decarbonization pathway. The Bank also achieved a 5% reduction in the carbon emission intensity of its operations in FY21 as compared to the previous year. As it continues to work with stakeholders across the spectrum to share knowledge and accelerate action towards sustainable finance, biodiversity conservation, and climate resilience, the Bank will continue to make

comprehensive, voluntary disclosures on how it embeds sustainability into its operations and governance structures.

Having embraced a dynamic business model adaptable to external realities, I am hopeful that our endeavors to strengthen the Bank's technological architecture to better cater to our customers will enable value creation for all YES BANK stakeholders. Retaining our focus on fulfilling our fiduciary responsibilities to shareholders, employees and the regulator, the Bank is committed to improving the quality of governance and ensuring effective risk management practices which benefit all stakeholders. These efforts are being undertaken towards building a more transparent, more agile and more customer-friendly YES BANK.

I believe that with the past behind us, the way ahead lies in leveraging the unique learnings of last year to stay resilient and responsive, and continuing to persevere in fulfilling the aspirations and expectations of our customers.

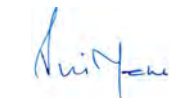
Our gratitude

Once again, I take this opportunity to thank our valued customers, regulators, investors and our other stakeholders, with special mention of SBI and other investors who invested as part of the Reconstruction Scheme for standing with YES BANK and continuing to repose faith in the organization's vision and leadership.

I am thankful to my Board colleagues for their wise guidance and valuable inputs in establishing highest standards of governance, as we navigated through this period of transformation. The Bank would not have reached here without the unwavering commitment and loyalty displayed to this institution by over 21,000 YES BANKers. The Bank is indebted to their families who also bore the brunt of the prevailing situation since last year. I remain grateful for your unwavering support and continued confidence in YES BANK. I wish good health and prosperity for everyone.

Thank You!

Best Regards,



Sunil Mehta
Chairman
YES BANK

MESSAGE FROM MANAGING DIRECTOR AND CEO

Dear Shareholders,

As our nation finds itself in the midst of a resurgence of COVID-19, which has strained our lives and collective well-being yet again, my thoughts and prayers are with all those who have been affected by it.

I am indebted to all healthcare workers, essential service providers and members of the civil society as well as the administration for their invaluable contribution in this battle against a global health emergency. Over the past year, YES BANK's top priority has been to ensure the health and safety of all – our employees, customers, stakeholders and the society at large. We have moved forward cautiously and responsibly to minimize the impact of COVID-19 on our circle of connections to the extent possible. We were able to support our customers and communities through these trying times because of the untiring efforts of our staff, who have stood together as one team to ensure round-the-clock services. For this perseverance, which sometimes came at personal cost and sacrifice, I am grateful to our employees. The degree of resilience they have shown through the changing scenarios makes me proud and leaves me humbled at the same time.

Economy on the mend

Much of this came to pass amid a stringent lockdown to contain the spread of the virus last financial year. Restrictions in rural areas were less stringent and this

segment continued relatively smoothly through most of the year. The worst hit were the manufacturing and the services sectors. Consequently, India registered a dismal annualized growth in Q1FY21 at -24.4% with the manufacturing sector de-growing by 36% in this quarter.

With the challenges of the lockdown evident, the government quickly took various fiscal measures to ease the burden on low-income groups of the population. The RBI, on the other hand, took up the mantle of providing much-needed help to the production sector. While it continued to ease the policy repo rate and promised to maintain surplus liquidity in the system, the RBI announced measures targeted at ensuring adequate flow of funds to MSMEs and NBFCs. The RBI also maintained orderly conditions in the interest rate markets in light of the large fund requirements of the government. This was mostly to ensure that interest rates do not rise to derail the recovery process. Despite the economic hardships, the government moved ahead to announce reform measures targeted at supporting investment activity. These included the *AatmaNirbhar Bharat Abhiyaan* and Productivity Linked Incentive (PLI) Scheme among other initiatives.

The banking sector also bore the brunt. While deposit mobilization improved sharply, credit demand was lacking. Before the COVID-19 situation, the sector was

Prashant Kumar
Managing Director & CEO



42%

Operating profit growth over the previous year, to INR 4,977 crore.

MESSAGE FROM MANAGING DIRECTOR AND CEO

gradually trying to mend its balance sheet problems with respect to the NPAs. The consequences of COVID-19 set back this process. The RBI sought to ease the burden by announcing moratorium for borrowers and standstill on asset classification by the banks.

As the 'unlock' process started, amid optimism fueled by festive demand, GDP growth in Q3 FY21 bounced into a positive zone and recorded +0.4%. Official estimates highlighted an 8% contraction of the economy for FY21 while looking forward to a 10.5% growth in FY22. These expectations now face a risk as the country is engulfed by a second wave of infections.

Challenges abound. But there is hope now as the vaccination drive is expected to get back on track as supplies stabilize with increased production. The Union Budget for FY22 has continued with the reforms process by announcing the setting up of a Development Financial Institution and creation of a National Asset Reconstruction Company, along with a sharp increase in the allocation for the healthcare sector. As the second wave of infections begins to ebb, it remains our collective responsibility to follow COVID-19 appropriate behavior and avert a third wave. Once this is managed, the reform measures of the government alongside easy financial market conditions should push India towards a sustained higher growth path during the year.

Continuing our transformational journey

Incidentally, COVID-19 has been the unexpected backdrop of YES BANK's institutional transformation which began in March 2020. The Bank, steered by a new leadership and a reconstituted Board of Directors, set upon a forward-looking journey of positive change, guided by the principles of transparency and accountability. Over the past year, we laid the foundation for accelerated growth while maintaining a strong focus on corporate governance. Even as we tide over the challenges of COVID-19, we continue to work towards creating a robust, resilient and future-ready franchise, creating value for all our stakeholders.

In line with the strategic objectives set out at the start of FY21, the Bank has been able to demonstrate significant progress across all parameters:

- Growth of deposit franchise by 55% to approximately INR 1.63 lakh crore with CASA ratio at 26%
- Strong growth in Retail and MSME advances which now account for 51% of total advances – a first for the Bank and up 700 bps YoY
- Successfully raised INR 15,000 crore of capital via an FPO in July, 2020 to recapitalize the Bank

- Healthy operating profits growth of 42% YoY to INR 4,977 crore on back of increase in NII and reduction in operating expenses by 14 per cent
- Strong track record of recovering INR 4,933 crore by the dedicated Stressed Asset Management team despite COVID-19 related disruptions and incidental process delays
- Significantly stronger and robust governance model with changes across organization, processes and business strategy
- Lastly, in FY21, the Bank prudently absorbed COVID-19 related impact by stepping up the bad loan buffers. Despite such accelerated provisioning, the Bank's CET1 remains healthy at 11.2 per cent and CRAR at 17.5 per cent

Customers at the heart of all we do

Amid restrictions on mobility of goods and people, we reinforced our resolve to put *the customer at the center of all our activities*. In an environment of physical distancing, the Bank established an unbroken link with customers via proactive communication to retain and reinforce trust. Not only were we able to scale up our digital infrastructure across touchpoints, but we also made innovations that allowed people

easy and continued access to finance through this time. We rolled out personalized products and solutions tailor-made to satisfy a range of banking needs. Solutions such as AI-backed customer support, contactless transactions, easy digital loans, startup funding and other online innovations allowed continuity and convenience to both micro, small and medium enterprises (MSMEs) and individual customers across segments. By building platforms to connect businesses with prospective customers, we also helped create a digital space where our customers could conduct and grow their businesses securely.

17.5%

CRAR healthy capital buffers and CET1 at 11.2%

MESSAGE FROM MANAGING DIRECTOR AND CEO

“ COVID-19 has been the unexpected backdrop of YES BANK's institutional transformation which began in March 2020. The Bank, steered by a new leadership and a reconstituted Board of Directors, set upon a forward-looking journey of positive change, guided by the principles of transparency and accountability.

Providing a safety net to our employees with many measures including vaccination at locations across India

Supporting our employees

Weaving a safety net for our employees, the Bank set up systems in place to support their wellbeing - right from vaccination tie-ups with hospitals, reimbursing the cost of the vaccine to employees, expanding insurance cover for YES BANKers as well as their families, partnering with hotel chains for quarantine facilities for staff who have tested positive, and routinely hosting information webinars, to launching a 24x7 COVID-19 help desk for unlimited consultations with doctors including for non-COVID-19-related issues, professional on-call counseling for mental wellness, hospital coordination support and emergency services. Apart from the core support services, the Bank has also facilitated additional medical services including RT-PCR tests, home isolation programs, medical equipment rentals, home healthcare support, ambulance rental and so on.

While no amount of such assistance can make up for the anguish faced by bereaved and affected families, the Bank, in its capacity, has endeavoured to alleviate the agony by providing basic support to community members.

Additionally, we are working to institute a phase-wise transition to the 'Work From Anywhere' (WFA) model to limit staff exposure on the premises of our offices and branches, even as we ensure there is no obstruction in continuing to provide round-the-clock support to our customers. The WFA model, backed by infrastructure support for secure and seamless workflows, will not only

allow more flexibility for our employees in planning their work routine, but also create employment opportunities for people who couldn't join a workplace due to restrictions on commuting and travelling.

Gratitude for past, hope for future

Throughout the ups and downs of last year, I feel fortunate for the trust that you have placed in the Bank, which is the motivation driving the Bank forward on this new course.

We have a clear vision for the future with an action plan for FY22 and beyond. These revolve around:

- **Operating profitability** on the back of cross-sell, cost efficiencies and expanding margins
- **Granular growth of deposit franchise:** Retail push to focus on expanding pan-India presence; transaction banking to develop digital distribution via fintech partnerships to reach new customers
- **Strong recoveries:** focused attention on resolution and recovery by a team of specialized professionals
- **Sustained growth of retail and MSME loan book:** Calibrated cash flow-based growth and build ecosystems in key growth sectors; grow in select asset-light corporate sectors with differentiated capabilities
- **Highest standards of risk management, governance and compliance:** Strengthen operating model on collections and risk management; streamline key decision-making processes

- **Maintain digital leadership:** Invest in building analytics function; accelerate digital transformation; digitize asset and deposit journeys
- **Continue to strengthen responsible franchise:** Promote sustainable finance opportunities and build resilience against ESG risks; invest in capability building of staff; enhance productivity through talent management

I am happy to apprise you that the wheels are already in motion for the successful realization of the Bank's progress on the above lines. I am confident that this dynamic roadmap, framed keeping our country's swiftly evolving banking needs in mind, will aid our efforts towards inclusive growth, long-term sustainability and productivity.

To all of our stakeholders, thank you for placing your trust in YES BANK and for your continued support. Our commitment to you is unwavering as we increase the momentum of our transformation into a stronger institution.

Sincerely,



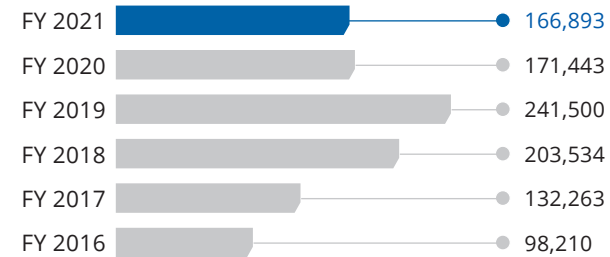
Prashant Kumar
Managing Director & CEO
YES BANK

KEY PERFORMANCE INDICATORS

Advances

(₹ in crore)

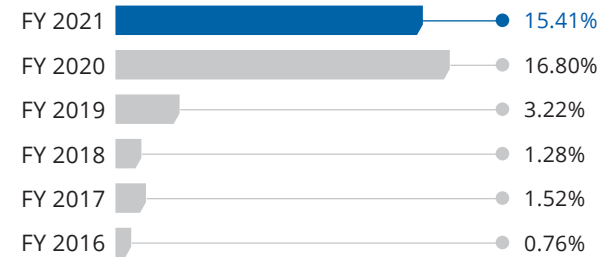
5 Year CAGR) 11.2%



Note

Gross NPA

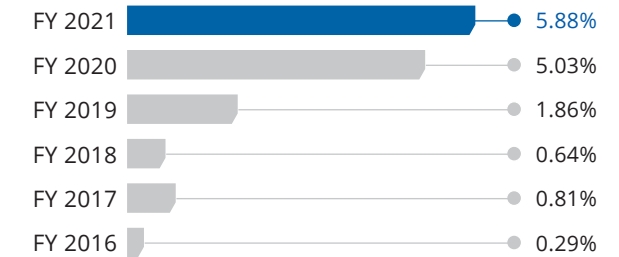
(%)



Note

Net NPA

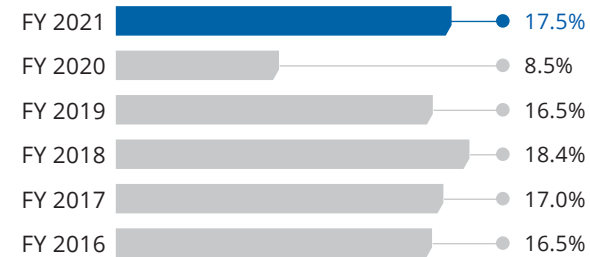
(%)



Note

Capital Adequacy Ratio

(%)

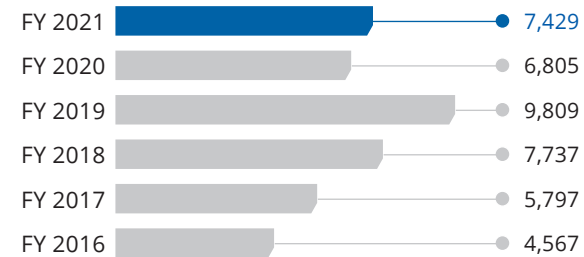


Note

Net Interest Income

(₹ in crore)

5 Year CAGR) 10.2%

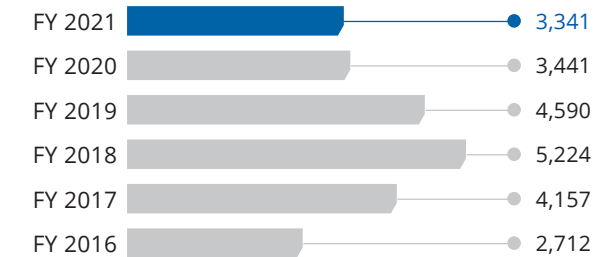


Note

Non Interest Income

(₹ in crore)

5 Year CAGR) 4.3%

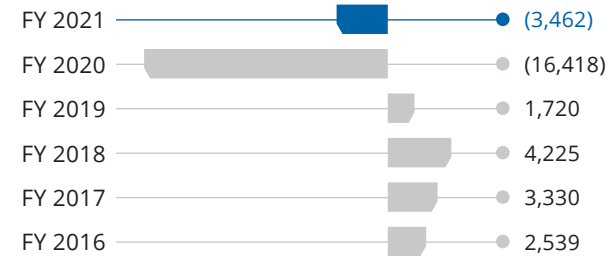


Note

KEY PERFORMANCE INDICATORS

Net Profit

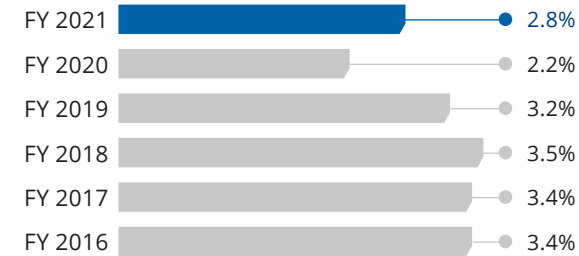
(₹ in crore)



Note

Net Interest Margin

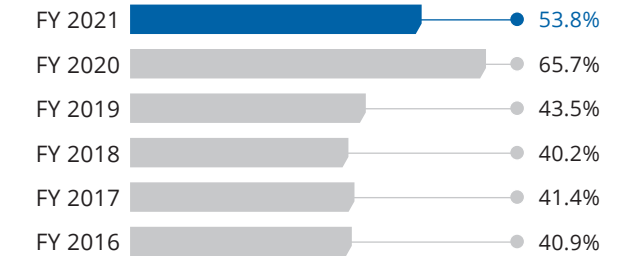
(%)



Note

Cost to Income Ratio

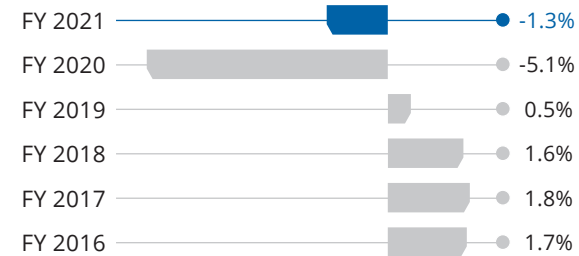
(₹ in crore)



Note

Return on Annual Average Assets

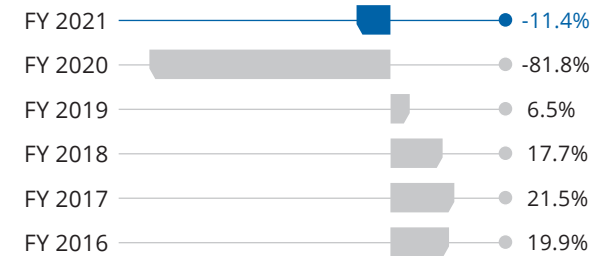
(%)



Note

Return on Equity

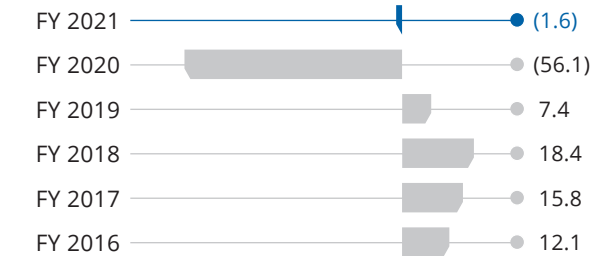
(%)



Note

Basic EPS

(₹ in crore)



Note

COVID-19 RESPONSE

Taking optimal action to ensure the health of our employees, customers and communities has been a top priority and an ongoing process at the Bank since March 2020, when COVID-19 first necessitated lockdowns. Up until today, YES BANK continues to take – and appropriately revise – measures to ensure the safety and health of the YES BANK family as well as our larger community.

For Employees



Aware of the severity of the second wave of COVID-19 infections and the onslaught brought on by the Delta variant, YES BANK intensified its efforts

to support employees in all possible manner. It commenced and continues to host an array of initiatives to help staff communities navigate these unprecedented times.

YES BANK has ensured a safe and supportive working environment for employees and safe banking spaces for customers, especially those at maximum risk of being affected by COVID-19, by:

- stepping in to make key interventions at the right time
- staying responsive to changes in safety guidelines and regulations, and
- simultaneously evolving processes and systems to best suit the dynamic situation

Minimizing exposure with work flexibility:

Necessary infrastructure support as well as IT and security support have been provided to ensure that the employees continue working from the safety of their homes. The Bank has worked with agility to operate its branches and call centers with minimal staff to minimize exposure. The Bank is also

transitioning to a 'Work From Anywhere' model to support more employees. The Bank has organized training sessions to help employees adapt to a remote working set up. To ensure work efficiency, YES BANK continues to invest in strengthening IT infrastructure and digital platforms to complement its electronically linked physical branch network.

Sanitized spaces: The Bank has formulated a clear standard operating procedure (SOP) outlining the necessary behavioral changes along with interventions needed at various touch points—maintaining a safe physical distance, taking steps to avoid crowding on office premises, use of hand sanitizers and face masks, and so on.

Ensuring holistic wellness with a taskforce, helpline and fitness sessions: The Bank partnered with healthcare providers to launch a dedicated COVID-19 helpdesk, with a hot line number, which can be reached at all hours of day and night by any YES BANKer. Under this key initiative, complimentary medical support services are available to YES BANKers and in some cases their families. The services range from complimentary online consultation with doctors as well as psychologists and counsellors for physical as well as mental well-being, to enrolment of family members for such support, ambulance booking and hospital coordination, quarantine aid with tie-ups

to ensure hotel rooms at affordable tariffs, home isolation support, RT-PCR tests, medical equipment on rent, and so on. The Bank has also set up health centers across key locations so that trained paramedics, doctors and dieticians are accessible to employees at various offices of the Bank. Live fitness sessions are also conducted online in collaboration with professionals on wellness practices and meditation.



COVID-19 RESPONSE

Enhanced insurance cover: The Bank has extended several medical benefits, insurance coverage and other related facilities, including an increase in cover for COVID-19 hospitalization and home quarantine coverage for self and family. In the unfortunate event of an employee's demise, the Bank has extended an immediate ex gratia of two months' salary to their family, and also a job offer to a family member. This is in addition to all other financial support that will be extended to the deceased employee's family as part of insurance covers available to the employee.

Vaccination drive: Under an ongoing vaccination drive, the Bank, at key locations, is organizing and bearing the cost of vaccination of employees, on-site vendor staff and employees' families.

Relief Program: Acknowledging that our COVID-19-hit colleagues not only need comforting and encouragement, but also our generosity and aid, the Bank has put in place an internal contribution drive for employees to volunteer financial aid for impacted colleagues who may have exhausted their financial resources due to hospitalization expenses for themselves or their loved ones. The Bank matches the overall contribution received from employees, by pledging an equal amount towards this fund.

For Communities



YES BANK has responded to COVID-19 through partnerships and direct interventions across 15 states in India since March 2020, committing more than INR 25 crore towards immediate and long-term response to COVID-19.

The Bank remains committed to the needs of citizens and continues to work alongside the government and health authorities to work towards enhancing community care with impactful initiatives to benefit or assist people in dire need at a strained time. While continuing key initiatives launched last year to safeguard and support communities, new collaborative projects were embarked upon to achieve this end.

Chief among these was our collaboration with an NGO to enable our customers to contribute medical oxygen to patients struggling for life amid an acute shortage during the second wave of COVID-19 infections in 2021. Under the initiative, customers could redeem the reward points accumulated on their YES BANK debit and credit cards to donate oxygen cylinders to needy patients across several metro cities, using the online portal.

The Bank also launched a series of volunteering campaigns – Joy of Giving -- to virtually connect employees with senior citizens who were isolated and needed human companionship during the lockdown.



The same campaign was extended to orphaned children as well as young professionals, who were stranded in the aftermath of COVID-19.

With the intention of helping local businesses get back on their feet after the lockdown, the Bank launched YES for Local, an initiative to support

domestic homegrown businesses. Customers could benefit from online deals, offers and discounts while shopping online with merchants listed with the Bank.

Raising awareness in rural areas: YES BANKERS conducted multiple online awareness sessions for over 500 rural farmers on myths around COVID-19

COVID-19 RESPONSE

vaccine and precautionary measures for children affected by COVID-19. Through our implementation partners, the Bank addressed vaccine hesitancy and extended support for registration on COWIN for farmers.

The Bank contributed to PM CARES Fund for strengthening health infrastructure and immediate relief and response.

Medical equipment was provided for COVID-19 management to Gujarat Cancer Society and Army hospital.

Dry ration and hygiene kits were provided to hundreds of families impacted due to loss of livelihoods.

Immediate relief was provided to children through medical and financial assistance and scholarships.

The Bank is working towards long-term economic security for the vulnerable by focusing on:

- Job-oriented skilling
- Incubating micro enterprises
- Promoting nano enterprises

For Customers



As the country starts unlocking again and business activity recommences, YES BANK continues to prioritize customer well-being, launching contactless payments and implementing measures to provide a sanitized and disinfected environment for them to carry out their banking activities. This is in addition to ensuring that all our customers have a platform to conduct their day-to-day banking activities digitally, from the safety of their homes, apart from online support and access to finances.

A convenient digital solution launched by the Bank to make finance easily available to customers, safely and speedily, was 'Loan In Seconds', where YES BANK account holders could apply for a loan digitally, with the benefits of no documentation and instant disbursement.

Last year, given the need for easy access to liquidity, the Bank enabled digital overdrafts on fixed deposits. Using agile digital innovation platforms, the Bank was also able to launch products and solutions enabling consumers to open accounts digitally and complete their KYC remotely via Video KYC.

The Bank further continues to sustain a ramped-up remote access capability to cover critical activities during partial lockdowns.



OUR INTEGRATED APPROACH

YES BANK consistently strives to integrate environmental, social and governance (ESG) considerations into the Bank's core business, with a focus on building resilience against ESG risks and mainstreaming sustainable finance.

The Bank aims to closely align its business to global sustainable development frameworks and play its part in achieving the objectives set out in the United Nation's Sustainable Development Goals (SDGs), the Paris Climate Agreement, and the Principles for Responsible Banking (PRB).

ENVIRONMENT



SOCIAL

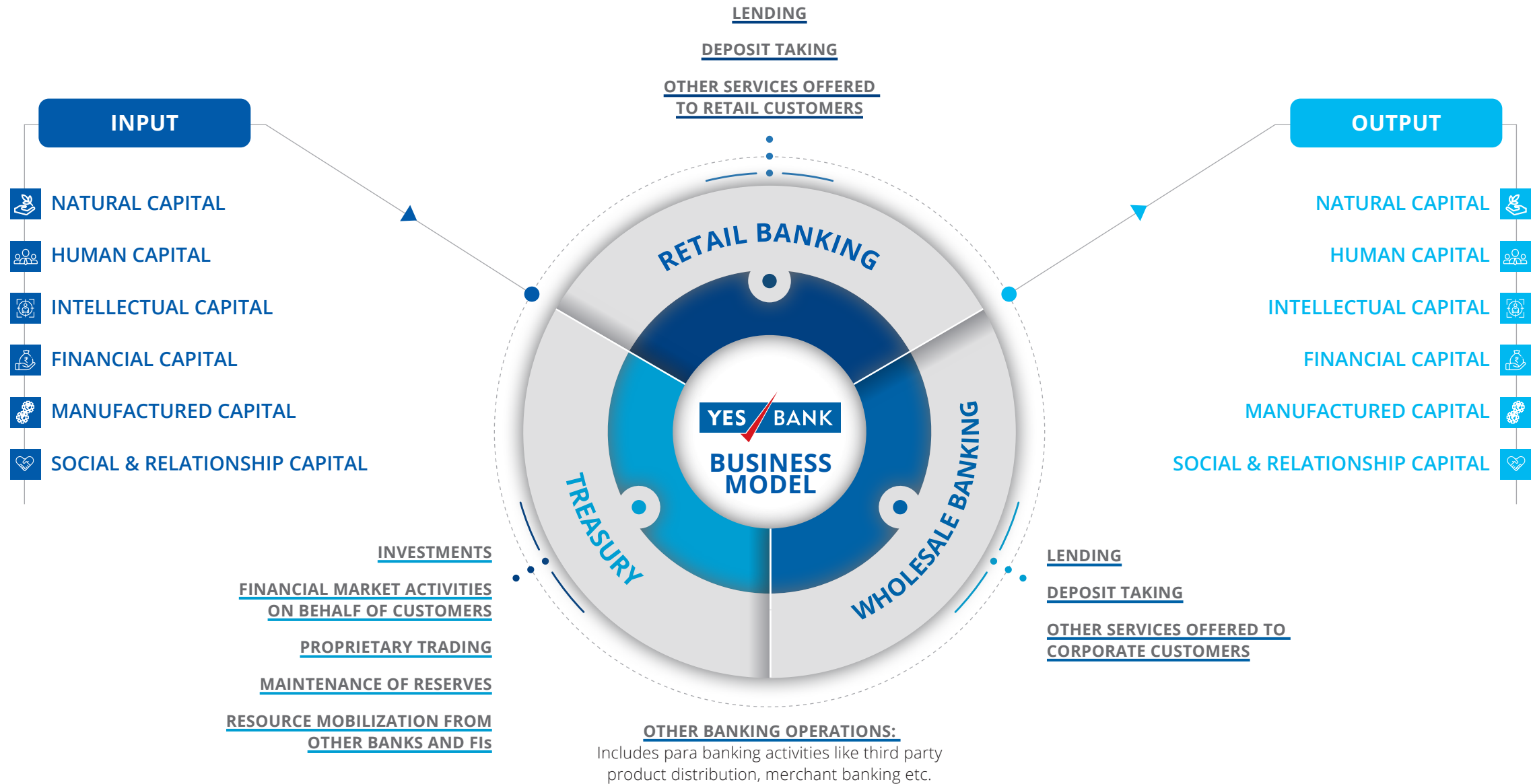


GOVERNANCE



OUR VALUE CREATION MODEL

BUSINESS MODEL







OUR VALUE CREATION MODEL



NATURAL CAPITAL





Natural capital refers to all renewable and non-renewable environmental resources that the Bank uses to create stakeholder value. It also includes the finance it mobilizes to promote natural resource preservation and climate risk mitigation.

INPUT	OUTPUT
 <p>Resources</p> <ul style="list-style-type: none"> 45,258.16 MWh of Grid Electricity consumed 2,32,651.84 Litres of Diesel consumed 261 Tons of Paper consumed (A4 & A3) 	<p>Emissions</p> <ul style="list-style-type: none"> 37,428 tCO₂e emissions from Grid Electricity consumption (down 8% YoY) 615.28 tCO₂e emissions from Diesel consumption (down 30% YoY) 215 tCO₂e emissions from Paper consumption (down 93% YoY) 5% reduction in emission intensity YoY
 <p>Conservation</p> <ul style="list-style-type: none"> Migration to LEDs Digitized paper-based processes Switched to procuring 100% recycled paper (A4) for internal operations 	<p>ISO 14001</p> <ul style="list-style-type: none"> 8th year of achieving ISO 14001:2015 Environmental Management System certification for 732 facilities
 <p>Climate</p> <ul style="list-style-type: none"> Sectoral carbon emission targets for aligning to global net-zero pathways 	<p>Climate</p> <ul style="list-style-type: none"> Measured financed emissions and aligning electricity sector exposure, to global 1.5 degree Rated 'A-' (Leadership Band) by CDP for 2020 Climate Change disclosures
 <p>Renewables</p> <ul style="list-style-type: none"> INR 575 cr in financing towards solar power projects in FY21 INR 32,500 cr of sanctioned facilities extended towards RE projects (since 2015) 	<p>Renewables</p> <ul style="list-style-type: none"> 950 MW of incremental solar capacity financed 6.4 GW of RE projects financed, since 2015



HUMAN CAPITAL

Human capital refers to the value of employees' competencies, their motivations to innovate, their knowledge and experience and their capability to utilize these to meet stakeholder needs. It also includes development programs undertaken for employees.



INPUT	OUTPUT
 <p>Employees</p> <ul style="list-style-type: none"> 22,270 Full-Time Employees 	<p>Retention</p> <ul style="list-style-type: none"> 9 years average vintage amongst Top Management Bankwide attrition rate down to 26.22% from 37.22% in FY20
 <p>Training</p> <ul style="list-style-type: none"> 4,712 training programmes conducted 	<p>Competency</p> <ul style="list-style-type: none"> 8,96,195 man-hours of training attended by 22,067 employees 40 man-hours of training, per executive
 <p>Gender</p> <ul style="list-style-type: none"> 4,120 permanent women employees 18.5% women participation in workforce 	<p>Rewards</p> <ul style="list-style-type: none"> 2,700+ employees received rewards
 <p>COVID</p> <ul style="list-style-type: none"> COVID-19 Task Force set-up; 24*7 Helpdesk to support YES BANKers COVID Mediclaim Policy for all employees INR 20 lakh additional Term Life Insurance cover per employee Reimbursements on COVID-19 vaccination cost for employees and dependents 	<p>Engagement</p> <ul style="list-style-type: none"> 200+ volunteering hours contributed by YES BANKers across India INR 21 lakh+ contributed by employees through Payroll Giving
<p>Engagement</p> <ul style="list-style-type: none"> #ZimmedariSeTayyari initiative Bank's employee volunteering initiative 	

OUR VALUE CREATION MODEL



INTELLECTUAL CAPITAL





Intellectual Capital refers to the collective knowledge base and thought leadership, accumulated through research and policy advocacy, brand management and intellectual property used to support business activities and lead public discourse on global challenges.

INPUT	OUTPUT
 <p>Digital</p> <ul style="list-style-type: none"> Modern, scalable & resilient digital infrastructure Industry leading API Banking platform Suite of innovative digital platforms to drive engagement and cross-sell 	<p>Mandates</p> <ul style="list-style-type: none"> 528 new Digital Banking mandates in FY21 32 new Advisory mandates across Agri Infra, Food Processing, Dairy, amongst others
 <p>Knowledge</p> <ul style="list-style-type: none"> Specialized Food and Agribusiness Strategic Advisory and Research (FASAR) unit Specialized Corporate & Government Advisory (CGA) group Specialized Sustainable Finance Unit with strategic focus on ESG 	<p>Digital</p> <ul style="list-style-type: none"> 400+ APIs; 3,000+ customers on API Banking platform 40%+ market share in UPI payments No. 1 Remitter bank for IMPS transactions (as per NPCI among peer banks) Loan in seconds (LIS) platform for end-to-end digital loans <p>Innovations</p> <ul style="list-style-type: none"> 21+ lakh users registered through YES Online 22.96% growth in YES Mobile registered user base YoY WhatsApp Banking AI-enabled personal Banking assistant, powered by YES ROBOT <p>Knowledge</p> <ul style="list-style-type: none"> Supported states of Punjab, Rajasthan, Telangana and Goa in developing EV Policies Launched Knowledge Reports on Climate Change; Dairy Livestock & Fisheries; Tourism



FINANCIAL CAPITAL

Financial Capital is the value of money that the Bank obtains from the providers of capital, which is used to support its business activities. The profits generated thereof, are distributed amongst its stakeholders, as well as retained to further fund business activities.

INPUT	OUTPUT
 <p>Capital</p> <ul style="list-style-type: none"> INR 33,196 cr (Total CRAR at 17.5%) 	<p>Advances</p> <ul style="list-style-type: none"> INR 85,115 cr in Retail & MSME advances; 51% of advances mix INR 81,778 cr in Corporate advances
 <p>Borrowings</p> <ul style="list-style-type: none"> INR 63,949 cr 	<p>Disbursement</p> <ul style="list-style-type: none"> INR 31,352 cr in Retail & MSME disbursements INR 6,440 cr in Corporate disbursements
 <p>Deposits</p> <ul style="list-style-type: none"> INR 1,62,947 cr up 55% YoY 	<p>Recoveries</p> <ul style="list-style-type: none"> INR 4,933 cr recovered from stressed assets pool <p>C/D Ratio</p> <ul style="list-style-type: none"> 102% down from 163% in March 2020
	<p>Cost to Income</p> <ul style="list-style-type: none"> Cost to Income at 53.8% in FY21 (down from 65.7% in FY20) <p>Liquidity</p> <ul style="list-style-type: none"> 122% Liquidity Coverage Ratio <p>Operating Profit</p> <ul style="list-style-type: none"> INR 4,977 cr, growth of 42% YOY

OUR VALUE CREATION MODEL



MANUFACTURED CAPITAL




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

INPUT	OUTPUT
 <p>Presence</p> <ul style="list-style-type: none"> 1,070 branches 72 BC Banking Outlets 1,340 ATMs 	<ul style="list-style-type: none"> The Bank has built a pan-India presence and a strong digital backbone



SOCIAL & RELATIONSHIP CAPITAL

Social & Relationship Capital refers to the relationships the Bank develops with its customers, investors, regulators, suppliers and community at large to create shared societal value as a responsible corporate citizen.

INPUT	OUTPUT
 <p>Inclusion</p> <ul style="list-style-type: none"> Strong network of Rural Branches, BC branches and 72 BCBOs 596 Financial Literacy Camps conducted in FY21 	<p>Inclusion</p> <ul style="list-style-type: none"> 9.8 lakh women customers part of Self Help Groups (SHGs) and Joint Liability Groups INR 11,852 cr disbursed to 31+ lakh families through YES LEAP (since inception)
 <p>Suppliers</p> <ul style="list-style-type: none"> 11,500+ strong supplier base 	<p>Suppliers</p> <ul style="list-style-type: none"> Transacted with 5,000+ suppliers in FY21 Pilot environmental and social assessment with select strategic suppliers
 <p>CSR</p> <ul style="list-style-type: none"> Initiatives to improve Livelihood and Water Security Initiatives aimed at Biodiversity Conservation 	<p>CSR</p> <ul style="list-style-type: none"> 1,000 beneficiaries provided access to clean drinking water 9,000+ farmers provided livelihood trainings 5,000 students engaged in nest making workshops for conserving House Sparrows

ENVIRONMENT

YES BANK is cognizant of its environmental impacts and responsibility towards climate action, and continually endeavors to conserve natural resources and minimize the environmental impact of the Bank's portfolio and operations.



ENVIRONMENT

PORTFOLIO



Environment and Social Policy

To safeguard its portfolio from environmental and social risks and to ensure that the Bank does not finance activities that may adversely impact natural ecosystems, the Bank has adopted an Environment and Social Policy (ESP) to assess and address potential environmental & social (E&S) risks associated with its lending activities.



Climate Action



The Bank has also accorded a high strategic priority to climate action and is developing a framework for measuring and mitigating climate related physical and transitional risks at the operational and portfolio levels. As part of the Science Based Targets Initiative (SBTi), the Bank has measured its attributable financed emission of its electricity sector exposure, and developed targets for alignment with the global decarbonization pathway, which is being formalized for implementation.



ENVIRONMENT

YES BANK's continued leadership in climate action



IIF-YES BANK Climate Finance Workshop	YES BANK - IIT Delhi Report on Climate Change
	
<p>YES BANK partnered the Institute of International Finance to organize the India Climate Finance Workshop</p> <p>Key organizations present: GARP Risk Institute, EverSource Capital, Rabobank, Abu Dhabi Global Market, Africa Finance Corporation, European Commission, HSBC, ICRA India, RBI, IFC, Moody's Corporation, Morgan Stanley, Société Générale</p>	<p>YES BANK and IIT Delhi jointly launched a Knowledge Report titled, "Impact of Climate Change on Indian Economy".</p> <p>https://www.yesbank.in/pdf/impact_of_climate_change_on_indian_economy_pdf</p>

ENVIRONMENT

Impact analysis against SDGs

YES BANK is the only Indian Founding Signatory to the UNEP FI Principles for Responsible Banking (PRB), the first global framework for enabling the banking sector to align their business to the objectives of the SDGs and the Paris Climate Agreement. In line with its commitment under PRB, the Bank has begun carrying out an SDG impact analysis of its portfolio to identify the most significant areas of positive and negative impacts of the Bank's business on the 17 SDGs. The assessments from this exercise will enable the Bank to adopt strategies to minimize its negative impacts and maximize positive impacts of its business activities.

Sustainability-linked sectors

Sunrise sectors like E-mobility, Smart Cities and Renewable Energy hold the key to a low carbon economy and sustainable growth. YES BANK has built in-house expertise to address the needs of these new-age sectors through advisory & implementation support and investment banking solutions

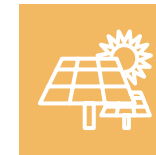
Corporate & Government Advisory (CGA) initiatives		
Supported state governments of Punjab, Rajasthan, Telangana and Goa in developing the state's EV Policy	Acted as Knowledge Partner to Telangana EV Summit organized by the Department of Industries, Government of Telangana for launch of Electric Vehicle and Energy Storage Policy 2020-2030	Assisted Haryana Renewable Energy Development Agency (HAREDA) in developing a business plan to adopt Electric Vehicles in public fleet
Acted as Knowledge Partner to Rajasthan EV Industry Investors Meet organized by Rajasthan State Industrial Development and Investment Corporation (RIICO) for attracting EV manufacturing-led investments in Rajasthan	Sustainable Investment Banking (SIB) initiative SIB acted as exclusive advisor to EverSource Capital for private equity placement in VA Tech Wabag's Hybrid Annuity Model (HAM) based sewage treatment plant, marking the entry of private equity player in the water HAM sector	



ENVIRONMENT

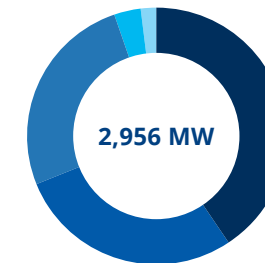


Renewables



Transitioning to a low-carbon economy hinges on the financing and adoption of renewable energy (RE). YES BANK has been a market leader in financing renewable energy projects with INR 32,500 Crore of sanctioned facilities extended for 6.4 GW of RE projects since 2015. In FY 2021, the Bank extended financial solutions of INR 575 Crore towards solar power projects of 950 MW.

Overall clean energy portfolio as on March 31, 2021 (MW)*



● 1,200	Hybrid
● 844	Solar
● 760	Wind
● 99	Small Hydro
● 52.8	Gas

*Underwritten/ Participation basis

Sustainable Investment Banking (SIB) Transactions in FY 2021

SIB acted as exclusive advisor to Sterling Wilson Private Limited for divestment in its 72.5 MW operating solar assets to Adani Green Energy Limited

SIB acted as exclusive advisor to Eoxis Asia Private Limited, for divestment of stake in 15 MW operational solar asset to Ashapura Green Energy, a Gujarat based renewable energy company

ENVIRONMENT

OPERATIONS

The Bank undertook several initiatives towards greening its internal operations and reducing its carbon footprint in line with its Environmental Management Policy.

Eliminated single-use plastic at all its facilities	Switched to procuring 100% recycled paper (A4) for all its internal operations and back-end processes, across India	Introduced the Loan in Seconds (LIS) platform for end-to-end digital loans, avoiding the potential use of approximately 9,63,000* A4 sheets of paper*, resulting in energy savings of 131.88 GJ
Introduced digital E-statements and Income Tax Certificates for customers, avoiding the potential use of approximately 2,11,240 A4 sheets of paper and 37,496 envelopes, resulting in energy savings of 39.45 GJ	Digitized documentation and verification processes through Digital Post Disbursal Documents, saving over 51,691 sheets of A4 size paper, resulting in energy savings of 6.85 GJ	Digitized documentation and verification processes through Digital Post Disbursal Documents, saving over 51,691 sheets of A4 size paper
Replaced 1,980 LED units across facilities	Responsibly disposed 6,658.2 kg of e-waste	Introduced robotics platform for vehicle loans to download vehicle registration certificates through government's VAHAN website, reducing TAT by one day and avoiding potential use of approximately 38,398 A4 sheets of paper, resulting in energy savings of 5.27 GJ
Replaced CFL Signages to LEDs in 43 branches	Recycled 4,123 batteries across locations	
Replaced 820 tonnage of R22 air conditioners in 96 branches with energy efficient (star rated) systems that use eco-friendly coolants	<h3>YES BANK'S ISO 14001:2015</h3> <p>The timeline shows three key milestones: In 2014, YES BANK became the first Bank in India to receive the ISO 14001:2004 certification for reducing resource usage and implementing environment friendly practices. In 2017, YES BANK became the first Bank globally to migrate to the ISO 14001:2015 standard for its EMS. The Bank achieved the ISO 14001:2015 certification for a record eighth year in a row.</p>	
Achieved the ISO 14001:2015 certification for its Environmental Management System (EMS) for the eighth year in a row and continues to have the highest number of ISO 14001:2015 certified facilities (732) amongst the BFSI sector, globally	Achieved an estimated 8% reduction in Grid Electricity consumption YoY	Achieved an estimated 30% reduction in the Diesel consumption YoY
		Achieved an estimated 5% reduction in emission intensity YoY

*Estimated basis the process for manual loan sanction requiring an average of 90 A4 sheets per application

SOCIAL

As a public trust institution, YES BANK aims to play a significant role in driving action towards sustainable development. The Bank works closely with various social groups from its entire spectrum of stakeholders, to deliver internal and external, positive socio-environmental impact.



SOCIAL

Employees



The Bank's employees have played a critical role in its transformational journey, acting as ambassadors of the Bank's core values of Trustworthiness, Transparency, Integrity, Accountability and Collaboration. Through its knowledge-driven approach and a culture that espouses fairness, empathy, and independence, the Bank has endeavoured to create a caring workplace that encourages cross-silo collaboration and holistic growth.

Key Highlights FY 2021

2,700+

employees received rewards

22,270

total employees

4,120

permanent women employees

26.22%

total attrition rate – down from 37.22% in FY20

23.70%

total hire rate

18.5%

women participation in workforce

100%

return to work rate after paternal leave

99.5%

return to work rate after maternal leave



Data points include YES BANK Limited full-time employees (India & Overseas) and exclude fixed term contractual employees (trainees, advisors, etc.).

Health and safety



The Bank has been cognizant of the challenges faced by its employees and their families in weathering COVID-19 and has undertaken several measures to provide relief and assistance in addressing the health crisis.

- Dedicated **COVID-19 Task Force** set up to address queries and take initiatives related to the health, safety & wellbeing of employees
- **COVID Mediclaim Policy** for all employees
- INR 20 lakh additional **Term Life Insurance** cover provided per employee (over and above the Group Term Life cover)
- Employees and their dependents **offered reimbursements on COVID vaccination costs**
- **24*7 Helpdesk** set up to support YES BANKers with medical consultations, ambulance activation, counselling
- **Virtual medical assistance for employees** and their family members
- **Medical centers set up in five major locations** (2 in Mumbai, 2 in Delhi and 1 in Chennai).
- **Wellness sessions by specialized doctors** on various ailments
- **Regular fumigation of Branches** and Corporate Office



SOCIAL

Building Competencies



Human Capital at the Bank comprises not just employees but also their knowledge, skills, competencies, creative ability and mindset to deliver value.

Employee learning has always been a priority for the Bank, and it continued to support and develop employee competencies through structured learning programmes through the year.

- **YES SCHOOL OF BANKING (YSB) rolled out a virtual classroom methodology (Live Digital Training)** to overcome challenges posed by the pandemic
- Employees clocked **8,96,196 total training hours in FY 2021**
- **22,067 employees trained** during the year
- **Participant man-hours per employee improved by 14% YOY** to 40.24 in FY 2021
- **4,712 training programmes conducted to build competencies in risk management;** operations & service delivery; cyber security; leadership; building high performance virtual teams, design thinking and managerial efficacy

Diversity & Inclusion



Diversity and Inclusion are extremely critical aspects for building a strong and successful organisational culture. YES BANK believes that creating an environment that is inclusive towards employees of all backgrounds, genders and identities is extremely important.

A diverse and inclusive culture does not happen by chance and requires a cultural transformation, wherein all practice 'conscious inclusion' through thoughts, beliefs and behaviors that value and leverage individual differences. In FY 2021, the Bank created the YES BANK Diversity & Inclusion (D&I) Council with the objectives of:

- Helping the Bank Embrace Diversity and Inclusion as drivers for employee satisfaction as well as organizational innovation, value and growth
- Serving as a Diversity & Inclusion advocacy and enablement group for the Bank, while constantly tapping the collective D&I knowledge and experience



SOCIAL

Employee Engagement & Wellness



The Bank has a 5C Employee Engagement Framework (Care, Connect, Communication, Career, Culture) with the objective to cater to overall mental & physical wellbeing of employees, provide continuous developmental opportunities, build a culture of collaboration & appreciation and provide a positive work environment

**LIVE Fitness Sessions:**

The Bank launched a host of LIVE sessions on Guided Meditation, Yoga, and Zumba conducted across the week for YES BANKers, PAN India. These sessions facilitate employees to embrace a healthy lifestyle and workout regime to maintain their physical and mental well-being. The virtual sessions have seen enthusiastic participation from employees and their family members

**YES Foundation Day:**

The Bank celebrated its YES Foundation Day on March 18, 2021, to commemorate its work achievements. The intent was to embody and align employee actions to the Bank's values as it builds a culture based on Trustworthiness, Transparency, Integrity, Accountability and Collaboration. The Bank's MD & CEO unveiled an anthem based on the Bank's values during the event. The celebrations included Y-Factor (a Talent Platform for YES BANKers), where the employees showcased their talent in Singing/ Dancing/Solo Performing. This mega event saw around 400+ participants from all branches, with 10 winners being awarded.

**Women's Day:**

#ChooseToChallenge was the theme for International Women's Day 2021, which was celebrated virtually at YES BANK branches/premises. The event began with a webinar on 'Overcoming Self Doubt' on challenging inhibiting beliefs. A virtual photo booth called 'Strike a Pose' was available to YES BANKers where they could click & upload their selfies with the Women's Day 2021 Pledge on '#ChooseToChallenge'. All employees were invited to a virtual Pilates masterclass by a celebrity fitness and Pilates instructor.



SOCIAL

Customers



YES BANK continues to maintain a laser-sharp focus on fostering innovation and leveraging technological developments to enhance the banking experience for its customers. It has adopted a holistic approach towards going digital and has integrated this strategy across its banking ecosystem. The size and volume of digital banking transactions done through YES BANK's products and services continued to scale up rapidly in FY 2020-21.

Key Highlights FY 2021

102.4%

y-o-y growth in volume of UPI transactions

134.7%

y-o-y growth in value of UPI transactions

24.59%

y-o-y growth in value of IMPS transactions

22.96%

y-o-y growth in registered user base of YES Mobile (mobile banking application)

21.39 lakh

users reached through YES ONLINE, an innovative retail net banking platform, launched on 18th October 2020 with world-class digital banking features

WhatsApp Banking

a comprehensive, secure, AI-enabled personal Banking assistant, powered by YES ROBOT launched in July 2020 offering 60+ products & services with 24*7 availability

YES ROBOT

- 340% y-o-y growth in number of deposits booked
- 339% y-o-y growth in number of financial transactions
- 420% y-o-y growth in customer queries responded



SOCIAL

Rural Customers



In line with its commitment towards sustainable 'inclusive growth' in the rural and semi urban segment, YES BANK, has always focused on frugal innovations and key partnerships to create and promote viable business models, while providing 'access to finance' to the bottom-of-the-pyramid (BOP) customers.

It has a two-pronged strategy involving divisions – Inclusive and Social Banking (ISB) and Microfinance Banking (MFB) – for implementation of various financial inclusion initiatives. Further, to provide comprehensive services, the Bank has aligned the ISB & MFB businesses with its Rural Branches and has also deepened the distribution channel through Business Correspondent (BC) branches and BC managed Banking Outlets (BCBOs).

- As on March 31, 2021, the Bank has an active women customer base of 9.8 lakh. Since inception of the programme in 2011, a cumulative disbursement of over Rs. 11,852 crore has been done, reaching out to over 31 lakh families, till date.
- During the FY 20-21, in addition to the existing 21 Business Correspondent managed Banking outlets (BCBOs) in Unbanked Rural Centers, the Bank has made significant progress by adding another 51 BCBOs, thereby taking the total count to 72 BCBOs, through which all deposit, lending, and third party products are offered to over 26,000 customers in the rural segment.

COVID-19 Support:

- Moratorium on EMI repayments availed by **9.1 lakh women borrowers** (>90% of customers)
- INR **13.22 Cr** credited to **8.2 lakh eligible borrower accounts** under **Pradhan Mantri Mudra Yojana** (PMMY)'s Interest Subvention scheme of 2% on prompt repayment of Shishu Loans

9.8lakh

active women customer

SOCIAL

Supply Chain



The Bank has a diverse supplier base, comprising 11,500+ large, medium and small suppliers which also include providers of key platforms and services on which the Bank operates. The Bank has transacted with 5000+ suppliers in FY 2020-21 for provision of goods and services across all the offices and branches.

The Bank has formed strategic relationships with eminent Indian and global companies, which not only widen business platforms but also lay the foundation for a sustainable future. The Bank uses local vendors for localised consumption of products and services with almost all transactions and procurement done through in-country vendors.

YES BANK endeavours to integrate sustainability considerations into its supply chain. As India's first banking signatory to the UN Global Compact, The Bank abides by the 10 principles of the compact encompassing human rights, labour, environment and anti-corruption. In FY 2017-18, YES BANK adopted a Supplier Code of Conduct, based on Environmental, Social and Governance (ESG) parameters, defining the Bank's commitment to human rights, fair labour practices, environmental progress, and anti-corruption policies. In FY 2021, the Bank conducted a pilot ESG assessment of 15 select strategic suppliers to understand their adherence to nationally and internationally recognized ESG practices. The Bank will use the observations derived from the assessment to strengthen the process of sourcing sustainable products and ESG compliant suppliers thus creating a responsible supply chain.

Government



India faces many developmental challenges that can only be addressed through the joint interventions of both the public and private sector. With its in-depth sectoral expertise, policy research capabilities and strategic alliances, YES BANK works with the government and the public sector to execute key mandates and contribute to national priority areas

Corporate & Government Advisory (CGA) group initiatives

Developed strategy for the Meghalaya State Rural Livelihoods Society on livelihoods and convergence for SHGs through farm and non-farm based interventions in East Khasi Hills district

Developed the Uttarakhand Pharmaceutical and Medical Device Manufacturing Policy for Department of Medical Health and Family Welfare, Government of Uttarakhand

Strategic Support to Gurugram District Administration in improving COVID-19 related processes by preparing Standard Operating Procedure for contact tracing, training manuals for volunteers and reference material for citizens & frontline health workers

Food and Agribusiness Strategic Advisory and Research (FASAR) initiatives

Curated Webinars on:

- Clean Milk Supply Chains and Farmer-Industry Linkages
- Growing the Indian Fisheries Sector
- Driving Efficiency in the Nutraceuticals Sector through Access to Government Schemes & Digitalization

Anchored industry discussions with the Department of Animal Husbandry & Dairying on Animal Husbandry Infrastructure Development

Business Economics Banking (BEB)

Developed sector-specific research and periodic reports covering macro economy, sectoral analysis, policy environment amongst others, cited by investors, government, media and clients

“ In FY 2017-18, YES BANK adopted a Supplier Code of Conduct, based on Environmental, Social and Governance (ESG) parameters, defining the Bank's commitment to human rights, fair labour practices, environmental progress, and anti-corruption policies.

SOCIAL

Community



Since inception, the Bank has developed and implemented various programs to enhance and create shared value through unique, scalable, and sustainable

models to achieve this objective. YES BANK's Corporate Social Responsibility (CSR) policy guides the Bank to deliver internal and external positive socio-environmental impact by following a unique approach, which focuses on:

- Promoting principles of social responsibility and inclusive growth through awareness and support
- Investing in socially and environmentally responsible activities to create positive impact
- Engaging with stakeholders to further the sustainability agenda of the Bank and empower them with knowledge
- Collaborating with like-minded institutions and forging partnerships towards addressing the needs of stakeholders
- Monitoring the environmental and social investments of YES BANK through structured governance and transparent performance indicators

This unique, multi-pronged approach has enabled the Bank to forge meaningful associations with its stakeholders, including community groups, non-profit organizations, governments, corporate peers, and civil society and deliver exponential impact. With the view of actualizing and concentrating its efforts towards Sustainable Development Goals (SDGs), the Bank undertook various programs and initiatives during the FY 2020-21, in line with its CSR focus areas:



LIVELIHOOD AND WATER SECURITY

'SDG 6 – Clean Water and Sanitation' sets out to 'ensure availability and sustainable management of water and sanitation for all'. Water, being at the core of sustainable development, has strong linkages with other developmental parameters such as education, health, food security and livelihoods. In the Indian context, access to safe and clean drinking water is extremely critical to ensure survival and progress of rural, underprivileged and marginalized section of the society. In concurrence with SDG 6, YES BANK launched its Livelihood and Water Security initiative in 2014, with the aim to provide access to safe, clean and affordable drinking water to urban, rural and semi-rural communities. The plethora of initiatives undertaken by the Bank over the years has positively impacted the community members and improved their health and welfare.

9,000

farmers engaged through training & capacity building sessions, market linkage modules and productivity enhancement initiatives

1,000

individuals benefitted with 200 liters of potable water supply through improved supply and distribution infrastructure, switching from electric pumps to solar pumps and construction of rainwater harvesting structures

SOCIAL

**EMPLOYABILITY AND ENTREPRENEURSHIP**

YES BANK's first-of-its-kind CSR initiative 'Say YES to Sustainable MSMEs in India', was conceptualized to support MSMEs in adopting best practices in Energy Efficiency (EE) and Occupational Health & Safety (OHS). The initiative has helped MSMEs integrate sustainability into operations, reduce overall carbon footprint, enhance global competitiveness in terms of output and efficiency, and contribute to India's 'Zero Defect, Zero Effect' vision.

54,925

MSMEs and more than 1,00,000 workers benefitted through Say YES to Sustainable MSMEs initiative

**ENVIRONMENTAL SUSTAINABILITY**

India is home to a rich biodiversity, many of the species being endemic to specific areas, and under threat from various anthropogenic factors. As a financial institution, YES BANK has taken focused measures to ensure conservation of biodiversity and endangered species, while mitigating the factors affecting them.

The Bank has steadily worked towards preventing extinction of critically endangered / endangered species such as Red Panda and Great Indian Bustard by supporting habitat restoration (protected & potential) and community-led interventions in the NCR, Rajasthan and Sikkim. Through such initiatives, the Bank assisted in creating a holistic local ecosystem for promoting conservation and preservation of natural capital.

45,462

trees maintained along a 40-kilometer stretch on Mumbai-Nashik Highway

5,000

students trained through nest making workshops for conserving House Sparrows

SOCIAL



SOCIAL TRANSFORMATION

YES FOUNDATION (YF), one of the implementing arms of YES BANK CSR, has a unique Grants & Accelerator program, which helps existing social impact organizations to improve quality of operations, adopt management best practices, scale up impact and emerge as benchmark organizations in the sector. 22 NGOs and social enterprises were selected in 2018 for this program through a competitive application process. Capacity building of these selected organizations was undertaken through workshops and mentorship sessions focused on Governance, Compliance, Controls, Performance and Risk Management. Subsequently, projects were identified to enable scale-up of each of these organizations through a three-year grants support.

Launched in October 2020 under #ZimmedariSeTayyari initiative of the Bank, employee volunteering focused on engaging employees and their family members across several initiatives and causes benefitting senior citizens in old age homes, underprivileged youth, differently abled, orphaned children and children suffering from terminal diseases.

200

*hours contributed by employees
towards volunteering initiatives*

INR 21 lakh +

*contributed by employees through
Payroll Giving*

OUR INTEGRATED APPROACH
SNAPSHOT OF THE BANK'S ESG INITIATIVES

GOVERNANCE

YES BANK is committed to achieve the highest standards of governance in all aspects of its business and conform to global standards of ethics, integrity and transparency.



GOVERNANCE

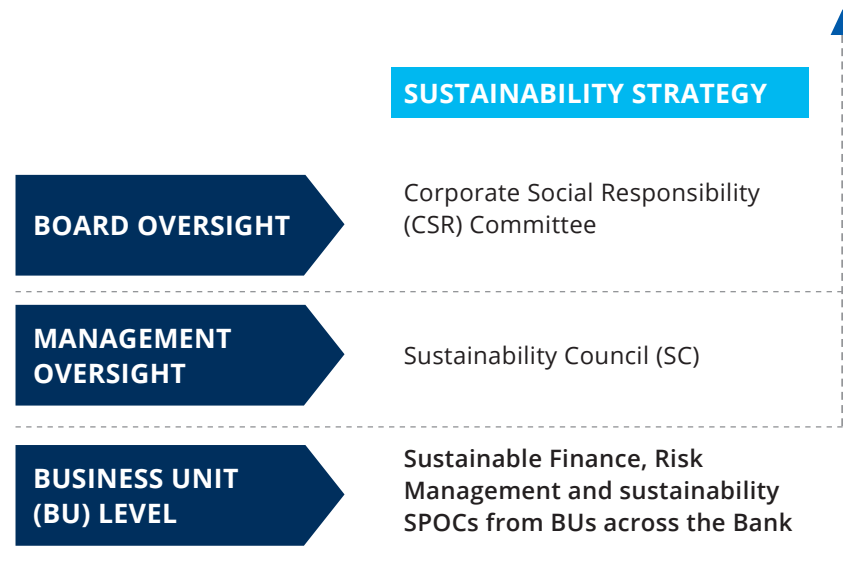
ESG Governance



In FY 2020-21, the Bank strengthened its governance structure for ESG practices by constituting an Executive level Sustainability Council chaired by the MD & CEO. The Sustainability Council develops and reviews the Bank's sustainability strategy, oversees the implementation of the Bank's sustainability agenda, sets targets, and monitors ESG performance.

The Sustainability Council is overseen by the Bank's Board Level - Corporate Social Responsibility Committee.

YES BANK's ESG Governance Structure

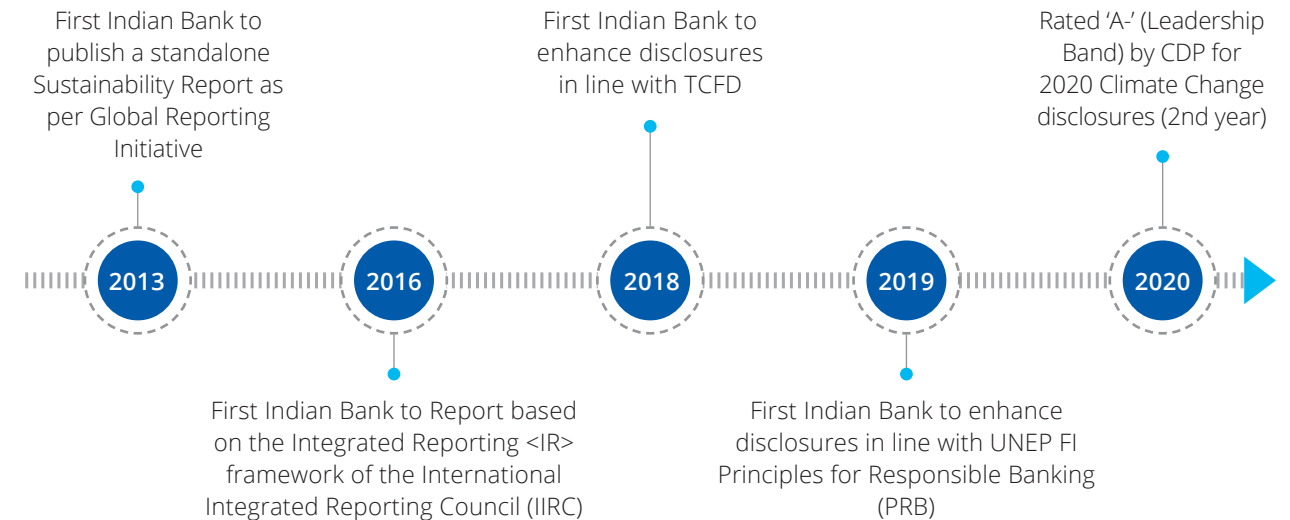


Disclosures



The Bank continues to make comprehensive environmental, social and governance related disclosures aligned to the Global Reporting Initiative and the Integrated Reporting (IR) Framework of the International Integrated Reporting Council. YES BANK was the first Bank in India to publish a standalone Sustainability Report in FY13 and continues to enhance its sustainability disclosures in line with global best practices.

YES BANK's Triple Bottom Line reporting journey



YES BANK publishes its annual sustainability disclosures as part of its Sustainability Report. The disclosures for FY 2020-21 can be accessed at <https://www.yesbank.in/about-us/sustainability-at-yes-bank/esg-disclosures/sustainability-reports>

GOVERNANCE

ESG Policies



YES BANK has instituted robust environmental and social policies and codes that help it integrate sustainability into its operations and governance structures, and align its business with global best practices



Corporate Social Responsibility Policy

(Aligned with Section 135 of The Companies Act, 2013 and in accordance with the Companies Rules, 2014)

Supplier Code of Conduct

(Based on United Nations Global Compact Principles)

Environment and Social Policy (ESP) for responsible lending

(Based on IFC Performance Standards and Equator Principles)

Environmental Management Policy

(Based on ISO 14001:2015 Environmental Management Systems requirements)



GOVERNANCE

BOARD OF DIRECTORS



Mr. Sunil Mehta
Non- Executive Chairman



Mr. Prashant Kumar
Managing Director & Chief Executive Officer



Mr. Mahesh Krishnamurti
Non-Executive Director



Mr. Atul Bheda
Non-Executive Director



Mr. R. Gandhi
Additional Director Appointed by RBI



Mr. Ananth Narayan Gopalakrishnan
Additional Director Appointed by RBI



Mr. V.S. Radhakrishnan
SBI Nominee Director[^]



Mr. Ravindra Pandey
SBI Nominee Director[#]

Notes:

1 Except Mr. Radhakrishnan and Mr. Ravindra Pandey, all the above Directors on Board were appointed w.e.f March 26, 2020.

2 Detailed profiles of all Directors can be found on [Page 100](#) of the Corporate Governance Report.

3 The present composition of the Board is as per the Yes Bank Reconstruction Scheme, 2020 notified by the Ministry of Finance, Government of India.

[^] Appointed w.e.f. July 31, 2020.

[#] Appointed w.e.f. November 03, 2020.

GOVERNANCE

MANAGEMENT TEAM



Prashant Kumar
MD & CEO



Niranjan Banodkar
Chief Financial Officer



Sumit Gupta¹
Chief Risk Officer



Anita Pai
Chief Operating Officer



Anurag Adlakha
Chief Human
Resources Officer



Ashish Chandak²
Chief Compliance Officer



Parag Gorakshakar
Chief Credit Officer



Ashish Joshi
Chief Vigilance Officer



Rajan Pental
Global Head, Branch and
Retail Banking



Ashish Agarwal
Global Head,
Wholesale Banking



Rajanish Prabhu
Country Head, Credit
Cards & Merchant
Acquiring



Amit Sureka
Country Head, Financial
Markets



Indranil Pan
Chief Economist



Akash Suri
Country Head, Stressed
Asset Management



Jyoti Prasad Ratho²
Chief Internal Auditor



Shivanand Shettigar³
Company Secretary

Notes:

1. Reports directly to the Risk Management Committee of the Board.
2. Reports directly to the Audit Committee of the Board.
3. Reports directly to the Chairman of Board.

GOVERNANCE

CORPORATE INFORMATION

Audit Committee

Mr. Atul Bheda, Chairman
Mr. R. Gandhi, Member
Mr. Ananth Narayan Gopalakrishnan, Member
Mr. Ravindra Pandey, Member

Nomination & Remuneration Committee

Mr. Mahesh Krishnamurti, Chairman
Mr. Sunil Mehta, Member
Mr. Atul Bheda, Member
Mr. Ravindra Pandey, Member

Stakeholders Relationship Committee

Mr. Mahesh Krishnamurti, Chairman
Mr. Atul Bheda, Member
Mr. V S Radhakrishnan, Member
Mr. Ravindra Pandey, Member

Corporate Social Responsibility Committee

Mr. Atul Bheda, Chairman
Mr. Mahesh Krishnamurti, Member
Mr. Ravindra Pandey, Member

Risk Management Committee

Mr. Sunil Mehta, Chairman
Mr. Atul Bheda, Member
Mr. V S Radhakrishnan, Member
Mr. Ravindra Pandey, Member
Mr. Prashant Kumar, Member

Board Credit Committee

Mr. Sunil Mehta, Chairman
Mr. Mahesh Krishnamurti, Member
Mr. V S Radhakrishnan, Member
Mr. Prashant Kumar, Member

Fraud, Willful Defaulters and Non-Cooperative Borrowers Monitoring Committee

Mr. Prashant Kumar, Chairman
Mr. Atul Bheda, Member
Mr. V S Radhakrishnan, Member
Mr. Ravindra Pandey, Member
Mr. Mahesh Krishnamurti, Member

IT Strategy Committee

Mr. Mahesh Krishnamurti, Chairman
Mr. Sunil Mehta, Member
Mr. Ravindra Pandey, Member
Mr. Prashant Kumar, Member

Customer Service Committee

Mr. Mahesh Krishnamurti, Chairman
Mr. Atul Bheda, Member
Mr. V S Radhakrishnan, Member
Mr. Ravindra Pandey, Member

Capital Raising Committee

Mr. Sunil Mehta, Chairman
Mr. Mahesh Krishnamurti, Member
Mr. Atul Bheda, Member
Mr. Ravindra Pandey, Member
Mr. Prashant Kumar, Member



MANAGEMENT DISCUSSION AND ANALYSIS



IMF raises global growth projection for 2021 to 6% vs -3.3% for 2020.

EXECUTIVE OVERVIEW

Macro-economic and Industry overview

The global economic recovery slackened in the quarter ending December 2020 relative to the quarter ending September 2020 as several countries battle second waves of COVID-19 infections, including more virulent strains. However, as reported by OECD, GDP growth for G-20 economies returned to pre-pandemic level in the March 2021 quarter, recording a growth of 3.4% on a year-on-year basis, following a contraction of 0.7% in the December 2020 quarter. With massive vaccination drives underway, risks to the recovery may further abate and economic activity is expected to gain further momentum in the second half of 2021. In its April 2021 update, the International Monetary Fund (IMF) has revised upward its estimate of global growth for 2020 to (-)3.3% from (-)4.4% and increased the projection of global growth for 2021 to 6%. Barring some emerging market economies, inflation remains benign on weak aggregate demand, although rising commodity prices carry upside risks. Financial markets remain buoyant, supported by easy monetary conditions, abundant liquidity and optimism from the vaccine rollout. Global trade is also expected to rebound in 2021, with services trade on a slower recovery than merchandise trade.

For India, the real GDP too contracted by 7.3% for FY21. High frequency indicators – railway freight traffic; toll collection; e-way bills; and steel consumption – suggested that a revival was underway. In FY21, the agriculture sector remained resilient - borne out by the Government's 3rd Advance Estimates of production of major crops during the year at 305.4 million tons, higher by nearly 8 million tons over the last year. After breaching the upper tolerance threshold of 6% for eight consecutive months (April-November 2020), CPI inflation fell to 4.1% in January 2021 before moving up again to 5.5% by March 2021. While the movement in food prices mostly led to the movement in the Headline CPI inflation, core inflation was firmer in FY21, averaging 5.3% compared to 4% in FY20. In the January 2021 round of the Reserve Bank's survey, inflation expectations of households softened over a three month ahead horizon in tandem with the moderation in food inflation; one year ahead inflation expectations, however, remained unchanged. After contracting in FY21, real gross domestic product (GDP) is broadly expected to expand. However, with the second round of infections hitting the country and the economy, various research houses have started to mark down their real growth expectations from double digit levels to high single digits.

The COVID-19 impact

COVID-19, with its mutated contagious strains, has hit again in 2021 – with a rapid resurgence in global cases, notably in India and countries in Europe and Latin America. At this juncture, rapid vaccination lends a ray of hope. April 2021 saw a doubling of global vaccination rates and a concomitant lowering

MANAGEMENT DISCUSSION AND ANALYSIS

of average transmission rates in countries with high vaccination rates. The second wave in India had seen new peaks in daily cases, daily deaths, active cases and positivity rates. The policy response, as has been the global experience, includes localized micro-containment measures, state-specific movement restrictions, mobilization of health supplies and ramping up of health infrastructure. Recognizing vaccination as the crucial pillar to the 'Test, Track, Treat and Covid appropriate behaviour' strategy, the access to vaccines has been deregulated and opened to all individuals above the age of 18 years. (Source: Monthly Economic Review, April 2021, Economic Division, Department of Economic Affairs, Government of India).

In March 2020, Government of India executed a strategy wherein it imposed lock-down to allow states to ramp-up their health and testing infrastructure while implementing "Pradhan Mantri Garib Kalyan Yojana" to provide immediate cash support to the needy. More than 420 million poor people received financial assistance of ₹654.54 billion under the scheme. In May 2020, the Government adding to its past measures and that of RBI, announced a consolidated stimulus package of ₹20 trillion. The stimulus package was pivoted on "Atma Nirbhar Bharat", wherein MSMEs received a huge financial package in terms of collateral free debt, guarantee for subordinate debt through Funds-of-Funds and interest subvention scheme. The government measures were aimed at a set of reforms that provided continuity to the initiative that commenced in 2014. Importantly, it sought to accelerate the reforms process at a time when the pandemic has constrained the fiscal envelope of the government and dampened the inclination of the people to spend, in view of economic uncertainty. To provide a boost to investments and manufacturing, the government also announced the Productivity Linked Incentive (PLI) scheme for various sectors.

On the monetary policy front, the RBI slashed repo rate by a cumulative of 115 bps on Covid response to provide support to growth and economic sentiment. In addition, the central bank upped the policy response by introducing Targeted Long-Term Repurchase Operations (TLTRO) and increased the quantum of Long-Term Repo Operations (LTROs). It trimmed its CRR rate (by a cumulative of 50 bps), the first time since the Global Financial Crisis and allowed banks a higher dispensation under the MSF window. It also provided few forbearance measures for consumers and businesses.

Consequent to the above measures money market liquidity switched into surplus territory in Q2 FY 2020-21 (₹1,326 billion), with the magnitude of surplus widening in Q4 FY 2020-21 (₹3,088 billion) on the back of unsterilized build-up of FX Reserves by the RBI, along with primary liquidity infusion through FX Swaps, Open Market Operations, etc.

The pressure of additional market borrowings by the Central (borrowings for the year was upped to ₹12 trillion from the budget announcement of ₹7.8 trillion) and the State Governments, low demand for dated securities and a rise in the fuel prices and higher inflation prints in the H1 of FY 2020-21

led to a hardening trend in the government securities yield. The pressure on the yields was largely mitigated by the RBI through special Open Market Operations (well known as "Operation Twist"), increase in HTM limits, and liquidity infusion. This continued well into the second half of the year along with the Monetary Policy Committee's forward guidance on maintaining accommodative stance for as long as necessary to revive growth. Yields, however, failed to soften much as the market continued to remain worried of large supplies with the announcement of additional borrowings by the Central Government to meet GST compensation shortfall for States, announcement of additional borrowings of ₹80,000 crore (for FY 2020-21 itself) and another year's target of sizeable borrowings of the Central government for FY2021-22.

The Indian rupee had depreciated by 9.2% in FY 2019-20, closing the year at 75.45 to the US dollar and depreciated further to the lowest level of 76.81 on April 22, 2020. Weakness in rupee stemmed from global risk aversion that manifested in portfolio outflows and benefitted the US dollar at the expense of Emerging Markets (EM) currencies. Overall, there has been a gradual appreciation bias to the INR against the US dollar in FY21, with the return of risk appetite for EME assets that led to the return of FPI flows into the domestic equity markets. Further, on the back of growth revival domestically and a weakening US dollar, INR appreciated to 72.29 against the US dollar on February 24, 2021. Beyond this, INR has somewhat depreciated with volatility in the global financial market on rising US yields, fears of US Fed withdrawing monetary stimulus, firming global crude oil prices and a moderation in FPI flows.

Outlook

Turning to the growth outlook, the second phase of infections has lent some uncertainties on the recovery and the normalization process. While, rural demand was buoyant and record agriculture production for 2020-21 helped buffer the GDP dip to an extent, this time around the spread of the virus into the rural areas has caused some worry. Urban demand could also stay muted for a period as precautionary savings are on the rise due to high healthcare expenditures, job losses and an overall uncertainty in the economic atmosphere. Against the negative news, there are some positives. First, the stringency of the restrictions this time around has been lesser in intensity than the first round. Unlike the first round of lockdowns, manufacturing activity has been allowed to continue with Covid-related protocols in place. The vaccination is gaining ground and supplies are likely to get eased soon. This should enable wider and faster vaccinations and can lead to an improvement in consumer sentiments. The fiscal stimulus from increased allocation for capital expenditure under the Union Budget 2021-22, expanded Production-Linked Incentives (PLI) scheme should provide support to investment demand and exports. Firms engaged in manufacturing, services and infrastructure polled by the RBI in March 2021 were optimistic about a pick-up in demand and expansion in

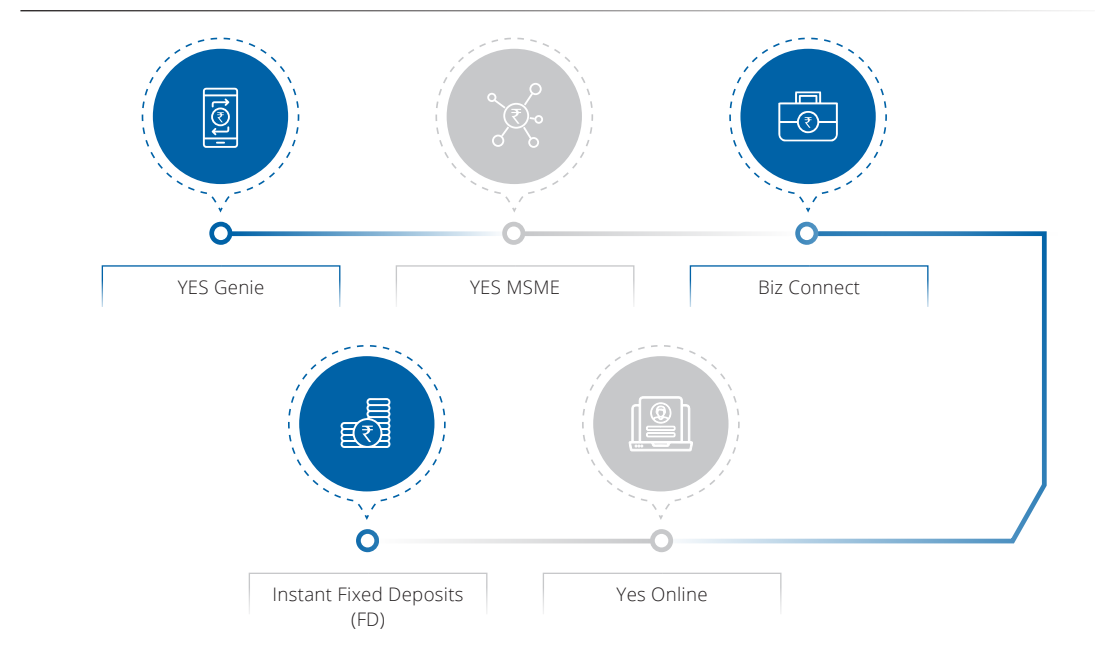
MANAGEMENT DISCUSSION AND ANALYSIS

business activity into 2021-22. It is also expected that the RBI will also continue with its monetary accommodation and ensure that interest rates remain lower for longer. The global economy has also showed signs of recovery and this should help EMEs too. Global growth is projected at 6% in 2021, moderating to 4.4% in 2022. The projections for 2021 and 2022 are stronger than in the October 2020 World Economic Outlook Update of the International Monetary Fund. This reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility.

Branch Banking

During FY 2020-21, YES BANK's geographical footprint stood at 1,070 branches and 72 Business Correspondent Banking Outlets spread across more than 750 locations with 1,340 ATMs and Bunch Note Acceptor/Recycler (BNAs). The Bank also continues to embrace the ever-evolving digital landscape with capabilities to optimally acquire and provide superior customer service. YES Online – Bank's new retail banking platform is one of the many initiatives that have been appreciated by customers.

As a part of its drive to enhance the digital experience of customers, the Bank has introduced multiple initiatives toward Deposit Mobilisation and Customer Service:



Digital Banking aimed at heightened customer engagement and experience; YES Online, the retail banking platform, Chatbots, New age digital payments like UPI, AEPS.

Debit Card

YES BANK has a complete suite of Debit Card products catering to the varied needs of customers. Segmented across its flagship customer segments, YES Private, YES First, YES Premia and YES Prosperity have been carefully customised and designed around the specific needs of Debit Card customers. The cards offer unique benefits such as reward points on all spends, NFC-enabled contactless payments, complimentary lounge access at domestic airports on select Debit Card variants, MasterCard golf lesson on YES FIRST and YES PREMIA range of Debit Cards. Customers have also been provided with YES InControl which allows them to manage card spends and control card security parameters. The Bank issues these cards to all new customers and focuses on offering them to its existing Debit Card customers. During the year, Bank launched E-Series Vertical Debit Cards in partnership with VISA and Master Card. The product offers a choice to consumers to opt for higher variant cards for a fee. Further, women centric YES ESSENCE card has been launched keeping in mind specific needs of this segment.

Digital Banking

YES BANK continues to invest significantly in new-age mediums and digital technologies to achieve heightened customer engagement and experience. The Bank has launched the all new retail banking platform, YES Online which has been well received by customers. Further Bank has also embraced Chatbots as a medium to digitize service requests enabling them to bank remotely during the ongoing pandemic. The Bank continues to partner with various fintechs and corporates to proliferate digital payments and is a leader in new age digital payments of UPI, AEPS with a 40.6% and 19% market share respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The Bank in its mission to take technology to the last mile, has continued its decade long journey on YES MONEY onboarding close to a million outlets. As part of the service, the Bank meets one or more of the simple transactional needs of the customers such as Domestic Money Transfer, Aadhaar based Cash withdrawals and during the FY we have also enabled Card based Cash withdrawals through this network.

Spectrum Banking

The bank has also built a new age channel christened as Spectrum Banking which caters to a spectrum of Activities such as Acquisition, Relationship Management and Customer Value Management including Lifecycle management across wide suite of products such as Liabilities, Assets, Credit Cards & TPP Products via contact centre and video interfaces. The Spectrum Banking channel undertakes the following activities

- » Acquisition & Onboarding of Liability Customers along with upgrade of Limited KYC Customers to Full KYC and managing the Business Facilitator distribution.
- » Customer value management and remotely manage relationships of YES First, YES Private, YES First Business, GIB, YES Premia & YES Prosperity customers.
- » Cross sell Assets, Cards Insurance & Investment products.
- » Early Account Management by familiarizing newly on-boarded customers with Credit Card features and benefits. Deepen relationships by offering Terms Products & Utility Bill Payments Facility and Enhance customer lifecycle value through Card Variant upgrade, Limit Enhancement etc.

Currency Chest

The Bank ensured optimal supply of fresh/issuable currency via its two Currency Chests in Delhi and Mumbai. The Currency Distribution & Exchange Scheme (CDES) for bank branches including currency chests has been formulated in order to ensure that all bank branches provide better customer service to members of public to enable them to exchange notes and coins in keeping with the objectives of Clean Note Policy.

YES Private

This is the most exclusive personal banking program for Ultra high net worth individual customers of the YES Bank targeted towards CXOs / Directors / Promoters of MSME. YES Private aims at offering curated solutions for business, personal wealth management and succession planning needs of customers by a team of experts. This program blends a unique offering of Wealth Management along

with Business solutions, aimed at being a growth partner in building & preserving the legacy. The proposition offers one of the best in class lifestyle benefits on debit card & Credit Card including air travel, lounges, cruise programs, hotels & resorts, golf privileges, dining experience, movies & events, insurance coverage, etc.

YES First & YES First Business

YES FIRST and YES FIRST BUSINESS are the Bank's flagship wealth management and business banking programs curated for High Net-worth Individuals and Businesses. These niche programs encompass a gamut of premium solutions across liabilities and assets, along with a suite of wealth management, life and non-life insurance and business banking solutions. These relationship-led programs are synonymous with elevated service, enhanced customer experience and elegant lifestyle solutions that complement the need of the customer.

In FY21, the programs launched a brand-new premium Debit Card that brought to the table even larger plethora of benefits cutting across banking and lifestyle. The Bank significantly bolstered the programs with launch of an exclusive tiered proposition for these customers, where multi-product bundling, that included wealth management, business solutions including trade and transaction banking, Credit Cards, Lockers and Asset products, were integrated with the core offering. For the business segment, in keeping with digital enablement, the bank launched 'Connected Banking'. In 2021, YES FIRST Business proposition was also launched for asset only clients making it a more holistic proposition across assets and liabilities.

Adapting to the Covid-19 pandemic and lockdown situations, the Bank presented to its valued YES FIRST customers a series of relevant services and tools, in order to continue providing superlative holistic experience even at the time of crisis. These initiatives include the launch of Virtual Health assistance, range of virtual webinars by health experts, lifestyle experts, wealth management gurus and celebrated fund managers. Moreover, YES FIRST customers can also enjoy a range of curated pandemic ready lifestyle services like Virtual Hobby, Staycation at luxury properties to name a few, through YES FIRST exclusive concierge desk.

YES Premia

YES Premia is a program that offers customized premium banking solutions to mass affluent segment which focus on making banking seamless and enjoyable for our customers. It is carefully curated to provide customized banking solutions that complement the lifestyles, indulgences and expectations of different customer segments.

MANAGEMENT DISCUSSION AND ANALYSIS

YES Premia has committed to providing customers a 'Truly yours' proposition, with solutions that are custom-made for sub-segments. From small business owners to salaried professionals, women to senior citizens, the YES Premia program has a mix of products, services, portfolio benefits and partnerships, making it a truly customized solution.

YES Premia program focuses on the four pillars of the proposition –

1. **Priority Servicing** – Dedicated Relationship manager, waiver on a wide range of banking services and Doorstep banking services
2. **Products & preferential pricing** – Comprehensive suite of products and solutions with special program-based pricing and discount offers
3. **Privileges** – Special benefits and offers across YES Premia Debit & Credit Cards and our YES Rewardz Loyalty program
4. **Powerful digital banking platforms & solutions**

YES Prosperity

YES Prosperity is the Bank's mass retail program offering services that exceed the customer's individual banking needs. The aim of this program is to give the customers an opportunity to start investing towards themselves, enhance their family & work life with exclusive offers and benefits. Under YES Prosperity, the Bank has a feature packed exclusive segmented SA proposition for Senior Citizen, Women & Regular customers.

The Prosperity program launched the new and improved Savings proposition which is loaded with superior features and benefits - Savings PRO PLUS & Savings PRO, with the motto to aim at showcasing "That feeling of being loved back", which heralds a shift in bank's Savings acquisition journey, to move away from interest led strategy to a Customer centric approach.

On Women's Day this year, YES bank launched "YES Essence" - Women's Account Product Proposition Across all Programs. YES Essence is a strong and comparable offering with differentiated features under each of the programs. It captures the requirements of the women in various walks of life having different aspirations, be it salary, self-employed, homemakers or senior citizens each being equally important. YES Essence celebrates the uniqueness of the women through the curated offering and inspires them to fulfill their aspirations by encouraging them to be who they essentially are #beyourself.

YES Premia - 4 Pillars of Priority Servicing, Products and Preferential Pricing, Privileges and Power Digital Banking.

Global Indian Banking

YES Bank's Global Indian Banking (GIB) Program is a power-packed customized offering that provides multiple avenues to NRIs for Wealth Creation in India across product categories, with In-person and Digital fulfilment models. The comprehensive product bouquet is complemented by bank's multi-channel servicing capability and Benefits beyond Banking.

GIB Program offers comprehensive and superior experiential Banking services for NRIs/PIOs. It facilitates financial solutions for NRIs including Deposits, Remittances, and Wealth Management products. The Liability Product suite comprises of Savings, Fixed & Recurring Deposit offerings denominated in Indian Rupees (INR), as well as Foreign Currency (FCY) denominated Fixed Deposits in 8 global currencies. Additionally, the Bank offers Deposit linked structured products (Premium Rupee / FCY Plan) providing NRIs higher returns on their deposit while availing maturity proceeds in INR or FCY. The Bank's in-house YES Remit platform facilitates digital and seamless cross border money transfers for NRIs residing in Canada, Singapore, Switzerland and UAE. Additionally, the Bank offers best-in-class NRI Forex Rates for credit to NRI accounts held with the Bank. The Portfolio Investment Scheme (PIS) account enables customers to invest in the Indian Equity market (secondary). In order to fulfill wealth enhancement and safety goals, the Bank also offers a host of Investment & Insurance solutions to NRIs for self as well as family in India.

The GIB proposition witnessed a host of enhancements across FY'21. The Bank accelerated its digital interface with the introduction Digital Overdraft against Rupee Term Deposits on YES Robot and YES Mobile, allowing NRIs to avail this facility at the click of a button. The YES Remit platform was further enhanced by introducing same day credit for Singapore clients.

MANAGEMENT DISCUSSION AND ANALYSIS

As a further value addition, the Bank introduced Dedicated NRI Forex Rates to ensure superior currency conversion for credit to NRI accounts, along with the launch of Premium Foreign Currency Plan (PFP) that helps get higher returns on INR deposits with maturity proceeds paid out in foreign currency. The Bank strengthened its Portfolio Investment Scheme offering by introducing Multiple Broker facility and Preferential pricing for YES First & Premia clients. In order to enhance customer experience, the Bank also introduced the facility of processing select transactions, Re-KYC and demographic detail updation basis e-mail instructions.

Rural Banking Group

The Rural Banking Group aims to provide financial inclusion and Agri-Credit facility/ Working Capital finance to the Priority sector in semi-urban and rural geography through 364 branches and 72 Business Correspondent Banking Outlets.

YES BANK caters to each segment of the rural value chain – individuals (farmers, professionals and self-employed), traders (dealers/distributors, arthiyas), MSMEs and rural institutions using digitally enabled, customised proposition across product segments of – Liabilities, Assets, Insurance and Investment. The Bank meets the credit related requirements of its agriculture customers through Kisan Credit Cards, dairy and farm mechanisation financing products as well as Micro-enterprise financing solutions for rural entrepreneurs.

The Bank has provided banking services to 5.8 lakh customers and credit facilities to 27,800 farmers/ Micro-entrepreneurs across 1,575 YES villages in 120 districts as on March 31, 2021.

Rural Banking serving 5.8 lakh customers
and credit facilities to 27,800 farmers /
micro entrepreneurs.

Inclusive & Social Banking and Microfinance Banking

In line with its commitment towards sustainable 'inclusive growth' in the rural and semi urban segment, YES BANK, has always focused on frugal innovations and key partnerships to create and promote viable business models, while providing 'access to finance' to the bottom-of-the-pyramid (BOP) customers. It has a two-pronged strategy involving divisions – Inclusive and Social Banking (ISB) and Microfinance Banking (MFB) – for implementation of various financial inclusion initiatives, albeit in a profitable manner. Further, to provide comprehensive services, the Bank has aligned the ISB & MFB businesses with its Rural Branches and has also deepened the distribution channel through Business Correspondent (BC) branches and BC managed Banking Outlets (BCBOs).



MANAGEMENT DISCUSSION AND ANALYSIS

Product, Programs and Portfolio & Outreach:

The Bank promotes microfinance as an important asset class within its core business. On the wholesale side, the Bank, through its MFB division, extends Term Loans to Microfinance Institutions (MFIs) for on-lending, cash management services and rated capital market loan products like pool securitisation and Pass Through Certificates (PTCs). On the retail side, the Bank's ISB division, through its flagship group-lending program, 'YES Livelihood Enhancement Action Program (YES LEAP)', provides financial services to women Self Help Groups (SHGs) and Joint Liability Groups (JLGs) through Corporates/ MFIs as BCs. As 100% of these groups are women centric, YES LEAP has been able to contribute significantly towards strengthening women entrepreneurship and empowerment in remote areas of India. As on March 31, 2021, the Bank has an active women customer base of 9.8 lakh. Since inception of the program, a cumulative disbursement of over ₹11,852 crore has been done, reaching out to over 31 lakh families, till date. Besides, the Bank also provides bigger ticket Micro Individual Business Loans, to the graduated microfinance clients to augment their existing business. Further, towards helping the customers in unfortunate times, the Bank offers optional insurance products like a customized loan cover life insurance product and a new tailored hospital cash product for the rural and semi urban segment, to help them reduce their out of pocket hospitalization expenses. In addition to the existing 21 BC Banking outlets (BCBOs) in Unbanked Rural Centers, during the FY 20-21, the bank has made significant progress by adding another 51 BCBOs, thereby taking the count to 72 BCBOs, through which both Asset and Liability solutions are offered to over 26,000 customers in the rural segment.

Customer Engagement and Benefit Programs

To provide holistic development services, the Bank undertakes continuous interventions for engaging with customers. It has introduced a highly innovative, yet 'easy-to-use' grievance resolution mechanism through the Missed Call. The missed call is reciprocated with a vernacular call-back within 24 hours, thereby enabling customers to register their complaints comfortably. To promote Financial Literacy, the Bank has designed customized modules in collaboration with Accion International, and over 6 lakh customers have been provided basic financial literacy training through these modules till date. Besides, over 596 Financial Literacy Camps have also been conducted this year by the rural branches of the Bank.

The Bank's Loyalty program was revamped recently for retail liabilities customers as a comprehensive and one of the best banking rewards programs. The new avatar of this program gives customer a wider coverage and rewards handsomely at every step of their journey with YES BANK. The customers get rewarded for Payments, Fund transfers, debit card spends, digital FD/RD booking, Investment such as MF online, locker booking, Family Banking, maintaining program criteria and more. This best-



YES Bank Loyalty program - one of the best and most comprehensive banking rewards program for retail liability customers.

MANAGEMENT DISCUSSION AND ANALYSIS

in-class reward program will aid in building long-term engagement with our existing customers. Some of the key features include 1) Accelerated reward points for new to bank customers 2) High YES points in initial 90 days of account opening 3) Higher reward points for Yes Premia and Yes First program customers 4) Redemption against top brands for travel-booking, mobile/DTH recharge, gift vouchers, mobile phones etc.

Credit Cards

YES BANK Credit Cards have created a successful franchise through their customer- first approach, strong product suite, evolved distribution strategy and superior customer service, complemented by robust risk management systems. With a total of ~9.5 lakh cardmembers and 42% growth in outstanding book in FY 2020-21, the business continues to scale up, supported by significant investments in platform, people and technology. The current product suite consists of 16 products across Consumer, SME and Commercial Cards.

YES BANK's most rewarding Loyalty Platform allows customers to (1) Share Reward Points (2) Adjust Reward Points against Statement Outstanding (3) Redeem Reward Points + Pay for the differential amount, if any (4) Never Expiring Reward Points (5) Redeem Reward Points towards charitable causes including PM Cares Fund and Give India.

The Bank launched various new products through the year (1) YES Private Prime Credit Card for the affluent customers in November 2020 (2) Wellness & Wellness Plus Cards - First in the Industry in Health and Wellness category in January 2021 (3) Express Loan (over the credit limit) in February 2021. Additionally, the Bank launched end-to-end Digital Customer Onboarding Platform in partnership with TransUnion-Cibil India for New-To-Bank customers in January 2021. The platform is designed to provide seamless customer experience with video-KYC to meet regulatory requirements. To further enhance customer activation and engagement, the Bank made a strategic shift (in June 2020) by offering Spend Based Fee reversal on new cards moving away from Lifetime Free Cards.

Apart from a strong distribution strategy, the YES BANK Credit Cards focuses on incremental customer engagement backed by strong alliances and partnerships, resulting in higher card spends, activation rates and growing wallet size.

Retail Banking Assets

The Bank's customers can select a wide range of Retail Loan products like Affordable Home Loans (YES KHUSHI), Home Loans, Car Loans, Super Bike Loans, Commercial Vehicle Loans, Construction Equipment Loans, Loans against Securities, Gold Loans, Personal Loans, Secured Business Loans, Health Care Finance and Printing Equipment Finance, along with Working Capital under one roof.

The Bank has entered into Preferred Financer agreement with leading automobile manufacturers across cars, commercial vehicles and construction equipment, thereby giving access to the wholesale and retail business of the manufacturing dealers across the country. The Bank offers retail products across 68 locations in 490 branches.

In FY21, the Bank enhanced its digital lending capabilities with the Loan in Seconds platform and front-end automation initiatives with YES Robot to provide customers with lower turn-around time and higher productivity. Further considering the pandemic situation, the bank also rolled out web and mobile based utilities to enable sales teams and channel partners to login files digitally from their own premises. This has enabled the Bank to enhance disbursements with H2FY21 seeing the lifetime highest loan disbursements. With an eye on future retail led growth ambitions and the need for a strong technology backbone to power the same, the Bank has invested in Salesforce to build the next generation cloud based loan origination system enabling concurrent processing, real time credit decisioning and industry best turn-around time. The Bank has a diversified retail book across products with a strong focus on book quality and collections. The bank is also working on building data analytics based Collection score cards to augment field force performance and enhance collection cost efficiencies.

Small and Micro Enterprises Banking

The Small and Micro Enterprises Banking (SME) business units cater to the entire spectrum of SME's. With 600+ dedicated Relationship Managers ('RM'), product specialists, and industry experts, the Bank focuses on providing continuous support and solutions across 210 locations. The Bank has dedicated RMs for business origination and relationship deepening across trade, retail cross-sell. 100% business origination is from internal channels with parametrized lending enabling faster credit decisioning.

In FY21, the bank has made a pivotal shift from being a lender to a solutions provider under the revamped "Power of 5" customer value proposition.

- » **Borrow** – Incubation to growth stage - Credit solutions for start-up entities to well-established MSME's
- » **Save** – Investments /advisory solutions to the promoters on wealth management/ Tax & Succession planning
- » **Simplify** – Increase transaction convenience with the objective of ensuring customer delight.
- » **Partner** – API integrations with SME'S focused technology partners to provide automated solutions for receivables, payment solutions
- » **Protect** – Comprehensive insurance solutions to protect entity /promoter interest

MANAGEMENT DISCUSSION AND ANALYSIS

Power of '5' is packed with a lot of industry first initiatives and is being well appreciated by our customers. Bank has tied-up 700+ trade associations across the country to promote its revamped customer value proposition.

With the shift towards digital transactions, YES BANK has curated a digital platform, especially for SME's and self-employed customers to enable them to undertake their business banking transactions digitally and instantly. YES MSME is an industry-first solution which provides a single interface for all multiple banking needs of MSMEs, including cash flow management, credit limits and utilisation, credit document submission, bulk payments etc.

Digital & Analytics are enhancing customer experience and improving productivity with:

- Analytics driven prospective client identification
- Digital Lending Platform
- Seamless customer approval experience
- Self-assist digital tools - MSME App, Trade-On-Net, FX Online, etc.
- Robust EWS framework - early identification of incipient sickness & support frontline in remedial management

On the trade side, the focus has been on customer engagement for increasing penetration on 'Smart Trade' application. Smart Trade/FX on-line are secure platforms for the initiation of online trade /FX transactions, through which customers can place transaction request, which will automatically flow to the Bank for processing, without visiting the branch.

In line with our strategy to institutionalise the 'Knowledge Banking' approach, the Bank has partnered and inked MoUs with various trade and industry associations including the Government sponsored bodies to conduct banking knowledge events, conduct MSME cluster development programs in RBI defined clusters and business carnivals to provide easy and inclusive financial assistance, ensuring that the customers have access to best-in-class schemes and benefits.

This differentiated positioning, along with customised solutions, dedicated relationship team, knowledge-banking experts and an extensive network delivers unmatched one-stop service to MSME's, addressing their end-to-end requirements.

Wholesale Banking

As YES Bank accelerates further into its transformational journey, the Bank's strategic focus is on sustainable growth by deepening & driving liability franchise and strengthening asset side business with strong governance & compliance and prudent risk management. In furtherance to the laid

down objectives, Wholesale Banking Group continues to play a key and pivotal role in driving the growth strategy for the Bank. With the organizational focus on consistent liability generation and growth and in order to leverage the opportunities across verticals within Wholesale Banking Group, all businesses which are predominantly liability focused such as International & Institutional Banking (IIB), Multinational Corporate Banking (MCB), Government Banking (GB), Corporate & Government Advisory (CGA) are consolidated under one group named 'Institutional & Government Banking Group'.

Specific to asset verticals, with a clear mandate to capitalize on relationship equity across verticals and deepen client relationships, a unified "Regional Structure" has been rolled out which amalgamates Corporate Banking (CB), Urban Infrastructure Banking (UIB) and Infrastructure Banking groups (IB) in one group. This new group is rechristened as "Large Corporates" and facilitating maximizing synergies within various Asset verticals and providing deeper impact for our clients.

Large Corporates

YES BANK's Large Corporates Group provides comprehensive financial and risk management solutions to large corporate clients including those in the Infrastructure and core industry segments. The 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.

The Bank offers comprehensive client-focused services comprising Working Capital Finance, Term Loans, Transaction Banking Products – Trade Finance & Cash Management Services, Debt Capital Markets, Treasury Services, Investment Banking Solutions and Liquidity Management Solutions, among others. With the theme of Ecosystem Banking, YES BANK focuses on the ecosystem of the customer by catering to vendors and customers of corporates, thus ensuring seamless service to the customers.

Wholesale Banking - comprehensive client focused services comprising working capital finance, term loans, transaction banking products, treasury services, liquidity management solutions.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Bank remains committed to continuous improvement in service, risk management and product portfolio through original research, benchmarking and client orientation.

The Bank has product teams with sectoral knowledge across key sectors like renewable power, ports, airports, roads, metals etc. thereby helping facilitate underwriting of exposures across other corporate segments for the Bank. The products team also engages with other key stakeholders to deepen their understanding of the sector and help devise a sector-wise strategy. The sector expertise also helps in providing comprehensive industry specific products which facilitate quick turnaround time and successful closure.

Strategic Client Group

In order to facilitate greater focus on larger key clients, the Bank has introduced a specialized unit titled as Strategic Client Group ('SCG') to create an impact for our critical clients by scoping and deepening existing relationships, thereby creating higher visibility and top of the mind recall for the Bank.

Institutional & Government Banking Group

YES BANK's Institutional & Government Banking Group is divided into 6 segments – Government Banking, Multinational Corporate Banking, Indian Financial Institutions Banking, International Banking, Corporate & Government Advisory and International Banking Unit. These provide Government entities, financial institutions including NBFC's and other financial intermediaries, multinational companies comprehensive client-focused services comprising Liquidity Management Solutions, Treasury Risk Management Solutions, Transaction Banking Products – Trade Finance & Cash Management Services, Supply Chain Finance, Working Capital Finance, Term Loans.

The team addresses the financial and banking needs of the Central and State Government undertakings, and their affiliates. In February 2021, the Government announced that the embargo has been lifted on grant of Govt business to private banks. The RBI issued guidelines on this in May 2021 and all banks can now participate. Private banks can now be equal partners in development of the Indian economy, furthering Govt's social sector initiatives, and enhancing customer convenience.

Over the years, the Bank has provided financial and advisory services to ministries under the Union Government, State Governments, Central and State Public Sector Undertakings (PSUs), Boards and other affiliates. The Bank remains committed to delivering innovative, structured and comprehensive solutions, accomplishing several landmark transactions with Maharatnas, Navratnas, Mini-Ratnas, and other apex institutions.

YES BANK made concerted efforts towards innovating the collection and payment mechanisms of the State Development & Procurement Agencies through customised digital solutions, besides supporting educational, religious and sporting institutions across India through unique Transaction Banking offerings aimed at streamlining the working capital management of these important institutions. YES BANK continues to partner with State Government(s) for disbursement under various schemes through the Public Financial Management System (PFMS) Mode of payment to ensure seamless last mile beneficiary disbursement tracking.

To further YES BANK's commitment towards India's holistic and inclusive growth, the team works across emerging sectors of India's economy by executing knowledge and advisory mandates of social and economic importance. The group leverages its in-depth sectoral expertise, research skills and apex-level relationship capital across the government and the industry ecosystem to assist clients, including Central and state governments, multi-lateral bodies, industry chambers and private sector players, in their developmental and growth agenda. A focused sector-oriented approach across sectors such as Smart Cities and Urban infrastructure, E-mobility, Tourism & Livelihood has led to creation of new banking opportunities and deepening of relationships with key customer segments.

The Bank engages with domestic and international financial institutions. The team primarily offers correspondent banking solutions to domestic banks and banking solutions to various financial institutions, non-banking finance companies, housing finance companies, asset finance companies, insurance companies, insurance intermediaries, mutual funds, small finance banks, payment banks, domestic private equity funds, cooperative banks, regional rural banks, capital market participants (stock exchanges, stock brokers, commodity brokers, exchanges, and foreign portfolio investors), primary dealers, depositories and regulated payment operators (Authorised Dealer II (AD II) License holders, Full-Fledged Money Changers, PPI Operators, Payment Aggregators, MTOs & Principal Agents).

The Bank actively engages with institutions like National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), Export-Import Bank of India (EXIM Bank) and National Housing Bank (NHB) to avail refinance. It also connects with overseas branches of domestic banks to avail foreign currency borrowings and trade credit.

MANAGEMENT DISCUSSION AND ANALYSIS

The Bank has successfully deployed its Application Programming Interface (API) Banking, a technology which has emerged as a key service to integrate and streamline the transaction processing cycle to offer real-time instant banking facility to Non-Banking Financial Companies (NBFCs), mutual funds, stock brokers, cooperative banks and other financial institutions.

The Bank maintains relationship with an extensive network of international banks, financial institutions and, exchange houses. It provides a complete suite of products and solutions such as Trade Finance, Treasury Services, Investment Banking Solutions, Remittance Solutions, Financial Advisory and Global Indian Banking for its partner institutions and internal stakeholders. It has consistently delivered unique and first-to-market offerings, leveraging its global alliances.

The Bank focuses on emerging markets as a preferred host-country banker and payments bank to global counterparts. As a result, an increasing number of institutions utilised the Bank's network for their India-linked businesses. The bank has also established deep relationships with exchange houses across key geographies that are host to the Indian diaspora, which resulted in increasing share of NRI remittances into India.

YES BANK was the first bank in India to commence operations at the International Financial Services Centre (IFSC) in GIFT City, Gujarat, in October 2015. The customer advances and investments of the Bank's IFSC Banking Unit (IBU) stood at ~US\$1.4 billion as on March 31, 2021. GIFT-IFSC Banking Unit (IBU) provides comprehensive solutions to the Bank's clients to meet their foreign currency banking requirements in the domains of Cross Border Trade offerings and External Commercial Borrowings and Foreign Currency Loans/Syndications among others.

Emerging Local Corporates

The Emerging Local Corporates ('ELC') team focuses on corporates with turnover between ₹100 crore and ₹1,000 crore. With presence at over 30 locations, ELC aptly lives up to the 'local' name by remaining closer to its customers, developing a thorough understanding of their banking needs and delivering tailored solutions across the spectrum of banking services. The foundation pillars of ELC are regional presence, granular asset & liability book, robust risk management, strong digital penetration, structured cash & trade solutions and sustainable growth.

ELC uses its Knowledge Banking approach to cater to the requirements of focus sectors, including Auto components, Food & Agri-processing, Gems & Jewellery, Media & Entertainment, Pharmaceuticals & Specialty Chemicals, and offers customised suite of financial products including Term Loans, Funded & Non Funded Working Capital Facilities, Cash Management Solutions, API Banking, and Trade & Treasury Products by leveraging cutting-edge technology.

ELC is also deeply entrenched in new-age entrepreneurship ecosystem emerging across India, by providing bespoke digital solutions, incubation and networking platforms to e-commerce and IT & ITeS startups. The Bank has a dedicated team providing innovative banking solutions for the unique requirements of the e-commerce industry. Over 150 top e-commerce firms in India have placed their trust with YES Bank. Working in unison with Digital Banking and Transaction Banking teams of the Bank, this team has been instrumental in delivering 'Industry First' solutions like API Banking, PPI, Fastag, Payment Escrow & Digital Wallets to various e-commerce & technology platforms. The ELC segment continues to present a significant growth opportunity for the Bank.

Agri Banking and FASAR

The Bank has a specialised vertical viz., Agri banking and FASAR (ABF), which houses industry and banking professionals with the relevant domain knowledge and skill sets. The team closely interacts with Food and Agri clients to create structured lending propositions for agri value chain participants – farmers, MSMEs as well as corporates, and facilitates building of banking opportunities in the agri value chain through structured financial products while mitigating credit risk. The team is also responsible for ensuring that the Bank meets the regulatory Priority Sector Lending (PSL) norms, in collaboration with the other Business Units that generate PSL assets.

As a part of agri value chain financing, the Bank has created a granular portfolio against pledge of agri commodities while ensuring adequate risk mitigation. The end to end process is carried out on digital platforms for faster customer service and superior experience. Within ABF, a specialised team closely monitors the commodity pledge financing portfolio and mitigates the inherent risks through mark to market of commodity prices and in depth data analysis using various tools & techniques

A specialized team called Food & Agribusiness Strategic Advisory & Research (FASAR), also housed within ABF, provides strategic advisory, policy advisory and project advisory services in the food and agri domain. FASAR works with corporates, small & medium enterprises, Embassies, Multinationals, State governments, Central government (Ministry of Agriculture, Ministry of Commerce, Ministry of Food Processing Industries, etc) and Multilateral Agencies on a variety of research & advisory assignments.

Transaction Banking

Transaction Banking Group (TBG) at YES BANK is a specialized 'Product Group' providing trade finance, cash management and supply chain financing services to Corporates, Government and Financial Institutions. TBG also engages with strategic Business Influencers and provides customised solutions to them as well as their clients via our B2B2C approach.

MANAGEMENT DISCUSSION AND ANALYSIS

TBG's comprehensive product suite, YES TRANSACT provides & caters to the working capital and liquidity management requirements of Businesses across sectors and to the spectrum of our Retail & Wholesale client segments. The product suite (not restricted to) includes providing:

- » Cash Management Services for managing Receivables & Payables
- » Customized & Innovative Digital Solutioning, including our market-leading API Banking backed solutions
- » Digital solutions for Correspondent Banking & Non-Bank Financial Institutions
- » Specialised Products and Solutions for Government Entities, including for Central & State Bodies
- » Fiduciary Services – Escrow, Nodal and RERA
- » Capital Market related products including Settlement & Custodian Services
- » Curated Solutions for Trusts, Associations, Societies and Clubs (T.A.S.C)
- » Trade Finance – Letters of Credit, Bank Guarantees, Export & Import Credit and Remittances
- » Structured Trade and Supply Chain Solutions
- » Foreign Exchange Services – X-Border remittances for Exchange Houses/Authorized Dealers, Foreign Currency Notes
- » Bullion sales and Gold Metal loan

TBG leverages product and technology expertise to offer innovative digital solutions by designing, developing and co-creating products with Corporate clients, Fintech / Technology partners, Banks and Exchange Houses. TBG effectively drives digitization of the entire financial supply chain of businesses across sectors using its flagship API banking and Fintech partnerships. Since its introduction in September 2015, YES BANK's API banking includes over 350+ API related services and has resulted in 3000+ client implementations. TBG's Supply Chain unit works with its strategic corporate clients to harness their supply chain linkages to provide critical liquidity solutions to their MSME partners. These solutions are provided by leveraging cutting- edge technology including AI, Blockchain, API Banking etc.

TBG also has a specialised & niche vertical for Corporate Client Management, which is an exclusive service-oriented unit managing the entire 'Implementation & Client Service' activities for all Transaction Banking products & solutions. This unit works on a 'PhyGital' mode with the goal of providing 'superior post-sales customer experience' which creates heightened customer stickiness through its differentiated service proposition.

Financial Markets

The Financial Markets segment offers a full range of products and services to corporate, government, retail and institutional clients. Whether providing comprehensive advisory services, macroeconomic research or debt capital markets services, its focus is always on client relationships and their growth. Over 100 professionals serve client needs through branches in various parts of the country.

- » Foreign Exchange (FX) sales: The Bank offers customised solutions for foreign exchange risk management to more than 25,000 clients pan India. Clients include large and midsize corporates, PSUs, MNCs, banks, private equity funds etc. The Bank has also developed a retail franchise for FX business which caters to SME, HNI, NRI and others. The FX Sales business provides spot and derivative products for efficient hedging of Foreign Currency and Interest Rate exposures of the Bank's Institutional, Corporate, SME and Retail customers. Products include Forex Advisory for trade flows/FDIs/Capital Flows/ECBs/ADR and hedging solutions for currency and interest rate exposure. There is a dedicated Treasury Sales Manager for each account offering personal attention to provide key services like timely market insights and sector expertise. In a bid for digital push the Bank also offers electronic execution in various forms. The Bank also offers hedging solutions to its clients outside India through International Financial Services Centre (IFSC) in GIFT City, Gujarat.
- » Primary dealership: The Bank is a Primary Dealer (PD) for Government of India Securities and as part of this mandate, it underwrites and bids for Government Securities in the auction held by the Reserve Bank of India. The PD desk actively trades, distributes and makes market for dated Government Securities, T-bills, State Government Bonds, Overnight Interest Swaps, Mumbai Interbank Forward Offer Rate (MIFOR) and Interest Rate Futures, thus providing a complete suite of sovereign debt and rates offering for mutual funds, insurance companies, FPIs/ FIIs, cooperative banks, provident funds and retail customers. The PD desk has been at the forefront to adopt new market instruments and has been active in Interest Rate Futures (IRF) as well as Government Securities' STRIPS.
- » Debt capital markets services: The Debt Capital Markets business originates and distributes onshore Non-Convertible Debentures (NCDs), offshore Masala and foreign currency bonds, commercial papers and other structured finance products. The Bank's origination clientele includes large and mid-market corporates, PSUs, Central and State Government entities and NBFCs. On the distribution front, the DCM desk has developed strong relationships across various investor segments including mutual funds, insurance companies, provident and pension funds, FPIs/FIIs, banks, private wealth managers and NBFCs. In the recent past, the DCM business has successfully executed structures ranging from vanilla transactions to highly structured debt solutions, including

MANAGEMENT DISCUSSION AND ANALYSIS

renewable asset pooling structure, securitisation of infrastructure assets, lease rental discounting and InvIT bonds. Besides garnering a spot in the prestigious league table rankings, YES BANK DCM also won various awards and accolades over the years.

Loan Syndications

The Loans Syndication (LS) team has created brand equity across stakeholders including banks, NBFCs, foreign lenders, and other financial institutions. Over the years, the team has demonstrated credit appraisal and structuring skills as well as sectoral knowledge, basis which the Bank has underwritten exposures in various sectors. With its outreach, the team has consistently syndicated facilities to banks, NBFCs and financial institutions, improving capital churning and effective yields on the Bank's advances.

Stressed Asset Management

YES BANK's Stressed Asset Management Group ('SAM') leads management of distressed and non-performing assets originating from the Corporate Segments of the Bank. The Group provides effective solutions for resolution of these assets by leveraging its rehabilitation, regulatory and recovery understanding.

The SAM Group employs multi-pronged resolution strategies, which includes operational and financial restructuring, identifying strategic investors for takeover of stressed assets, resolution through the Insolvency and Bankruptcy framework, negotiating with borrowers for one-time settlement, recovering through the enforcement of security interest under the Securitisation Act and selling NPAs to Asset Reconstruction Companies (ARCs)/other investors to optimize recovery outcomes (both in terms of recovery value, as well as timelines for recovery).

OTHER KEY FUNCTIONS

Human Capital Management

YES BANK recognizes that the true source of sustainable competitive advantage for a Bank is the power of its high quality Human Capital. Our Human Capital Philosophy focuses on attracting, empowering and retaining the best Talent. We have built a strong performance culture that promotes Meritocracy and Career Enhancement. Our objective is to provide superior employee experiences through our 5-C engagement model, with initiatives focused on Culture, Communication, Connect, Career and Care. Employee Development has also been a top priority for the Bank and we continue to develop our Human Capital through sustained learning initiatives focused on Capacity and Capability building.

Risk Management - 3 lines of defense: Business units, Independent Credit and Control functions and Audit

Risk Management

The long-term financial security and success of a Bank is built on its risk management framework. Risk Management at YES BANK is based on three lines of defence: Business units, Independent Credit & Control Functions, and Audit. The Board of Directors of the Bank have the overall responsibility for Risk Management. The Risk Management Architecture of the Bank is overseen by four Board-level Committees, which have put in place specific policies, frameworks and systems for effectively managing the Bank's various risks:



[Read more on YES BANK's risk management on [Page 69](#)]

MANAGEMENT DISCUSSION AND ANALYSIS

Internal Audit

The Bank's Internal Audit Department ('IAD') which is ISO 9001:2015 certified (Quality Management System) provides independent, objective assurance and consulting services designed to add value and improve the Bank's risk and control environment. The IAD aids the Bank's Management through its assessments to monitor adequacy, effectiveness, and adherence to internal controls, processes and procedures instituted by the Management and extant regulations.

IAD reports to the Audit Committee of the Board (ACB) for audit planning, reporting and review and, the Head of Internal Audit reports directly to the Audit Committee of the Board of Directors of the Bank. IAD has unlimited and unrestricted access to all relevant data, systems, personnel and information in order to achieve its objectives. The IAD is staffed with qualified team members with relevant certifications. Through an effective training program, the IAD ensures that all the team members are upskilled at frequent intervals.

The function has adopted a risk-based approach of Internal Audit structured after considering the regulatory guidelines and internationally established best practices. A Risk Based Audit Plan (RBAP) is prepared annually and is duly approved by the ACB. The IAD undertakes, the audit of various businesses, operations, information security/systems and support units, as per the RBAPs. The IAD prepares a report for each audit and recommends mitigation plans for the risks identified and ensures compliance with all the recommendations. The ACB monitors the progress of the RBAP, at least quarterly.

Additionally, the Bank also subjects its operations to Concurrent Audit by reputed audit firms to complement its Internal Audit function. The Concurrent Audit covers core activities such as the Operations (including credit), Financial Markets, Data Centre and Branches in compliance with the regulatory guidelines. All audit reports are circulated to the relevant management teams and the Audit Committee of the Board.

Compliance

Ensuring compliance with regulatory requirements, furthering Compliance Culture amongst YES Bankers and building trust among all its stakeholders is an overarching consideration at YES BANK. The dedicated Compliance Department strives to be at the forefront of regulatory changes and continues to work closely with all businesses and operations at the Bank, in order to be compliant with all existing and new requirements. To further this objective, the Chief Compliance Officer of the Bank reports directly to the Audit Committee of the Board of Directors of the Bank. The key functions of this department in line with the various RBI guidelines including the RBI circular dated September 11, 2020 include identifying effective procedures and corresponding controls to support the Bank's

business divisions as well as dissemination of key regulatory updates affecting the various businesses of the Bank. The department also reviews new products and processes from a regulatory compliance perspective, provides guidance on compliance-related matters, conducts compliance reviews and imparts training to employees on compliance aspects, among others. The 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 regulatory guidelines.

Sustainable Finance

The Sustainable Finance team co-develops and implements YES BANK's sustainability strategy. The team works to integrate environmental, social and governance (ESG) considerations into the Bank's core business, with a focus on building resilience against ESG risks and mainstreaming sustainable finance. The team aligns the Bank's business to global frameworks such as the United Nation's Sustainable Development Goals (SDGs), the Paris Climate Agreement, and the Principles for Responsible Banking (PRB). In FY21, YES BANK strengthened the Bank's governance structure for ESG practices by constituting an Executive level Sustainability Council chaired by the MD & CEO. The Sustainability Council oversees the implementation of the Bank's sustainability agenda, sets long, medium, short term sustainability targets in line with the Bank's business strategy and apprises the Board on the Bank's approach to sustainability.

The Sustainable Finance team works closely with the Risk Management function and business units across the Bank to identify, measure and build resilience against ESG risks. To safeguard its portfolio from environmental and social risks, the Bank has adopted an Environment and Social Policy (ESP) to assess and address potential environmental & social (E&S) risks associated with its lending activities.

The Bank has also accorded a high strategic priority to climate action and is developing a framework for measuring and mitigating climate related physical and transitional risks at the operational and portfolio levels. YES BANK was the first Indian Bank to align its sustainability disclosures to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and in FY 2021, supported a call to action led by 10 leading financial institutions, to publish more comprehensive and robust physical climate-related risk assessments and disclosures.

YES BANK took several steps towards greening its internal operations and reducing its carbon footprint. The Bank eliminated single-use plastic at all its facilities and in a first for the Indian Banking sector, switched to procuring 100% recycled paper (A4) for all its internal operations and back-end processes, across India. The move to recycled copy and printing paper, will help the Bank reduce its environmental footprint and lead to substantial savings in trees, energy use, waste water, solid waste and GHG emissions. The Bank also successfully achieved the ISO 14001:2015 certification for its

MANAGEMENT DISCUSSION AND ANALYSIS

Environmental Management System (EMS) for the eighth year in a row and continues to have the highest number of ISO 14001:2015 certified facilities (732) amongst the BFSI sector, globally. The Bank continued to use innovative internal communication campaigns to build awareness about its Environmental Management Policy (EMP), amongst employees, and encourage them to conserve natural resources and improve resource efficiencies in order to minimize the Bank's carbon footprint.

The Bank continued to be recognized for its robust sustainability disclosures, retaining its rating of 'A-' (Leadership Band) by CDP, for its Climate Change disclosures, for the second year in a row. YES BANK's rating surpasses the average ratings for the Financial Services and the Asia Region, which stand at 'B' and 'D', respectively. The Bank also continued to be rated 'C' 'Prime Status' by ISS ESG. As the only Indian signatory to the Principles for Responsible Banking (PRB), YES BANK has begun piloting a tool for conducting an impact analysis of its portfolio in order to identify its most significant areas of positive and negative impacts on SDGs. The assessments from this exercise will continue to strengthen the Bank's disclosures under the PRB framework. YES BANK is also the only Indian Bank to be a signatory to the Collective Commitment on Climate Action (CCCA), a pledge by 38 global banks to align their services and lending with the objectives of the Paris Climate Agreement. In FY 2021, the Bank published its first progress report under the CCCA highlighting its initiatives towards low-carbon transition. As part of the Science Based Targets Initiative (SBTi), the Bank has measured its attributable financed emission of electricity sector exposure, and developed targets for alignment with global decarbonization pathway, which is being formalized for implementation. The Bank is the only Indian Bank to be a member of the SBTi Expert Advisory Group, tasked with providing inputs, expectations and needs on methodologies and approaches being developed by SBTi for target setting to align portfolio with global decarbonization pathways. The Bank continues to be a proponent of enhanced sustainability disclosures and works closely with organizations globally to develop and strengthen ESG disclosure frameworks. YES BANK is currently the only Indian Bank to be a member of the Informal Working Group (IWG) for the Taskforce on Nature-related Financial Disclosures (TNFD), a global effort to increase the resilience of the global economy and mainstream nature-related disclosures. As a member of the IWG, the BANK is involved in developing the TNFD governance structure and a robust & transparent process for selection of future TNFD members.

YES BANK has long been a thought leader in ESG and climate action and continued its efforts to educate stakeholders on key sustainability issues, through the year. The Bank also organized a webinar with Carmignac, one of Europe's leading asset managers to educate its clientele in India, UK, Europe, UAE and Singapore on key global trends in ESG investing. To begin a conversation on the need and emergence of ESG disclosures in India and assess corporate India's preparedness, YES BANK organized a webinar on ESG Disclosures in the Indian context with leading minds from

industry, government and regulators. The Bank also continued its thought leadership in climate advocacy by launching a Knowledge Report on the 'Impact of Climate Change on Indian Economy' in partnership with the Indian Institute of Technology, Delhi. The report analyzes the impact of climate change on five key sectors including agriculture, energy, tourism, insurance and infrastructure, and highlights the importance of developing an India-centric climate model. YES BANK also partnered the Institute of International Finance to organize the India Climate Finance Workshop to bring together a targeted group of leading financial institutions, investment community and policy makers for a focused discussion on the progressing India climate finance landscape. The workshop was attended by participants from over 10 countries. To leverage the power of the youth and mobilize the next generation of climate adaptation leaders around the world, YES BANK partnered the Global Center on Adaptation (GCA) for its Youth Leadership Program and committed to host a capacity-building internship at the Bank in association with GCA. The Bank continued to share its knowledge and experience in climate action at key global platforms such as the Climate Adaptation Summit 2021, Asia Pacific Carbon Pricing Series and forums curated by the Science Based Targets Initiative.

Corporate Social Responsibility

The Bank has developed and implemented various programs to enhance and create shared value through unique, scalable, and sustainable models to achieve its Corporate Social Responsibility (CSR). The Bank delivers internal and external positive socio-environmental impact by following a unique approach, which focuses on:

- » Promoting principles of social responsibility and inclusive growth through awareness and support
- » Investing in socially and environmentally responsible activities to create positive impact
- » Engaging with stakeholders to further the sustainability agenda of the Bank and empower them with knowledge
- » Collaborating with like-minded institutions and forging partnerships towards addressing the needs of stakeholders
- » Monitoring the environmental and social investments of YES BANK through structured governance and transparent performance indicators

This unique, multi-pronged approach has enabled the Bank to forge meaningful associations with its stakeholders, including community groups, non-profit organizations, governments, corporate peers, and civil society and deliver exponential impact. With the view of actualizing and concentrating its efforts towards Sustainable Development Goals (SDGs).

MANAGEMENT DISCUSSION AND ANALYSIS

YES BANK SUBSIDIARIES

Yes Securities (India) Limited

YES Securities (India) Limited (YSIL), a wholly owned subsidiary of the Bank, completed eight years of operations in FY 2020-21. YSIL is a full-scale capital markets intermediary offering retail, high net-worth individuals, corporate and institutional customers a comprehensive range of products and services encompassing broking, fund management, investment banking (including a dedicated sustainable investment banking practice), merchant banking, research and institutional equities sales & trading.

YSIL is a Securities and Exchange Board of India (SEBI) registered Stock Broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSL Alternates) and Mutual Fund Distributor.



*Securities and Exchange Board of India

Investment Advisory & Wealth Broking

During the FY 2020-21, YSIL's Investment Advisory & Wealth Broking business continued to strengthen its position as a knowledge-driven investment solutions provider. YSIL offers a comprehensive investing experience with a YES BANK-powered 3in1 account and a basket of products across all asset classes and customer segments. A strong research and "customer-first" culture drives product development and engagements as the Company believes in partnering customers in their wealth creation journey. The range of products cater to all types of investors – market novices, seasoned traders, HNI, Family offices and Corporates.

In FY 2020-21, the Company launched Learning Academy Online (LAonline.in), a fully digital and indigenously developed proposition for client portfolio review. Further, in keeping with its client-centric, right-fit product strategy, YSIL launched its maiden CAT III AIF, YSL Alternates Alpha Plus Fund. The business also upgraded its trading engine including performance improvements and feature enhancements to its web and mobile application.

In financial year 2021, the capital markets witnessed a surge in investor participation. YSIL witnessed transaction income rise by 93% YoY backed by a 49% increase in daily active clients and sizeable growth in transaction volumes. The business also witnessed robust growth in income earned from products and value propositions which were up 80% YoY and is testament to YSIL's expertise and understanding of customer's investment needs across income groups, life-stages and risk profiles.

The strategy for the upcoming years is focused on accelerating client acquisition through multiple channels and further enhancing the product portfolio and technology platforms. Supported by an experienced leadership team and robust processes and risk management, the Broking business is poised to continue to achieve new milestones.

Institutional Broking

Despite being a late market entrant, the Company's Institutional Broking division is fast gaining recognition. The team offers incisive Research and proficient Sales Trading capabilities to leading institutional investors such as asset management companies, insurance companies, family offices, bank and corporate treasuries as well as domestic and foreign private equity and portfolio investors. During the financial year, despite pandemic related limitations, YSIL added further institutions as clients, including marquee asset management and insurance companies.

YSIL's nearly 30-member strong Research team brings a combined 265+ years of equity research experience. The award-winning team of Research Analysts has rich industry experience in serving diverse client segments and brings knowledge expertise across industry sectors and asset classes. The research coverage universe as of March 31, 2021 stands at 167 companies, accounting for more than 55% of India's listed market capitalization.

MANAGEMENT DISCUSSION AND ANALYSIS

Research is backed by a robust servicing and execution setup to ensure that client servicing standards remain consistent and that client's execution experience is prompt and precise.

During the financial year, YSIL conducted 25 events, 54 corporate roadshows, 37 Expert meets and hosted 12 earnings conference calls. This ensured that YSIL remained engaged with existing clients and tap potential ones to increase the business.

Investment Banking

The Investment Banking team provides advisory-based financial and strategic transaction services to large and mid-market corporate and financial sponsor clients with focus on merger & acquisition advisory and private equity/structured debt fund raising.

YSIL's highly experienced teams offer expertise across a variety of sectors including Food and Agribusiness, Chemicals, Pharma & Healthcare, Technology, Media, Telecom, Renewable Energy, Consumer Markets, Infrastructure, Transportation & Logistics, Defence, Real Estate, Banking, Financial Services and Insurance (BFSI), Environmental Services and Industrials.

During FY 2020-21, despite market conditions, YSIL's Investment Banking practice continued to secure deal mandates from several emerging and large corporate relationships. Some of the notable transactions successfully closed during the year include:

- » Exclusive advisor to Rabo Equity Management Company (Rabo PE) for sale of its stake in Daawat Foods Ltd to Saudi Agricultural & Livestock Investment Company (SALIC)
- » Exclusive strategic and financial advisor to Eoxis Asia Company Ltd. for its stake sale in 15MW operational solar asset in Gujarat
- » Exclusive strategic and financial advisor to EverSource Capital for investing in VA Tech Wabag's HAM based sewage treatment plant in Kolkata
- » Transaction advisor to Sterling Wilson Pvt. Ltd. for 100% divestment in 72.5 MW solar projects to Adani Green Energy

Merchant Banking

YSIL's Merchant Banking practice has a strong focus on capital market activities offering a comprehensive bouquet of products including initial public offerings, qualified institutions placements, rights issues, open offer, buyback, delisting and other advisory services.

During FY 2020-21, the team engaged with leading Indian companies as a trusted advisor to successfully close 7 capital market transactions aggregating to ~ INR 50,000 cr. Some notable mandates include::

- » Book Running (Left) Lead Manager to the ₹4.43 billion IPO of Mazagon Dock Shipbuilders
- » Book Running Lead Manager to the ₹150 billion FPO for YES BANK Ltd.
- » Book Running Lead Manager to the ₹150 billion QIP for ICICI BANK.
- » Book Running Lead Manager to the ₹100 billion QIP for AXIS BANK.
- » Book Running Lead Manager to the ₹37.88 billion QIP for PUNJAB NATIONAL BANK.
- » Seller's Broker to the ₹49.3 billion OFS of Hindustan Aeronautics Ltd.
- » Seller's Broker to the ₹7.22 billion OFS of Bharat Dynamics Ltd.

The Investment Banking and Merchant Banking businesses of the Company continue to build upon its market position as amongst the leading Merchant Bankers (Prime Database League Tables) and the leader in advisory across sectors such as Renewables & Clean-tech, Environmental Services (Water & Waste Management), Education, Media, Food and Agri. Going forward, the business is envisaged to further broad-base its advisory and deal-making capabilities across coverage sectors.

YES Asset Management (India) Limited

YES Asset Management (India) Limited (YAMIL), a wholly owned subsidiary of YES BANK was incorporated on April 21, 2017 and was granted approval by the Securities and Exchange Board of India (SEBI) on July 3, 2018, to act as an Asset Management Company/Investment Manager to YES Mutual Fund. The Bank has entered into a definitive agreement for sale for YAMIL and YTL to GPL Finance & Investments Ltd which is 99% owned by White Oak Investment Management Private Limited on August 21, 2020. The transaction is subject to requisite approvals from the Regulatory Authorities.

**Yes Asset Management and YES Trustee
- the Bank has entered into a definitive
agreement for sale**

YES Trustee Limited

YES Trustee Limited (YTL) was incorporated on May 3, 2017 as a wholly owned subsidiary of YES BANK Limited (YBL). YTL is acting as a Trustee Company to YES Mutual Fund (YMF). It will provide trusteeship services to all the funds launched by YMF. The Bank has entered into a definitive agreement for sale for YAMIL and YTL to GPL Finance & Investments Ltd which is 99% owned by White Oak Investment Management Private Limited on August 21, 2020. The transaction is subject to requisite approvals from the Regulatory Authorities.

OVERVIEW OF FINANCIAL PERFORMANCE

Key Ratios

Particulars	FY 2020-21	FY 2019-20
Return on average equity (%) [§]	-11.4%	-113.1%
Return on average assets (%) [§]	-1.3%	-7.1%
EPS - Basic (₹) (not annualised) (FV ₹2) [§]	(1.63)	(77.57)
EPS - Diluted (₹) (not annualised) (FV ₹2) [§]	(1.63)	(77.57)
Net interest Margin (%)	2.8%	2.2%
Book value per share (₹) (FV ₹2)	13.2	17.3
Cost to income [§]	53.8%	65.7%
Yield on advances	8.8%	9.3%
Cost of funds	6.3%	6.7%
Capital Adequacy Ratio Basel III		
CET 1	11.2%	6.3%
Tier - I	11.3%	6.5%
Tier - II*	6.2%	2.0%
Gross Non Performing advances (NPA) % to Total Advances	15.4%	16.8%
Net NPA % to Total Advances	5.9%	5.0%
CASA ratio to % of total deposits	26.1%	26.6%

* As at March 31, 2020, Tier 1 ratio of the Bank was below the regulatory minimum requirement and hence Tier II ratio is restricted to 2%

§ The above-mentioned ratios for FY 2019-20 are calculated after excluding one-time an extra-ordinary income due to AT1 write-down amounting to ₹84,150 million

The Bank has CASA ratio of 26.1%. The Bank shareholder returns with basic and diluted EPS ₹(1.63) and ₹(1.63) respectively. Book value was ₹13.2

Operating Performance

(₹ in million)

Particulars	FY 2020-21	FY 2019-20	% change
Interest income	200,418.35	260,666.04	-23.1%
Interest expense	126,132.34	192,613.73	-34.5%
Net Interest Income	74,286.02	68,052.31	9.2%
Non-Interest Income	33,407.21	34,414.94	-2.9%
Operating Revenue	107,693.22	102,467.25	5.1%
Operating expenses	57,920.15	67,292.11	-13.9%
Operating Profit	49,773.07	35,175.14	41.5%
Provisions and contingencies	97,123.81	327,584.34	-70.4%
Profit before tax	(47,350.74)	(292,409.20)	-83.8%
Provision for tax	(12,728.47)	(65,259.44)	-80.5%
Net Profit/(Loss) from Ordinary Activities after tax	(34,622.27)	(227,149.76)	-84.8%
Extraordinary income (net of tax)- Tier 1 write down	-	62,969.45	
NET PROFIT	(34,622.27)	(164,180.31)	-78.9%

Net Loss for FY 2020-21 is ₹(34,622.27) million as compared to loss of ₹(164,180.31) million for the FY 2019-20. However, the Bank's operating profit increased by 41.5% YoY on back of NII expansion (higher slippages in FY20). Further the Bank has provided ₹85,231.54 million towards non-performing investments and non-performing advances.

Net Interest income (NII) of the Bank increased by 9.2% to ₹74,286.02 million during FY 2020-21 as compared to ₹68,052.31 million during FY 2019-20. The Net Interest Margin (NIM) was 2.8% in FY 2020-21. Non-interest income consists of fee, trade income and gain on sale of securities. Non-interest income decreased by 2.9% from ₹34,414.94 million in FY 2019-20 to ₹33,407.21 million in FY 2020-21.

Operating expenses decreased by 13.9% from ₹67,292.11 million in FY 2019-20 to ₹57,920.15 million in FY 2020-21. The employee cost reduced from ₹25,998.72 million in FY 19-20 to ₹24,303.78 in FY 2020-21. Other operating cost reduced by 18.6% from ₹41,293.40 million in FY 2019-20 to ₹33,616.37 million in FY 2020-21.

Provisions and contingencies (excluding provision for taxes) decreased by 70.4% from ₹327,584.34 million in FY 2019-20 to ₹97,123.81 million in FY 2020-21 mainly due to reduction in provision for non-performing investments and provision for non-performing advances as compared to provisions made in FY20.

MANAGEMENT DISCUSSION AND ANALYSIS

In March 2020, YES Bank Limited ("the Bank") was reconstructed pursuant to the provisions of Section 45 of the Banking Regulation Act, 1949 under the "YES Bank Reconstruction Scheme, 2020". As a consequence of the reconstruction, the Bank was deemed to be non-viable or approaching non-viability and both "the pre-specified trigger" and "the trigger at the point of non-viability" were activated. Accordingly, the Bank was constrained to write down Additional Tier 1 Bonds ("AT 1 Bonds") on March 14, 2020. The Axis Trustee Services Limited (Trustee on behalf of the bondholders of AT 1 Bonds) and other bondholders have filed various writ petition(s) and consumer complaint(s) across India challenging the decision of the Bank to write down AT 1 Bonds. A Transfer Petition has been preferred by the Bank to transfer all pending litigation(s) to Mumbai as per the jurisdictional clause in the Information Memorandum(s) for the issuance of AT 1 Bonds. The Bank based on the legal opinion of its external independent legal counsel is of the view that the Bank's decision to write down the AT 1 Bonds is in accordance with the contractual terms for issuance of AT 1 Bonds.

On October 26, 2020, Securities and Exchange Board of India ("SEBI") issued a Show Cause Notice, inter alia, alleging mis-selling of AT-1 Bonds. Though the Bank filed its objections, SEBI vide its Adjudication Order No. Order/SM/MG/2021-22/11306-11309 dated April 12, 2021 ("the Order") has imposed a penalty of ₹25 Crore against the Bank under Section 15 HA of SEBI Act, 1992 for the alleged mis-selling of AT-1 Bonds in the secondary market. Aggrieved by the Order, the Bank has preferred Appeal before the Securities Appellate Tribunal ("SAT"). SAT heard the Appeal(s) and was pleased to stay the effect and operation of the Impugned Order. The matter is fixed for final hearing on July 30, 2021.

Net interest income

The following table sets forth, for the periods indicated, the net interest income and spread analysis:

(₹ in million)			
Particulars	FY 2020-21	FY 2019-20	% change
Interest income	200,418.35	260,666.04	-23.1%
Interest expense	126,132.34	192,613.73	-34.5%
Net Interest Income	74,286.02	68,052.31	9.2%
Net interest margin	2.8%	2.2%	

Net Interest income (NII) of the Bank increased by 9.2% to ₹74,286.02 million during FY 2020-21 as compared to ₹68,052.31 million during FY 2019-20. The increase in NII is mainly due reversal of interest expense of ₹3,344.38 million, interest recoveries on stressed assets and expansion of NIM with lower cost of deposits.

Non-Interest income

(₹ in million)			
Particulars	FY 2020-21	FY 2019-20	% change
Commission, exchange and brokerage	12,352.34	15,261.94	-19.1%
Profit on the sale of investments (net)	11,080.03	11,134.58	-0.5%
Profit/(Loss) on the revaluation of investments (net)	-	-	NA
Profit/(Loss) on sale of land, building and other assets	(34.60)	3.28	-1154.3%
Profit on exchange transactions (net)	5,333.54	3,731.96	-42.9%
Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/ in India	-	-	NA
Miscellaneous income	4,675.90	4,283.19*	9.2%
Total	33,407.21	34,414.94	-2.9%

* Excluding AT1 write-down amounting to ₹84,150 million.

Non-interest income consists of commission and fee income, trade income, derivative and foreign exchange income, gain on sale of securities and other income. Non-interest income of the Bank decreased by 2.9% to ₹33,407.21 million during FY 2020-21 as compared to ₹34,414.94 million during FY 2019-20.

Operating expenses / Non-interest expenses

The following table sets forth, for the periods indicated, the principal components of Operating expenses.

(₹ in million)			
Particulars	FY 2020-21	FY 2019-20	% change
Payments to and provisions for employees (A)	24,303.78	25,998.72	-6.5%
Other operating expense (B)	33,616.37	41,293.40	-18.6%
Depreciation on own property (including non-banking assets)	3,532.33	3,356.32	5.2%
Other administrative expenses	30,084.04	37,937.08	-20.7%
Operating expenses (A)+(B)	57,920.15	67,292.11	-13.9%
Cost to income ratio	53.8%	65.7%	-

MANAGEMENT DISCUSSION AND ANALYSIS

Non-interest expenses primarily include employee expenses, depreciation on assets and other administrative expenses. Operating expenses decreased by 13.9% from ₹67,292.11 million in FY 2019-20 to ₹57,920.15 million in FY 2020-21.

Employee costs decreased by 6.5% from ₹25,998.72 million in FY 2019-20 to ₹24,303.78 million in FY 2020-21. Also, the number of employees has decreased from 22,973 at March 31, 2020 to 22,270 at March 31, 2021. Employee costs accounted for 42.0% of our operating expenses for the FY 2020-21 compared to 38.6% for the FY 2019-20. Other administrative expenses also decreased by 20.7% to ₹30,084.04 million in FY 2020-21 on account of the various cost saving measures and branch reduction to 1,070 as on March 31, 2021 from 1,120 as on March 31, 2020.

Provisions and contingencies (including provision for tax)

Provisions and contingencies decreased by 70.2% from ₹ 283,505.45 million to ₹84,395.34 million. The key components of provisions are Provisions for NPAs of ₹71,158.19 million (FY 2019-20: ₹278,060.36 million), provision for taxation of ₹(12,728.47) million (FY 2019-20 ₹(44,078.89) million), and provision for Standard Assets ₹6,895.36 million (FY 2019-20: ₹(19,410.78) million) and Provision on investments of ₹16,165.44 million (FY 2019-20: ₹64,819.07 million).

Due to outbreak of the COVID-19 pandemic, the country has witnessed lockdowns across India, imposed by the Indian government from March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The current second wave of Covid-19 pandemic, where the number of new cases has increased significantly in India, has resulted in re-imposition of localised/regional lockdown measures in various parts of the country. The extent to which the COVID- 19 pandemic will impact the Bank's results will depend on ongoing as well as future developments, which are highly uncertain.

The Supreme Court, in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), through its interim order dated September 3, 2020 had directed that accounts which were not declared as NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Bank did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020 and the Bank had made contingency provision of ₹2,683 crore till December 31, 2020. The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small-Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. Further in accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has classified these borrower accounts as per the extant IRAC norms with effect from September 1, 2020 and utilised the above contingency provisions towards provision on these accounts.

Financial Condition

(₹ in million)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020	% change
Assets			
Cash and bank balances	293,087.32	83,830.01	249.6%
Cash and balances with RBI	68,127.90	59,436.55	14.6%
Balances with banks and money at call and short notice	224,959.43	24,393.46	822.2%
Investments	433,191.48	439,148.26	-1.4%
SLR investments*	334,737.62	329,069.16	1.7%
Non SLR investments	98,453.85	110,079.10	-10.6%
Advances	1,668,929.94	1,714,432.94	-2.7%
In India	1,570,330.75	1,573,551.81	-0.2%
Outside India	98,599.18	140,881.13	-30.0%
Fixed assets	21,485.30	10,090.88	112.9%
Other assets	318,733.61	330,767.13	-3.6%
Total	2,735,427.65	2,578,269.23	6.1%

*Includes investment in government securities, Banks in India are required to maintain a specified percentage, 18.00 % as at March 31, 2021, of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities.

Total assets of the Bank increased by 6.1% from ₹2,578,269.23 million at March 31, 2020 to ₹2,735,427.65 million at March 31, 2021, primarily due to increase in Balances with banks and money at call and short notice of the bank and due to placement under RBI reverse repo as March 31, 2021.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances with RBI and other banks, including money at call and short notice. Cash and cash equivalents increased from ₹83,830.01 million at March 31, 2020 to ₹293,087.32 million at March 31, 2021 primarily due to a increase in balances with banks and money at call and short notice.

Investments

Total investments marginally decreased by 1.4% from ₹439,148.26 million at March 31, 2020 to ₹433,191.48 million at March 31, 2021. SLR investments increased by 1.7% from ₹329,069.16 million in FY 2019-20 to ₹334,737.62 million in FY 2020-21. Non SLR investments decreased by 10.6% from ₹110,079.10 million in FY 2019-20 to ₹98,453.85 million in FY 2020-21.

MANAGEMENT DISCUSSION AND ANALYSIS

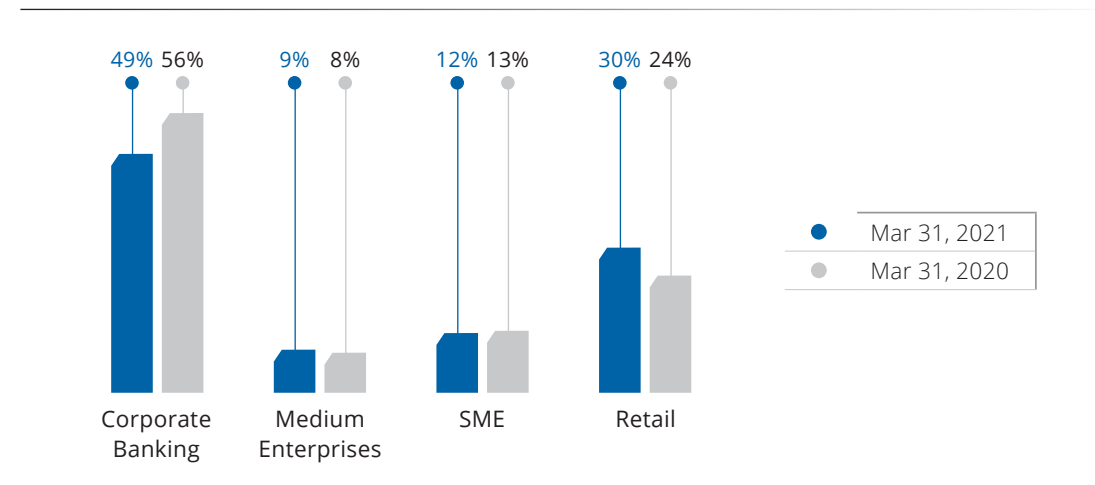
During the year ended March 31, 2021, the Bank has sold and transferred securities from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM. The book value of HTM investment sold during the year ended March 31, 2021 was ₹87,170.72 million. The market value of investments (excluding investments in subsidiaries) under HTM category was ₹300,195.82 million and was higher than the book value thereof as at March 31, 2021.

Advances

During FY 2020-21, the Bank recorded a reduction of 2.7% in its loan book with advances decreasing to ₹1,668,929.94 million. Corporate Banking reduced from 56% as on Mar 31, 2020 to 49% of the Advances portfolio as on Mar 31, 2021 while the share of medium enterprises, SME and Retail increased gradually between above dates as shown in the graph below.

Net advances of IFSC Banking Unit (IBU) in GIFT City decreased from ₹140,881.13 million at March 31, 2020 to ₹98,599.18 million at March 31, 2021.

Given below is a graphical representation of break-up of advances between Corporate, Medium Enterprises, SME and Retail banking:



Retail and MSME share at 51% of Advances with Corporate at 49%.

Fixed assets and other assets

Fixed assets (net block) increased by 112.9% from ₹10,090.88 million at March 31, 2020 to ₹21,485.30 million at March 31, 2021. Primarily due to assets worth ₹12,397.53 million received as a part of debt resolution.

Financial Condition - Liabilities

Particulars	As at Mar 31, 2021	As at Mar 31, 2020	% change
Liabilities			
Capital	50,109.81	25,101.94	99.6%
Reserves and Surplus	281,853.47	192,161.99	46.7%
Deposits			
Current deposit accounts	1,629,466.42	1,053,639.43	54.7%
Saving Account	189,972.87	94,993.11	100.0%
CASA	235,898.65	185,635.25	27.1%
Term Deposit	425,871.53	280,628.36	51.8%
Borrowings			
Borrowing in India	1,203,594.89	773,011.08	55.7%
Borrowing outside India	639,490.85	1,137,905.03	-43.8%
Borrowings in India	540,040.77	1,001,280.59	-46.1%
Borrowings outside India	99,450.07	136,624.43	-27.2%
Other liabilities and provisions	134,507.10	169,461.83	-20.6%
Total	2,735,427.65	2,578,269.23	6.1%

MANAGEMENT DISCUSSION AND ANALYSIS

Equity Capital and Reserve and surplus

During July 2020, the Bank had completed its Further Public Offering (FPO) of ₹15,000 crore. The Issue was made through book building process in accordance with regulation 129(1) of the SEBI ICDR Regulations. The Bank had issued 12,504,433,750 equity shares of face value of ₹2 each for cash pursuant to FPO aggregating to ₹14,872 crore (accreted ₹12,371 crores as share premium net of share issue expenses).

Movement in Share Capital

Share Capital	(₹ in million)	
	As at March 31, 2021	As at March 31, 2020
Opening Share Capital	25,100.94	4,630.07
Addition due to exercise of Stock Option	-	8.76
Addition due to shares issued for QIP/FPO	25,008.87	462.11
Addition due to shares issued under Reconstruction scheme	-	20,000.00
Closing Share Capital	50,109.81	25,100.94

Deposits

Deposits increased by 54.7% from ₹1,053,639.43 million at March 31, 2020 to ₹1,629,466.42 million at March 31, 2021. Term deposits increased by 55.7% from ₹773,011.08 million at March 31, 2020 to ₹1,203,594.89 million at March 31, 2021, savings account deposits increased by 27.1% from ₹185,635.25 million at March 31, 2020 to ₹235,898.65 million at March 31, 2021 and current account deposits increased by 100% from ₹94,993.11 million at March 31, 2020 to ₹189,972.87 million at March 31, 2021. The current and savings account (CASA) deposits increased from ₹280,628.36 million at March 31, 2020 to ₹425,871.53 million at March 31, 2021. Total deposits at March 31, 2021 constituted 71.82% of the funding (i.e., deposits and borrowings). The Bank's CD ratio stood at 102.4% as at March 31, 2021.

Significant increase in its deposit position enabled the Bank to repay short term RBI borrowing and also increase the LCR of the Bank well in excess of the minimum regulatory thresholds.

Borrowings

Borrowings decreased by 43.8% from ₹1,137,905.03 million at March 31, 2020 to ₹639,490.85 million at March 31, 2021. The reduction in borrowing is primarily due to repayment of RBI special liquidity facility by the Bank.

On March 17, 2020, RBI had granted a 90-day Special Liquidity Facility (SLF-2) and as stipulated under the terms and conditions of this facility, the Bank should stay invested in government securities at least to the extent of ₹200,000 million. The Bank fully repaid the previous SLF and was granted another facility as SLF-3 of ₹500,000 million from RBI on June 15, 2020 for a fixed period of 90 days. The Bank had also fully repaid an amount of ₹500,000 million which was availed on June 15, 2020.

Other liabilities

Other liabilities decreased by 20.6% from ₹169,461.83 million at March 31, 2020 to ₹134,507.10 million at March 31, 2021.

Regulatory capital

In line with the RBI circular on Basel III Capital Regulations, currently for computing capital requirement, YES BANK has adopted the standardized approach for credit risk, standardized duration approach for market risk and Basic indicator approach for operational risk. The 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.

Capital Adequacy Ratios	As at March 31, 2021	As at March 31, 2020
Total capital ratio (CAR) out of the above	17.5%	8.5%
- CET1	11.2%	6.3%
- Tier I Capital	11.3%	6.5%
- Tier II Capital	6.2%	2.0%

As at March 31, 2020, Tier 1 ratio of the Bank was below the regulatory minimum requirement and hence Tier II ratio is restricted to 2%

During the year, the Bank has raised capital via FPO of ₹150,000 million. During the previous year, the Bank had raised capital via QIP of ₹19,304.64 million and under Reconstruction scheme ₹100,000 million.

With the above capital raise, Capital Adequacy Ratio of the Bank significantly improved to 17.5% as at March 31, 2021 as compared to 8.5% as at March 31, 2020 and a minimum requirement of 10.875%. CET-1 ratio comfortable stood at 11.2%, Tier I Capital Ratio at 11.3% and Tier II Capital Ratio was 6.2% as at March 31, 2021.

Subsidiary Performance

YES BANK has three subsidiaries

Yes Securities (India) Limited (YSIL), YES Asset Management (India) Limited (YAMIL) and YES Trustee Limited (YTL). All the three subsidiaries are wholly owned subsidiaries of the bank. YSIL is the Bank's Broking and Investment Banking subsidiary. YTL's principal activity is to act as trustee for funds (Yes Mutual Fund). YAMIL has entered into investment management agreement with YTL to act as the investment manager for any funds to be launched by Yes Mutual fund.

During the year, the Bank has infused capital of ₹200 million in YAMIL and ₹3 million in YTL. During FY 2020-21 YSIL reported a net loss of ₹167.82 million. Total revenue from operations of YSIL decreased by 0.3% from 1,012.48 million during FY 2019-20 to 1,009.58 million in FY 2020-21. YAMIL made a loss of ₹132.13 million with total income of ₹40.10 million. YTL made a loss of ₹1.59 million with total income of ₹0.39 million.

As at March 31, 2021, the total capital infused and outstanding is ₹1,490.0 million in YSIL, ₹1,095.0 million in YAMIL and ₹8 million in YTL. The Bank has provided ₹437.82 million for impairment of investment in YAMIL and YTL. The Bank has entered into a definitive agreement to sell its entire stake in YAMIL and YTL to GPL Finance and Investments Limited which is 99% owned by White Oak Investment Management Private Limited on August 21, 2020. The transaction is subject to requisite regulatory approvals.

Update on Ind AS implementation:

The Institute of Chartered Accountants of India has issued Ind AS (a revised set of accounting standards) which largely converges the Indian accounting standards with International Financial Reporting Standards (IFRS). The Ministry of Corporate Affairs (MCA) has notified these accounting standards (Ind AS) for adoption. The RBI through press release RBI/2018-2019/146 DBR.BP.BC. No.29/21.07.001/2019-20 March 22, 2019 updated all scheduled commercial banks that legislative amendments recommended by the RBI are under consideration of the Government of India. Accordingly, RBI has decided to defer the implementation of Ind AS till further notice.

Total capital infused in the 3 subsidiaries - ₹1,490 mn in YES Securities, ₹1,095 mn in YES AMC and ₹8 mn in YES Trustee.

As per RBI directions, YES BANK has taken following steps so far:

- » YES BANK is submitting quarterly Proforma Ind AS financial statements to the RBI.
- » Formed Steering Committee for Ind AS implementation. The Steering Committee comprises Group Chief Financial Officer (CFO) (Chairman), Chief Risk Officer (CRO), Chief Operating Officer (COO), Chief Information Officer (CIO) and members of the Senior Management from Financial Management, Risk Control and Treasury Operations. The Committee oversees the progress of Ind AS implementation in the Bank and provides guidance on critical aspects of the implementation such as Ind AS technical requirements, systems and processes, business impact, people and project management. The Committee closely reviews progress of the implementation.
- » Steering committee updates the Audit Committee and the Board on preparedness for migration to Ind AS on a quarterly basis.
- » Further, YES BANK has procured IT solutions to automate Expected Credit Losses (ECL) computation and other accounting changes required in Ind AS in order to improve the robustness of the process.

YES BANK will continue to liaise with RBI and industry bodies on various aspects pertaining to Ind AS implementation.

To
The Members,

Your Directors are pleased to present the Seventeenth Annual Report on the business and operations of the Bank together with the audited financial statements (standalone as well as consolidated) for the financial year ended March 31, 2021.

BUSINESS OVERVIEW

FY 2020-21 was the first year of the new journey of YES Bank under the new management post the Yes Bank Limited Reconstruction Scheme, 2020 ("Scheme") which was implemented in March 2020.

The new Board and management were entrusted with the responsibility of rebuilding the institution which had seen a sharp drop in deposits, customer trust and also had to face the consequences of the pandemic. The Bank had embarked on a transformation journey to emerge as a re-energized, recapitalized and recalibrated organization, by leveraging on a unique opportunity to learn from past challenges and become stronger, while continuing to fulfill its unwavering commitment towards its customers and stakeholders. The steps the Bank took included constant dialogue and deliberations with the regulators to timely resolve outstanding issues (for e.g. Special Liquidity Facilities from the Reserve Bank of India (RBI) as per requirement, de-classification of erstwhile Promoters with due regulatory approvals etc.), revamp of the Governance and Controls structure, identification and deep-diving into the quality of the loan book to recognize and provision for stress transparently and pro-actively, empowering and reinforcing trust and faith amongst the 21,000+ strong workforce to work as one team again to rebuild the Bank in the face of the full blown impact of a Global Pandemic. These initiatives and efforts were critical to win back the confidence of the Bank's stakeholders and investor community; and the resounding success of the FPO (one of the largest public capital raises in the history of Indian Capital markets) is a strong endorsement of stakeholder belief in the Bank's management, business plan and strategy. The confidence of stakeholders has not only been seen through the improving financial performance of the Bank during the last year, but also through external validation in the form of Credit Rating upgrades, successful client win-backs and acquisition strategy, re-inclusion of the stock in marquee indices and increase in FII shareholding amongst others.

The Bank also undertook multiple initiatives to stabilize the Bank's operations in the wake of COVID-19, while at the same slowly and selectively launching tailored propositions for its customers.

- » Deepened customer relationship and wallet share for existing Bank customers, while focusing on attractive tailored propositions for new customers such as the newly launched Yes Premia program and Loan in Seconds

- » Improved existing customer offering by re-vamping the Yes Online and Corporate Net banking platforms by making them more user friendly
- » Enhanced digital customer sales and servicing model and enable remote interactions for key processes such as the launch of video KYC for account opening, WhatsApp Banking, remote payment service for merchants
- » Kickstarted and/or implemented many key initiatives in customer personalization using Chatbots, data analytics, innovation in Cloud platforms, intelligent automation through robotics etc.
- » The Bank also launched a massive brand building campaign "Zimmedari se Tayyari" which has gained significant digital traction and has been listed amongst the Top 10 ads on YouTube by ET Brand Equity.

The Bank continued its efforts towards building a stronger retail franchise with contribution of retail advances compared to total advances, increased to ~30 % in FY 2020-21 compared to 24% in FY 2019-20. Digitisation remains the Bank's key pillar to grow the Retail, MSME and the Transaction Banking business. The Corporate advances have also started to pick up with focus on working capital financing to high rated corporates. The Bank believes that the legacy corporate stress has been adequately provided for in FY 2020-21. The Bank has significant presence within the new-age payments space with the highest market share of ~40.6% in UPI transactions (by volume) in FY 2020-21.

STATE OF THE AFFAIRS OF THE BANK

FY 2020-21 was a crucial milestone for the Bank in its onward journey, as the Bank battles the social and economic impact of COVID-19 on its operating model and simultaneously re-invents itself into a stronger, redefined organization. The Bank's fundamentals continue to be strong and the Bank has emerged from the crisis as a financially sound, well capitalized, well governed institution, with customer centricity and digital at the heart of its strategy. The Bank remains focused on its priorities and looks to continue this momentum onwards and upwards so that it is able to deliver on its strategic objectives while creating superior value for all its stakeholders.

Key near term strategic objectives that the Bank has achieved and will further strengthen:

1. Rebuild capital, liabilities and liquidity buffers
2. Cost optimisation
3. Stronger governance and underwriting frameworks
4. Focused stressed assets resolution

Medium term

1. Stable liability mix and lower cost of funds: CASA Ratio>40%
2. Granular advances: Retail/MSME>60%
3. Corporate flows and cross sell through Transaction Banking
4. ROA>1% by FY23 and ROA>1.5% by FY25

BUSINESS OUTLOOK

For the new financial year, shareholders may expect the following:

- » Infrastructure and growth push by the Government to provide the right impetus for a sustainable credit opportunity in the economy
- » Market share improvement for banks with strong parentage
- » Enhanced usage of digital as a key enabler in customer experience
- » Structural shift in household savings from physical to financial assets

FINANCIAL PERFORMANCE (STANDALONE)

(₹ in million)

Particulars	April 1, 2020 to March 31, 2021	April 1, 2019 to March 31, 2020	Change
Deposits	1,629,466.42	1,053,639.43	575,826.99
Borrowings	639,490.85	1,137,905.03	(498,414.18)
Advances	1,668,929.94	1,714,432.94	(45,503.00)
Total Assets/Liabilities	2,735,427.65	2,578,269.23	157,158.43
Net Interest Income	74,286.02	68,052.31	6,233.70
Non Interest Income	33,407.21	34,414.94	(1,007.73)
Operating profit	49,773.07	35,175.14	14,597.93
Provisions and Contingencies	97,123.81	327,584.34	(230,460.53)
Profit before Tax	(47,350.74)	(292,409.20)	245,058.46
Provision for taxes	(12,728.47)	(65,259.44)	52,530.97
Net Profit/(Loss) from Ordinary Activities after tax	(34,622.27)	(227,149.76)	192,527.49
Extraordinary income (net of tax)- Tier 1 write down	-	62,969.45	(62,969.45)
NET PROFIT	(34,622.27)	(164,180.31)	129,558.04

(₹ in million)

Particulars	April 1, 2020 to March 31, 2021	April 1, 2019 to March 31, 2020	Change
Add: Surplus/(Deficit) brought forward from last period	(68,973.88)	107,595.60	(176,569.48)
Amount available for appropriation	(103,596.15)	(56,584.71)	(47,011.43)
Appropriations			
Statutory Reserve under section 17 of the Banking Regulation Act, 1949	-	-	-
Capital Reserve	4,969.76	6,655.51	(1,685.75)
Investment Reserve	153.70	147.23	6.47
Investment Fluctuation Reserve	-	-	-
Dividend and Dividend Tax paid	-	5,586.43	(5,586.43)
Surplus carried to Balance Sheet	(108,719.60)	(68,973.88)	(39,745.73)
Key Performance Indicators (excluding Tier 1 write down)			
Net Interest Margin	2.8%	2.2%	
Return on Annual Average Assets	-1.30%	-7.11%	
Return on Equity	-11.42%	-113.13%	
Cost to Income Ratio	53.78%	65.67%	

Your Bank posted Net Loss of ₹34,622.27 million in FY 2020-21 as compared to a loss of ₹164,180.31 million for FY 2019-20 mainly due to higher provisioning. Net Interest income (NII) of the Bank increased by 9.2% to ₹74,286.02 million during FY 2020-21 as compared to ₹68,052.31 million during FY 2019-20. The Net Interest Margin (NIM) was 2.8% in FY 2020-21. Your Bank posted a healthy operating profit growth of 41.5% to ₹49,773.07 million. 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

The Reserve Bank of India ('RBI') through circular dated April 22, 2021 allowed banks to pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio prescribed in the paragraph 4 of the RBI circular dated May 4, 2005. However, during FY 2021, the Bank has reported a loss and as consequence to that the Bank has not declared any dividend.

The RBI, vide notification dated December 4, 2020, stated that in view of the ongoing stress and heightened uncertainty on account of COVID-19, the banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020.

As required under Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the dividend policy of your Bank is available on the Bank's website at the link: https://www.yesbank.in/pdf/dividend_policy_pdf.

TRANSFER TO RESERVES

As per requirement of RBI regulations, the Bank has transferred the following amounts to various reserves during Financial Year ended March 31, 2021:

Amount transferred to	₹ million
Statutory Reserve (The Bank incurred a net loss of ₹34,622.27 million in FY 2020-21)	-
Capital Reserve	4,969.76
Investment Reserve	153.70

TRANSFER OF EQUITY SHARES UNPAID/ UNCLAIMED DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND

In accordance with the applicable provisions of the Companies Act, 2013 read with Rules made thereunder, during the FY 2020-21, the Bank has transferred to the credit of the Investor Education and Protection Fund (IEPF) administered by the Central Government, 29,797 number of equity shares and unpaid dividend amount of ₹1,366,140.00, which had remained unclaimed/ unpaid for a period of seven (7) consecutive years.

CAPITAL RAISING & CAPITAL ADEQUACY RATIO (CAR)

During FY 2020-21 the Bank has successfully completed capital raising of ₹150,000.00 million by way of Further Public Offering ('FPO') by issue and allotment of 12,504,433,750 equity shares of face value of ₹2 each at a price of ₹12 per Equity Share for cash (discount of ₹1 per Equity Share was offered for employee reservation portion).

The Issue was made through book building process in accordance with regulation 129(1) of the SEBI ICDR Regulations.

The Bank has not issued any equity shares with differential voting rights during the year.

During the year under review, the Bank has not issued any shares pursuant to the exercise of stock options.

Movement in Share Capital

Share Capital	(₹ in million)	
	As at March 31, 2021	As at March 31, 2020
Opening Share Capital	25,100.94	4,630.07
Addition due to exercise of Stock Option	-	8.76
Addition due to shares issued for QIP/FPO	25,008.87	462.11
Addition due to shares issued under Reconstruction scheme	-	20,000.00
Closing Share Capital	50,109.81	25,100.94

With the above capital raise, Capital Adequacy Ratio of your Bank significantly improved to 17.5% as at March 31, 2021 as compared to 8.5% as at March 31, 2020. CET-1 ratio comfortable stood at 11.2%, Tier I Capital Ratio at 11.3% and Tier II Capital Ratio was 6.2% as at March 31, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as stipulated in Listing Regulations is presented in a separate section forming part of the Annual Report.

RISK MANAGEMENT FRAMEWORK

The Bank's Enterprise Risk Management framework encompasses the following:

» **Risk Governance Framework:** The Bank has implemented an Enterprise Risk Governance framework to ensure non-silo based management and oversight of Risk. The Bank's Risk Management philosophy is guided by the Three Lines of Defence:

- **First Line of Defence - Business Management:** Each business segment of the Bank has risk ownership and is responsible for assessment and management of risks and has the overall responsibility of the management and mitigation of the Risk. The segments are required to implement appropriate procedures to fulfil their risk governance responsibilities.

- **Second Line of Defence - Independent functions:** The Bank's independent oversight functions, such as, Risk Management, Credit Underwriting, Compliance, Legal, Fraud Containment Unit, etc. set standards for management and oversight of risks, including compliance with applicable laws, regulatory requirements and policies.
- **Risk Management:** Risk Management establishes policies and guidelines for risk assessment and management and contributes to controls and tools to manage, measure and mitigate risks faced by the Bank. Risk Management comprises units such as Enterprise Risk, Credit Risk Policy Unit, Market Risk, Operational Risk, Legal Risk, Information Security, Portfolio Analytics Unit, Retail, SME & Rural Policy Unit and Portfolio Management Unit which are responsible for independent review, monitoring and reporting of all risk control parameters and taking appropriate corrective actions where necessary. These units also ensure compliance to internal policies and regulatory guidelines.
- **Credit Underwriting:** The Credit team ensures an independent assessment of credit proposals and is responsible for monitoring the credit quality of the Bank's portfolio and undertaking portfolio reviews.
- **Compliance:** The Compliance unit is responsible for tracking implementation of all regulatory circulars/communication, review of new products & processes from regulatory perspective, conducting compliance reviews to ensure adherence to regulatory guidelines and monitoring progress in rectification of significant deficiencies (if any) pointed out by regulators in inspection reports as well as implementation of recommendations made therein. This ensures that the overall Compliance Risk of the Bank is managed and mitigated.
- **FCU & AML:** The Fraud Containment Unit (FCU) is responsible for prevention and detection of internal and external frauds in the areas of Liabilities, Product and Support functions. The unit conducts transaction monitoring, forensic scrutiny, employee awareness trainings and vulnerability assessments to help achieve the said objective. The Anti Money Laundering Unit (AML) is responsible for identifying and reporting of suspicious transactions and other regulatory reports such as Cash Transaction Report, Cross Border Wire Transfer Report, Not for Profit Organisation Transaction report etc as prescribed under PMLA Act/Regulators, across all Business segments of the Bank. The AML unit is equipped with qualified, trained and experienced staff, which monitors various transactions undertaken by customers with a view to combat financial crimes and prevents misuse of the accounts for money laundering.

- **Third Line of Defence** – The Bank's Internal Audit function independently reviews activities of the first two lines of defence based on a risk-based audit plan and methodology approved by the Audit Committee of the Board. Internal Audit provides independent assurance to the Board, the Audit Committee, senior management and regulators regarding the effectiveness of the Bank's governance and controls framework designed for risk mitigation.

The Board of Directors of the Bank has overall responsibility for Risk Management. The Board oversees the Bank's Risk and related control environment, reviews and approves the policies designed as part of overseeing the Risk Management practices. The Board ensures that comprehensive policies, systems and controls are in place to identify, monitor and manage material risks at a Bank-wide level, with clearly defined risk limits. The Board has laid down Risk Appetite Statement which articulates the quantum of risk the Bank is willing and able to assume in its exposures and business activities in pursuit of its strategic objectives and desired returns. The Board has also established policies governing risk management, such as, Credit Policy, Asset Liability Management Policy, Operational Risk Management Policy, Information Security Policy, Enterprise Risk Management Policy, Group Risk Management Policy, Model Risk & Governance Policy, Risk Based Pricing Policy, Stress Testing Policy, etc. which establish the Risk Appetite Framework within the overall Risk Appetite Statement.

The Board has put in place four Board level Committees which inter-alia pertain to Risk Management, viz. Risk Management Committee (RMC), Audit Committee (AC), Fraud, Willful Defaulters and Non Co-operative Borrowers Monitoring Committee (FWD & NCBMC) and Board Credit Committee (BCC) to deal with risk management practices, policies, procedures and to have adequate oversight on the risks faced by the Bank.

The Board Committees have set up various Executive level committees for oversight over specific risks.

1. Apex Management Committee
2. Enterprise Risk, Reputation Risk and Model Assessment Committee
3. Management Credit Committee
4. Executive Credit Committee
5. Asset & Liability Management Committee
6. Operational Risk Management Committee
7. Standing Committee on Customer Service
8. Fraud & Suspicious Transaction Monitoring Committee
9. Committee for Classification of Willful Defaulters & Non Co-operative Borrowers

10. Accountability Review Committee
11. Whistle Blower, Disciplinary and Internal Committee
12. Steering Committee for IFRS (Ind AS)
13. Product Process Approval Committee
14. IT Steering Committee
15. Security Council
16. Stressed Asset Monitoring Committee
17. Sustainability Council
18. Fraud Investigation Committee

These Committees review various aspects / key risks and ensure that the best-in-class frameworks are in place to oversee day-to-day management of underlying business activities, transactions and associated risks while dealing with internal and external stakeholders. Further, Risk events, potential threats, performance of the Bank vis-à-vis Risk Limits and Risk Appetite, Risk Profile dashboard covering key risk indicators, etc. are presented to these Committees, with periodic trends highlighted along with level and direction of risk. The Bank also conducts a detailed Internal Capital Adequacy Assessment Policy ('ICAAP') review exercise to identify its Risk universe, review its Risk appetite in line with its business strategy as well as assess its internal controls and mitigation measures in place for the risks and capital requirements. The ICAAP document is approved by the RMC and the Board.

Additionally, in line with best Risk Governance practices, the Bank has segregated credit underwriting and risk management verticals. The underwriting vertical consisting of Credit Units is headed by the Chief Credit Officer (CCO) and the risk controls and policy vertical consisting of various independent control units is headed by the Chief Risk Officer (CRO). The CRO reports to the Risk Management Committee while the CCO reports to the MD&CEO.

DEPOSITS

Being a banking company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Companies Act, 2013 are not applicable to your Bank.

DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING FOR NPAs

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, Banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period. Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for FY 2019-20.

Disclosure on Complaints

The Bank became aware in September 2018 through communications from stock exchanges of anonymous whistleblower complaints alleging irregularities in the Bank's operations, potential conflict of interest of the founder / former MD & CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which was carried out by management and supervised by the Board of Directors. The enquiry resulted in a report that was reviewed by the Board in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. In April 2019, the Bank had received the phase 1 report from the external firm and based on further review/ deliberations had directed a phase 2 investigation from the said firm. In February 2020, the Bank has received the final phase 2 report from the said external firm. The Bank has taken this report to the Audit Committee. As advised by the Audit Committee, the Bank has reviewed and carried out remediation actions across areas of process, design, policy and control related issues highlighted in the report including conducting forensic audits for few of the identified borrower accounts. The forensic audits for remaining accounts are in the process. Basis guidance from the ACB during the year, further action has been taken and a comprehensive note was put up to the Board on January 15, 2021 for closure of the report. The Board expressed satisfaction with the review carried out and approved the closure of the review of the anonymous complaints received by the Bank in September / December 2018. Exposure to such borrower accounts are recognized as NPA and commensurately provided.

Further, the Bank received forensic audit reports on certain borrower groups commissioned by other consortium bankers, which gave more information regarding the above mentioned allegations and

has filed complaints with the law enforcement agencies. Also, Law Enforcement Agencies (LEAs) - the Enforcement Directorate (ED), the Central Bureau of Investigations (CBI) and the Serious Fraud Investigation Office (SFIO) have launched investigations into some aspects of transactions of the founder / former MD & CEO, and alleged links with certain borrower groups. LEAs are investigating allegations of money laundering, fraud and nexus between the founder / former MD & CEO and certain loan transactions. The investigation continues to be carried out by the various law enforcement agencies. There are no claims made by any whistleblower or other parties against the Bank in this matter. The Bank does not foresee any substantial financial impact on the Bank arising out of these investigations.

SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As on March 31, 2021, the Bank had three wholly-owned subsidiaries, YES Securities (India) Limited ('YSIL'), YES Asset Management (India) Limited ('YAMIL') and YES Trustee Limited ('YTL').

The Bank does not have any material subsidiary, associate and joint venture company.

Performance and Financial Position of YSIL, YAMIL and YTL is given in Management Discussion & Analysis which forms part of this Annual Report.

The brief details about business of the subsidiaries are as under:

YES Securities (India) Limited (YSIL)

YES Securities (India) Limited (YSIL) offers retail, HNI and corporate customers a comprehensive range of products and services, encompassing Wealth Broking, Investment Advisory, Investment Banking (including a dedicated Sustainable Investment Banking practice), Merchant Banking, Research and Institutional Equities services. YSIL is a SEBI registered Stock Broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst.

YES Asset Management (India) Limited (YAMIL) & YES Trustee Limited (YTL)

YES Asset Management (India) Limited (YAMIL) and YES Trustee Limited (YTL) were incorporated as wholly owned subsidiaries on April 21, 2017 and May 3, 2017, respectively to carry on mutual fund business.

On August 21, 2020, YBL entered into a definitive agreement to sell its 100% stake in YAMIL and YTL to GPL Finance and Investments Ltd ("Purchaser"). White Oak Investment Management Pvt Ltd. owns 99% of the Purchaser. The ultimate beneficial owner of the Purchaser is Mr. Prashant Khemka who owns 99.99% of the White Oak Investment Management Pvt Ltd. The transaction is expected to be completed in FY 2021-22.

YAMIL currently has 3 schemes and the average AUM for FY 2020-21 was ₹95.04 crores.

The Consolidated Financial Statements of the Bank and its Subsidiaries prepared in accordance with the requirement of Section 129(3) of the Companies Act, 2013 shall be laid before the ensuing AGM and it forms part of this Annual Report.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of Financial Statements of subsidiaries in Form AOC-1 forms part of the Annual Report. The Financial Statements of the subsidiaries of the Bank are available on the website of the Bank (www.yesbank.in). Financials of Bank and its subsidiaries shall also be available for inspection by members or trustees of the holders of any debentures/bonds of the Bank at its Registered office.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Bank has implemented adequate procedures and internal controls which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements. The Bank also ensures that internal controls are operating effectively.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE BANK

Except as disclosed below, there are no material changes and commitments, affecting the financial position of the Bank which has occurred between the end of the financial year of the Bank i.e. March 31, 2021 and the date of the Directors' Report i.e. June 10, 2021.

UNCERTAINTY ESTIMATIONS OWING TO THE GLOBAL HEALTHCARE CRISIS

The SARS-CoV-2 virus responsible for COVID-19 started spreading across the globe and India in March 2020, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. Due to outbreak of the

COVID-19 pandemic, the country had witnessed lockdowns across India, imposed by the Indian government from March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The current second wave of Covid-19 pandemic, where the number of new cases has increased significantly in India, has resulted in re-imposition of localised/regional lockdown measures in various parts of the country.

RBI issued guidelines on COVID-19 Regulatory Packages under which, the Bank granted a moratorium of three months (further extended by three months) on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and August 31, 2020. For all such accounts where the moratorium was granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) has been retained based on the overdue status as at February 29, 2020.

The Supreme Court, in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), through its interim order dated September 3, 2020 had directed that accounts which were not declared as NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Bank did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020. The Bank had made contingency provision of ₹2,683 crore till December 31, 2020. The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. Further in accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has classified such borrower accounts as per the extant IRAC norms with effect from September 1, 2020 and utilised the above contingency provisions towards provision on these accounts.

Refer Financial Statement – 18.5.1 and Notes to Accounts disclosure 18.6.24 for offerings under COVID package in line with the extant regulatory guidelines and Disclosure under COVID19 Regulatory Package.

Further, the Bank is closely monitoring the potential impact of COVID on its borrowers and is engaging with them for suitable resolutions and relaxations in line with RBI guidelines.

RATINGS OF VARIOUS DEBT INSTRUMENTS

The Credit Rating and change/revision in the Credit Ratings for various debt instruments issued by the Bank from time to time are provided in the Corporate Governance Report forming part of the Annual Report.

LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given or securities provided or acquisition of securities by a Banking company in the ordinary course of its business are exempted from disclosure requirements under Section 134(3) (g) of the Companies Act, 2013.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There were no materially significant transactions with related parties including promoters, directors, key managerial personnel, subsidiaries or relatives of the Directors during the financial year which could lead to a potential conflict with the interest between the Bank and these parties. The details of the transactions with related parties, if any, were placed before the Audit Committee from time to time. There were no material individual transactions with related parties, which were not in the ordinary course of business of the Bank, nor were there any transactions with related parties, which were not at arm's length basis. Accordingly, the disclosure in Form AOC-2 is not applicable to the Bank for the year under review. Suitable disclosure as required by the Accounting Standards (AS-18) has been made in the notes to the Financial Statements.

Prior omnibus approval for normal banking transactions is also obtained from the Audit Committee for the related party transactions which are repetitive in nature as well as for the normal banking transactions which cannot be foreseen and accordingly the required disclosures are made to the Committee for their approval.

The policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Bank and can be accessed at https://www.yesbank.in/pdf/policies_pdf6.

DIRECTORS & KEY MANAGERIAL PERSONNEL

During the FY 2020-21, Mr. Partha Pratim Sengupta and Mr. Swaminathan Janakiraman, Non-Executive Directors, nominated by State Bank of India resigned from the directorship of the Bank w.e.f. July 24, 2020 and October 28, 2020 respectively. In place of resigned directors, Mr. Vadalur Subramanian Radhakrishnan and Mr. Ravindra Pandey were appointed as SBI Nominee Directors on the Board of the Bank w.e.f. July 31, 2020 and November 3, 2020 respectively. Their nomination on the Board will be valid till such period as per the Scheme or January 31, 2023 and June 30, 2022, respectively.

As you are aware, pursuant to the Yes Bank Reconstruction Scheme, 2020 ("Scheme") nomination made by State Bank of India and Order passed by RBI under Banking Regulation Act, 1949 (BR Act)

the new Board of Directors was constituted with effect from March 26, 2020. As per the Scheme, the members of the Board, other than the additional directors (appointed by RBI u/s 36AB of BR Act), shall continue in office for a period of one year, or until an alternate Board is constituted by reconstructed bank in accordance with the procedure laid down in its memorandum and articles of association, whichever is later. Accordingly, necessary process has already been initiated by the Bank for identifying directors with appropriate skill sets and expertise on the Board of the Bank for constitution of the alternate Board. The appointment of directors will be subject to required approvals, including approval of the members.

Key Managerial Personnel

During the year, Mr. Niranjan Banodkar was appointed as Chief Financial Officer ('CFO') and Key Managerial Personnel w.e.f. January 1, 2021 in place of Mr. Anurag Adlakha CFO and Key Managerial Personnel who has assumed the role of Chief Human Resources Officer ('CHRO') of the Bank.

Mr. Prashant Kumar continues to be the MD & CEO of the Bank as per the Scheme notified by the Ministry of Finance, Government of India under Notification No. G.S.R. 174(E) dated March 13, 2020.

Mr. Shivanand Shettigar continued to act as Company Secretary and the Key Managerial Personnel.

STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

Pursuant to the Scheme through which the new Board was appointed, none of the Directors are designated as Independent Directors. Hence, the Bank is not required to obtain declarations under Section 149(6) and 149(7) of the Companies Act, 2013 and Regulation 16(1)(b) and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

However, given the present composition of the Board, wherein presently there are three Non-Executive Directors viz. Mr. Sunil Mehta, Mr. Mahesh Krishnamurti and Mr. Atul Bheda, appointed pursuant to the Scheme, not holding any substantial interest in the share capital nor having any pecuniary relationship with the Bank and meets the criteria of independence, accordingly necessary declarations were obtained from them, confirming that they meet the criteria of independence.

STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

None of the Directors appointed under the Scheme are designated as Independent Directors, therefore the statement regarding opinion of the board with regard to integrity, expertise and experience (including the proficiency) of the independent directors is not applicable.

FAMILIARIZATION PROGRAMS FOR INDEPENDENT DIRECTORS

The programs undertaken for familiarizing the Independent Directors are disclosed in detail in the Corporate Governance Report, which forms part of the Annual Report.

NUMBER OF MEETINGS OF THE BOARD AND IT'S VARIOUS COMMITTEE

The details of Board meetings held during the year, attendance of Directors at the meetings and constitution of various Committees of the Board are included separately in the Corporate Governance Report, which forms part of the Annual Report.

PERFORMANCE EVALUATION OF THE BOARD

The Bank has laid down criteria for performance evaluation of the Directors including Chairman, Managing Director & CEO, Board Level Committees and Board as a whole as well as the evaluation process for the same, in line with the provisions of the Companies Act, 2013, Listing Regulations and SEBI Guidance Note on the Board Evaluation dated January 5, 2017. The present Board of Directors of the Bank was constituted in accordance with the Scheme, wherein two Board Members are the Additional Directors appointed by the RBI pursuant to Section 36AB of Banking Regulation Act, 1949. As per the RBI letter No. DoR.PSBD.No.325/16.05.004/ 2020-21 dated August 24, 2020, Additional Directors appointed by RBI are not subject to performance evaluation. Given the present composition of the Board under the Scheme, the Bank was not required to mandatorily comply with the stipulated procedure of Performance Evaluation for FY 2020-21. However, as a matter of good governance, the Board decided for carrying out the Performance Evaluation of the Directors, excluding the Additional Directors appointed by RBI, for the Financial Year 2020-21, in an appropriate manner.

Accordingly, the process for carrying out the performance evaluation of the members of the Board, the Board Level Committees and the Board as a whole was initiated by the Bank post completion of FY 2020-21 and the Board of Directors had deliberations and also had informal interactions in this regard. The performance evaluation process would be completed in due course.

POLICY ON APPOINTMENT OF DIRECTORS

The Board of Directors of the Bank had formulated and adopted policy on "Board Diversity and Fit & Proper Criteria and Succession Planning" for appointment of Directors on the Board of the Bank and succession planning. The details of the same have been included in the Report on Corporate Governance forming part of this Annual Report.

REMUNERATION POLICY

The Board of Directors of the Bank had formulated and adopted policies for Remuneration of Employees of the Bank, Remuneration of Directors including the Chairman of the Bank. The details of the same are made available on the Bank's website and can be accessed at https://www.yesbank.in/pdf/board_kmp_sr_mgmt_remuneration_policy.pdf.

EMPLOYEE REMUNERATION

- (a) The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. In terms of Section 136 of the Companies Act, 2013, the same would be available for inspection during working hours at the Registered Office of the Bank till the date of Annual General Meeting. A copy of this statement may be obtained by the Members by writing to the Company Secretary of the Bank.
- (b) The ratio of the remuneration of each Director and employees of the Bank as required under the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure 1** to the Report.

EMPLOYEES STOCK OPTION SCHEME

Your Bank has instituted Stock Option Plans to enable its employees to participate in your Bank's future growth and financial success. In terms of compensation and benefit policy of the Bank, employees are granted options as part of Annual Performance Review process based on their performance

as well as to ensure their retention, and to hire the best talent for its senior management and key positions. The Employee Stock Option Scheme was amended as approved by the members of the Bank at the previous annual general meeting held on September 10, 2020 and the Stock Exchanges i.e National Stock Exchange and BSE Limited have granted necessary approval for such amendment on November 24, 2020 and January 06, 2021 respectively. The details of Employee Stock Option Schemes and related statutory disclosures are provided in **Annexure 2** to this report.

CORPORATE GOVERNANCE

The Bank is committed to follow best Corporate Governance practices and adheres to the Corporate Governance requirements set by the Regulators under the applicable laws/regulations. In line with the foregoing, the Bank has adopted a Code of Corporate Governance which acts as a guide to the Bank and the Board on the best practices in the Corporate Governance.

A separate section on Corporate Governance standards followed by the Bank and the relevant disclosures, as stipulated under Listing Regulations, Companies Act, 2013 and rules made thereunder forms part of the Annual Report.

A Certificate from M/s. Bhandari & Associates, Practicing Company Secretaries, conforming compliance by the Bank to the conditions of Corporate Governance as stipulated under Listing Regulations, is annexed to the Report on Corporate Governance, which forms part of the Annual Report.

VIGIL MECHANISM

In line with the provisions of Listing Regulations, the Companies Act, 2013 and the principles of good governance, the Bank has devised and implemented a vigil mechanism, in the form of 'Whistle-Blower Policy'. The policy devised is also aligned to the recommendations of Protected Disclosure Scheme for Private Sector and Foreign Banks, instituted by RBI. Detailed information on the Vigil Mechanism of the Bank is provided in the Report on the Corporate Governance which forms part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Bank has constituted Corporate Social Responsibility ('CSR') Committee and statutory disclosures with respect to the CSR Committee and Annual Report on CSR Activities forms part of this Report as **Annexure 3**. The CSR Policy is available on the website of the Bank and can be accessed at https://www.yesbank.in/pdf/ybl_corporate_social_responsibility_policy.

AUDITORS & REPORTS OF THE AUDITORS

A. Statutory Auditors

In terms of Section 139 of the Companies Act, 2013, M/s M P Chitale & Co., Chartered Accountants (ICAI Firm Registration Number 101851W), were appointed as statutory auditors of the Bank for a period of four years from the conclusion of 16th AGM till the conclusion of 20th AGM of the Bank, subject to the annual approval of the Reserve Bank of India (RBI).

Further, in terms of the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, in order to protect the independence of the auditors/audit firms, entities will have to appoint the SCAs/SAs for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. Further, the audit firms which have already completed tenure of 1 year with any entity may be permitted to complete the balance tenure only, i.e. 2 years and for Entities with asset size of ₹15,000 crore and above as at the end of previous year, the statutory audit should be conducted under joint audit of a minimum of two audit firms [Partnership firms/Limited Liability Partnerships (LLPs)].

Thus in terms of the aforesaid RBI Guidelines, M/s M P Chitale & Co., Chartered Accountants (ICAI Firm Registration Number 101851W) will be eligible to hold office only up to the 19th AGM subject to fulfillment of eligibility norms on an annual basis.

Accordingly, the Board of Directors has recommended to RBI the appointment of M/s M P Chitale & Co., Chartered Accountants (ICAI Firm Registration Number 101851W) as the Statutory Auditors of the Bank for a period of two years from the conclusion of 17th AGM till the conclusion of 19th AGM, at the ensuing AGM and their appointment will be subject to approval by RBI on an annual basis under above-mentioned RBI circulars.

Further the Board of Directors has recommended to RBI names of seven Audit firms in the order of preference, wherein M/s. Chokshi & Chokshi LLP, Chartered Accountants, (ICAI Firm Registration No. 101872W /W100045), as the first preference for appointment as Joint Statutory Auditors of the Bank, for a period of three years from the conclusion of 17th AGM till the conclusion of the 20th AGM, at the ensuing AGM and their appointment will be subject to approval by RBI on an annual basis under above-mentioned RBI circulars.

Qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report

The Report given by the Statutory Auditors on the Financial Statements of the Bank for the financial year ended on March 31, 2021 forms part of this Annual Report. The auditors of the Company have given an unmodified opinion as mentioned in the Auditors' Report.

The audit report for the Financial Year ended March 2020 was qualified because of material uncertainty related to Going Concern. The opinion was predicted on a significant decline in Bank's deposit base, credit downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating, breaches in liquidity ratios and RBI mandated Capital ratios.

During the current year, the Bank raised capital of ₹150,000 million through FPO in July 2020. As a consequence, Bank's capital ratio stands at 17.5% as on March 31, 2021 as against a minimum requirement of 10.875%. Further, Bank has increased its deposit position by 54.7% to ₹1,629,466 million while also improving the LCR well in excess of the minimum regulatory thresholds.

Given the capital raise, reinforced capital buffers, strong growth in deposit base, the Banks' compliance with regulatory ratios and expanding customer and branch network, the audit report for FY 2020-21 is not modified.

Also, no offence of fraud was reported by the Auditors of the Bank.

B. Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, M/s. Bhandari & Associates, Practicing Company Secretaries, Mumbai were appointed as Secretarial Auditors of the Bank to conduct the secretarial audit for the FY 2020-21. The Bank provided all assistance and facilities to the Secretarial Auditors for conducting their audit. The Report of Secretarial Auditors for the FY 2020-21 is annexed to this report as **Annexure 4**. There are no observations, reservations or adverse remarks in the Secretarial Audit Report.

MAINTENANCE OF COST RECORDS

Being a Banking Company, the Bank is not required to maintain cost records as per sub-section (1) of Section 148 of the Companies Act, 2013.

BUSINESS RESPONSIBILITY REPORT

As stipulated in Listing Regulations, the Business Responsibility Report describing the initiatives undertaken by the Bank from environmental, social and governance perspective is separately attached as part of the Annual Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Bank's operation in future.

DISCLOSURES UNDER GREEN INFRA BONDS

Green Bonds have emerged as a mainstream financing mechanism for providing structured finances to vital clean energy and are playing a pivotal role in realization of India's renewable energy potential. Since the maiden issuance by YES BANK, the Green Bonds market has witnessed a steady growth and is currently pegged at over USD 10 billion. Driven by the commitment of mobilizing USD 5 billion towards climate action by 2020, as taken during Paris Accord, YES BANK has issued three green bonds:

- » **February 2015:** The Bank issued India's first-ever Green Infrastructure Bonds, raising an amount of INR 1000 crore. This 10 year tenor bond witnessed strong demand from leading investors including Insurance companies, Pension & Provident Funds, Foreign Portfolio Investors, New Pension Schemes and Mutual Funds
- » **August 2015:** The Bank raised INR 315 crore through the issue of Green Infrastructure Bonds to International Finance Corporation ("IFC") on a private placement basis which is the first investment by IFC in an Emerging Markets Green Bond issue in the world. The bonds are for a tenor of 10 years. IFC paid for the placement using the proceeds from the first Green Masala Bond program, that aimed at raising capital in the offshore rupee market
- » **December 2016:** The Bank has raised INR 330 crore, through an issue of a 7-year Green Infrastructure Bonds to FMO, the Dutch Development Bank, on a private placement basis. This is FMO's 1st investment in a Green Bond issued by a bank in India. FMO has paid for the placement using the proceeds from their sustainability bonds issued in 2015

The amount raised was used to finance Green Infrastructure Projects as per 'Eligible Projects' outlined in the Bank's internal guidelines that are in adherence to the Green Bond Principles (GBP). For FY 2020-21, KPMG, India has provided limited assurance on conformity of the use of proceeds, process for evaluation and selection of projects, management of proceeds and reporting of these green bonds to GBP 2018.

The GBP are voluntary guidelines, developed by the International Capital Markets Association, for broad use by the market that recommend transparency and disclosure, and promote integrity in the development of the Green Bond market. They have the following four key components and the bank showcases its adoption below:

- » **Use of Proceeds:** The proceeds raised by the bank are used in eligible project categories and include all projects funded in whole, or in part, in the fields of renewable and clean energy projects including Wind, Solar, Biomass, Hydropower and other such projects.

- » **Process for Evaluation and Selection of Eligible Projects:** The Bank's process starts with interactions with potential borrowers to understand the overall aspects of the project and a preliminary confirmation against the eligibility criteria. The evaluation moves to risk assessment for confirmation of the eligibility, post which further documentation is sought as per the Bank's policies and GBP.
- » **Management of Proceeds:** Green Bond allocations to eligible projects are tracked by the Bank through an MIS based asset tagging system. The unallocated proceeds, if any, are placed in liquid instruments.
- » **Reporting:** The bank's communication to investors through an annual update includes:
 - List of projects to which proceeds have been allocated to, with brief description including amounts disbursed, installed capacity
 - Summary of Environment and Social (E&S) impacts associated with projects, if any
 - Information on investment of unallocated proceeds in liquid instruments

Impacts

Through financing solar and wind power plants, these bonds strengthen India's energy security while reducing fossil fuel dependency. These bonds have been crucial in financing climate change mitigation with avoidance of emissions of CO₂, SO₂, NOx and other air pollutants associated with fossil fuel based energy generation. Estimated CO₂ emission reductions are shared along with project details.

List of projects against which green bonds proceeds have been allocated as on 31st March, 2021 is provided below:

Proceeds Utilization* Against Bond Issuance Size of INR 1,000 Cr (February 2015)

Sr. No.	Project Location	Description	Total Fund Based Utilization, INR Cr	Estimated** positive E&S impacts - CO ₂ Emission Reduction (tCO ₂ e / yr)	Known significant negative E&S Impacts
1	Maharashtra	31.5 MW wind energy project	97.46	45,910.90	None
2	Telangana	42 MW solar energy project	120.23	66,312.86	None
3	Karnataka	40 MW solar energy project	141.31	79,736.44	None

Proceeds Utilization* Against Bond Issuance Size of INR 1,000 Cr (February 2015)

Sr. No.	Project Location	Description	Total Fund Based Utilization, INR Cr	Estimated** positive E&S impacts - CO ₂ Emission Reduction (tCO ₂ e / yr)	Known significant negative E&S Impacts
4	Telangana	48 MW solar energy project	42.70	81,224.12	None
5	Madhya Pradesh	92 MW wind energy project	117.64	1,69,921.78	None
6	Rajasthan	50.4 MW wind energy project	86.04	1,00,045.59	None
7	Madhya Pradesh	27.3 MW wind energy project	43.62	55,660.26	None
8	Madhya Pradesh	29.4 MW wind energy project	75.49	59,941.82	None
9	Telangana	50 MW solar energy project	152.23	97,124.75	None
10	Telangana	3.26 MW rooftop solar installation across 9 locations	6.96	3678.54	None
11	Maharashtra	15 MW wind energy project	25.72	27,778.75	None
12	Maharashtra	10 MW wind energy project	21.44	19,424.95	None
13	Gujarat	8.75 MW wind energy project	46.02	16,996.83	None
14	Maharashtra	9 MW wind energy project	12.57	17,482.45	None
15	Andhra Pradesh & Rajasthan	105 MW & 50.4 MW wind energy project	10.57	3,01,863.72	None

Proceeds Utilization* Against Bond Issuance Size of INR 330 Cr (December 2016)

Sr. No.	Project Location	Description	Total Fund Based Utilization, INR Cr	Estimated** positive E&S impacts - CO ₂ Emission Reduction (tCO ₂ e / yr)	Known significant negative E&S Impacts
1	Gujarat	30 MW wind energy project	35.79	59,337.09	None
2	Rajasthan	300 MW solar energy project	71.74	4,62,361.56	None
3	Madhya Pradesh	66 MW wind energy project	202.25	1,32,824.17	None
4	Maharashtra	6.25 MW wind energy project	10.00	9,397.51	None
5	Karnataka	9.6 MW wind energy project	10.15	9825.94	None
6	Andhra Pradesh	100 MW wind energy project	0.07	1,59,500.33	None

* The temporary unallocated proceeds (INR 315 Cr of bond issued in August 2015) have been invested in Government Securities. In bilateral discussion with investor for allocation to eligible projects.

** The total CO₂ emission reduction for individual projects have been calculated based on the methodology outlined in the document 'CO₂ Baseline Database for the Indian Power Sector User Guide Version 15.0 dated December 2019' (published by the Central Electricity Authority of India) along with other relevant factors such as project PLF/CUF estimates, installed project capacity, resultant annual unit generation etc.

The assurance statement issued by KPMG India is attached as **Annexure 5** to this report.

STATUTORY DISCLOSURES

The disclosures required to be made under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on the conservation of energy, technology absorption and Foreign exchange earnings and outgo are given as **Annexure 6**.

ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the Annual Return as at March 31, 2021 on its website at <https://www.yesbank.in/about-us/investors-relation/financial-information/annual-reports>.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirm that the Bank has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board, its Committees and the General Meetings.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

The Bank has Zero tolerance towards any act on the part of any executive which may fall under the ambit of 'Sexual Harassment' at workplace and is fully committed to uphold and maintain the dignity of every women executive working in the Bank. The Policy regarding Prevention & Prohibition of Sexual Harassment at Workplace provides for protection against sexual harassment of women at workplace and for prevention and redressal of complaints. Also, in its endeavour to spread awareness on the aforementioned policy and ensure compliance by all the executives, the Bank has implemented a plan of action to disseminate the information and train the executives on the policy under the ambit of 'Gender Respect and Commitment to Equality' (GRACE) program.

The Bank has complied with provisions relating to the constitution of Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH).

Number of cases filed and their disposal under Section 22 of the POSH is as follows:

Particulars	No. of Complaints
Number of complaints carried forward from last year	2
Number of complaints filed during the financial year	10
Number of complaints disposed of during the financial year	11
Number of complaints pending as on the end of the financial year	1

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the loss of the Bank for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors, had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGMENT

Your Directors take this opportunity to express their deep and sincere gratitude to the customers of the Bank for their confidence and patronage, as well as to the Reserve Bank of India, Securities and Exchange Board of India, Government of India, and other Regulatory Authorities for their cooperation, support and guidance. Your Directors would like to express a deep sense of appreciation for the commitment shown by the employees in supporting the Bank. The Directors would also like to thank all our valued partners, vendors and stakeholders who have played a significant role in continuing to support the Bank.

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

Prashant Kumar
Managing Director & CEO
(DIN No: 07562475)

Sunil Mehta
Chairman
(DIN No: 00065343)

Place: **Mumbai**
Date: June 10, 2021

ANNEXURE 1

The Details of Managerial Remuneration and Employee Remuneration Under Section 197(12) of The Companies Act, 2013

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Requirements	Disclosure
The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Chairman Sunil Mehta 3.44x
	MD & CEO - Prashant Kumar 24.81x
The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	CFO 1 (Anurag Adlakha) -35%
	CFO 2 (Niranjan Banodkar) -
	CS -23.8%
	Prashant Kumar -
	Chairman Sunil Mehta -
Notes:	
1. Mr. Anurag Adlakha ceased to be the CFO w.e.f. December 31, 2020 on his assuming role of CHRO in the Bank.	
2. Mr. Niranjan Banodkar was promoted as CFO w.e.f. January 01, 2021.	
3. Mr. Prashant Kumar was appointed as MD& CEO w.e.f. March 26, 2020 pursuant to the Reconstitution of the Board as per 'Yes Bank Limited Reconstruction Scheme, 2020.	
4. Mr. Sunil Mehta was appointed as Non-Executive Chairman w.e.f. March 26, 2020 pursuant to the Reconstitution of the Board as per 'Yes Bank Limited Reconstruction Scheme, 2020.	
The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 0%. The calculation of % Increase in Median Remuneration is done based on comparable employees. For this we have excluded employees who were not eligible for any increment.
The number of permanent employees on the rolls of the Bank	There were 22,270 employees as on March 31, 2021

Requirements

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Affirmation that the remuneration is as per the remuneration policy of the company

Disclosure

Not Applicable to the Bank, as all the employees are considered under Managerial role.

Yes, it is confirmed

General Notes:

- Remuneration in case of MD & CEO is regulated by RBI guidelines.
- The Remuneration for the purpose of this table is defined as "Total Cost to the Company (TCC) + Approved Bonus" for all the employees except for KMPs. KMPs remuneration is as per the Form 16 (on an annualized basis) excluding stock option exercised since it does not form part of TCC.

The ESOP Schemes of the Bank are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") and the details as per the Regulations are as under:

EMPLOYEES' STOCK OPTIONS AS ON MARCH 31, 2021

The Bank has Three Employee Stock Option Plans Schemes in operation viz: (i) YBL ESOP (consisting of two sub schemes JESOP IV/PESOP I) (ii) YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/ PESOP II/PESOP II -2010); and (iii) YBL Employee Stock Option Scheme, 2020 (YBL ESOS 2020) which is consisting of YBL Joining Employee Stock Option Plan, 2018 (JESOP 2018); YBL Performance Employee Stock Option Plan, 2018 (PESOP 2018), YBL MD&CEO (New) Stock Option Plan, 2019 (MD&CEO Plan 2019), YBL Performance Employee Stock Options Plan 2020 ("PESOP 2020") and YBL MD&CEO Stock Option Plan, 2020 (MD&CEO Plan 2020). Effective from June 12, 2018, all new options have been granted under the YBL ESOS 2020 (which inter-alia consists of JESOP 2018, PESOP 2018, MD & CEO Plan 2019, PESOP 2020 and MD&CEO Plan 2020).

During the year under review, the nomenclature of the Scheme was changed from 'YBL ESOS 2018' to 'YBL ESOS 2020' as per the approval granted by shareholders through special resolution passed at the 16th Annual General Meeting of the Bank held on September 10, 2020. The YBL ESOS 2020 and plans formulated thereunder are in compliance with the SEBI (Share Based Employees Benefits) Regulations, 2014 as amended from time to time. Source of shares are primary in nature, since the Bank has been issuing new equity shares upon exercise of options.

JESOP I, JESOP II and JESOP III were in force for employees joining the Bank up to March 31, 2005, March 31, 2006 and March 31, 2007 respectively. Grants under PESOP II had been discontinued w.e.f. January 1, 2010. Grants under JESOP IV/PESOP I and JESOP V/ PESOP II -2010 had been discontinued w.e.f. June 12, 2018 pursuant to coming into effect of YBL ESOS 2018. However, any options already granted under the abovementioned plans would be valid in accordance with the terms & conditions mentioned in the plans.

In accordance with the various Employee Stock Option Plans/ Schemes of the Bank as mentioned above, the Employees can exercise the options granted to them from time to time:

JESOP/PESOP	ESOP Scheme	Exercise period
JESOP	JESOP I	50% after 3 years and balance after 5 years from the Grant date
	JESOP II	50% after 3 years and balance after 5 years from the Grant date
	JESOP III	50% after 3 years and balance after 5 years from the Grant date
	JESOP IV	50% after 3 years and balance after 5 years from the Grant date
	JESOP V	50% after 3 years and balance after 5 years from the Grant date
PESOP	JESOP 2018	50% after 3 years and balance after 5 years from the Grant date
	PESOP I	25% each year from the end of first year of Grant date
	PESOP II	30%, 30% & 40% after each year from the Grant date
	PESOP II – 2010	30%, 30% & 40% each year, from end of 3 rd year from the Grant date
MD & CEO Plan	PESOP 2018	30%, 30% & 40% each year, from end of 3 rd year from the Grant date
	PESOP 2020	25% will vest at the end of 12, 24, 36, 42 months from the grant date
MD & CEO Plan	MD&CEO Plan 2019	20%, 30% & 50% each year, from end of 1 st year from the Grant date
	MD & CEO plan 2020	25% will vest at the end of 12, 24, 36, 42 months from the grant date

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.

Statutory information including option movement during the year, under various ESOP plans i.e. JESOP IV, PESOP 1, JESOP V, PESOP II, PESOP – II 2010, JESOP 2018, PESOP 2018, PESOP 2019, MD&CEO (NEW) STOCK PLAN 2019, MD&CEO (NEW) STOCK PLAN 2020 and PESOP 2020 respectively are as follows:

SCHEME Fiscal year 2021	YBL ESOP		YBL JESOP V			YBL ESOS 2020					
	YBL ESOP (JESOP IV)	YBL ESOP (PESOP I)	YBL JESOP V	YBL PESOP II	YBL PESOP –II 2010	JESOP 2018	YBL PESOP 2018	YBL PESOP 2019 ^a	YBL MD&CEO (NEW) STOCK PLAN 2019	YBL MD&CEO (NEW) STOCK PLAN 2020	YBL PESOP 2020
Date of Shareholders Approval	August 29, 2007	August 29, 2007	September 18, 2008*	September 18, 2008*	September 18, 2008*	June 12, 2018*	June 12, 2018*	June 12, 2018*	June 12, 2018*	September 10, 2020*	September 10, 2020*
Total Number of Options approved	25,000,000	25,000,000	47,500,000	76,140,000	101,360,000	20,000,000	30,000,000	10,000,000	15,000,000	5,000,000	42,690,500
Total Number of options outstanding at the Beginning of the period	-	-	11,111,552	-	23,710,290	2,402,500	12,986,500	-	5,000,000	-	-
Total No. of Options granted (during FY 2020-21)	-	-	-	-	-	42,500	-	-	-	-	34,663,500
The Pricing Formula	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1
Options Vested (during FY 2020-21)	-	-	2,192,500	-	2,778,940	-	125,000	-	-	-	-
Options Exercised (during FY 2020-21)	-	-	-	-	-	-	-	-	-	-	-
Total No of shares arising as a result of exercise of option	-	-	-	-	-	-	-	-	-	-	-
Options lapsed/ Forfeited (during FY 2020-21)	-	-	3,098,875	-	8,958,050	670,000	5,866,500	-	5,000,000	-	1,818,000
Total No of options outstanding at the end of the year	-	-	8,012,677	-	14,752,240	1,775,000	7,120,000	-	-	-	32,845,500
Total No of options exercisable at the end of the year	-	-	6,318,927	-	12,827,555	-	125,000	-	-	-	-
Variation of terms of options	Refer Note 2	Refer Note 2	Refer Note 3	Refer Note 3	Refer Note 3	Refer Note 4	Refer Note 4	Refer Note 4	Refer Note 4	Refer Note 2	Refer Note 2
Money realized by exercise of Options (during FY 2020-21) (in ₹)	-	-	-	-	-	-	-	-	-	-	-
Total No of Options in force	-	-	8,012,677	-	14,752,240	1,775,000	7,120,000	Refer Note 4	-	-	32,845,500

SCHEME Fiscal year 2021	YBL ESOP		YBL JESOP V			YBL ESOS 2020					
	YBL ESOP (JESOP IV)	YBL ESOP (PESOP I)	YBL JESOP V	YBL PESOP II	YBL PESOP -II 2010	JESOP 2018	YBL PESOP 2018	YBL PESOP 2019 ^a	YBL MD&CEO (NEW) STOCK PLAN 2019	YBL MD&CEO (NEW) STOCK PLAN 2020	YBL PESOP 2020
Total No. of Options granted to:											
(i) Senior Management Personnel (SMP)	-	-	-	-	-	-	-	-	-	-	Attached as Sub-table 1
(ii) Any other employee who received a grant in any one year of options, amounting to 5% or more of options granted during that year	Nil	Nil	Nil	Nil	Nil	Attached as Sub-table 2	Nil	Nil	Nil	Nil	Nil
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Diluted Earnings Per Share (EPS) of the Bank after considering the effect of potential equity shares on account of exercise of Options											----- (1.63) -----
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' amount, being the intrinsic value of the stock options granted for the year ended March 31, 2021 and March 31, 2020. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net loss after tax would have been higher by ₹338.86 million (Previous year: ₹505.40 millions), the basic earnings per share would have been ₹(1.65) (Previous year: ₹(56.24)) per share instead of ₹(1.63) (Previous year: ₹(56.07)) per share; and diluted earnings per share would have been ₹(1.66) (Previous year: ₹(56.24)) per share instead of ₹(1.65) (Previous year: ₹(56.06)) per share.										
Weighted average price of the shares exercised during the year (in ₹)	-	-	-	-	-	-	-	-	-	-	-
Weighted average fair values of the outstanding options (in ₹)	-	-	181.57	-	152.76	93.81	274.93	-	-	-	13.50

^aThe option under the various schemes were increased from 1 crore to 3 crores, 3 crores to 4.5 crores, 4.5 crores to 7.5 crores and finally from 7.5 crores to 22.5 crores by the shareholders' approval dated September 3, 2009, June 28, 2011, June 12, 2018 and September 10, 2020 respectively. Out of 22.5 crore options, as on March 31, 2021, 15 crore options were not allocated to any of the plans formulated under the Scheme.

The following assumptions have been made for computation of the fair value of ESOP granted for the year ended March 31, 2021:

	March 31, 2021
Risk free Interest Rate	3.73%-6.21%
Expected life	1.5 yrs - 7.5 yrs
Expected Volatility**	43.18%-77.70%
Expected dividends	1.10%

**Expected volatility is average volatility for expected life of the option.

Note 1: Being the closing price of the Equity Shares on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

Note 2: There is no variation in the terms of the options during the Financial Year ended March 31, 2021.

Note 3: The Shareholders of the Bank by way of Postal Ballot on January 17, 2015 had approved certain modifications in terms of YBL JESOP V/PESOP II Scheme (consisting of three sub-schemes JESOP V/PESOP II/PESOP II-2010)

Note 4: The Bank has approved a new Performance Employee Stock Options Plan 2020 ("PESOP 2020") during the FY 2020-21 and created a pool for allocation of 42,690,500 options under PESOP 2020 by re-allocation of available options under other ESOP plans (JESOP 2018, PESOP 2018, MD&CEO 2019 and PESOP 2019) to meet the requirements of PESOP 2020 allocation. Further, in the said process the YBL PESOP 2019 stands cancelled basis the approval of NRC and Board.

Sub-table 1: Following are the total number of stock options that have been granted to Senior Management Personnel ("SMP") during the financial year ended March 31, 2021:

Plan Name	Employee Name	Designation	Options Granted	Grant Price (in ₹)
YBL PESOP 2020	Ashish Agarwal	Senior Group President	250000	13.5
YBL PESOP 2020	Amit Sureka	Senior Group President II	200000	13.5
YBL PESOP 2020	Sumit Gupta	Senior Group President II	200000	13.5
YBL PESOP 2020	Parag Gorakshakar	Senior Group President II	250000	13.5
YBL PESOP 2020	Akash Suri	Group President	250000	13.5
YBL PESOP 2020	Shivanand Shettigar	Group President	125000	13.5

Plan Name	Employee Name	Designation	Options Granted	Grant Price (in ₹)
YBL PESOP 2020	Jyoti Prasad Ratho	Senior Group President II	150000	13.5
YBL PESOP 2020	Rajanish Prabhu	Senior Group President II	200000	13.5
YBL PESOP 2020	Rajan Pental	Senior Group President	300000	13.5
YBL PESOP 2020	Anurag Adlakha	Senior Group President II	250000	13.5
YBL PESOP 2020	Anita Pai	Senior Group President	200000	13.5
YBL PESOP 2020	Niranjan Banodkar	Group President	150000	13.5
YBL PESOP 2020	Ashish Chandak	Group President	125000	13.5
YBL PESOP 2020	Ashish Joshi	Group President II	100000	13.5

Sub-table 2: Following are the details of the employees who have received the grant of options amounting to 5% or more of options granted during the financial year ended March 31, 2021:

Plan Name	Employee Name	Designation	Options Granted	Grant Price (in ₹)
YBL JESOP 2018	Amit Joshi	Senior President	10,000	26.3
YBL JESOP 2018	Ajay Puri	President	5,000	26.3
YBL JESOP 2018	Vinod Kumar N K.	Senior President	20,000	26.3
YBL JESOP 2018	Manish Gautam	President	7,500	26.3

None of the employees were granted options equal to or exceeding 1% of the issued capital of the Bank at the time of grant during FY 2020-21.

ANNEXURE 3

Annual Report on Corporate Social Responsibility (CSR) Activities

- 1. A brief outline of the Bank's CSR policy**, including overview of projects or programs proposed to be undertaken:

YES BANK'S CSR POLICY:

Through its Responsible Banking ethos, YES BANK has created stakeholder value by implementing projects based on unique models with scalable and sustainable impact. Guided by its Corporate Social Responsibility ("CSR") Policy, the Bank has delivered internal and external positive socio-environmental impact by following a unique approach.

APPROACH TOWARDS CSR:

- » Promote principles of social responsibility and inclusive growth through awareness and support.
- » Invest in socially and environmentally responsible activities to create positive impact.
- » Engage with stakeholders to further the sustainability agenda of the Bank and empower them with knowledge.
- » Collaborate with likeminded institutions and forge partnerships towards addressing the needs of the stakeholders.
- » Monitor the environmental and social investment of YES BANK through structured governance and transparent performance indicators.

YES BANK'S FOCUS AREAS UNDER CSR:

- » Promote education and livelihood enhancement
- » Promote gender equality
- » Ensure environmental sustainability
- » Promote rural development

- 2. Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Atul Bheda,	Chairman, Non-Executive Director	3	3
2	Mr. Mahesh Krishnamurti,	Member, Non-Executive Director	3	3
3	Mr. Swaminathan Janakiraman*	Member, Director nominated by State Bank of India	3	0
4	Mr. Ravindra Pandey**	Member, Director nominated by State Bank of India	3	1

* Ceased wef October 28, 2020

**Inducted as a member of the Committee wef November 12, 2020

- 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company.**

WEB-LINK TO THE CSR POLICY:

https://www.yesbank.in/pdf/ybl_corporate_social_responsibility_policy

- 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

NA

- 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

NA

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
1.	NA	NA	NA

6. Average net profit of the company as per section 135(5).

Loss of INR (7,248.65) crore

7. (a) Two percent of average net profit of the company as per section 135(5)
NIL
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years
NIL
- (c) Amount required to be set off for the financial year, if any
NIL
- (d) Total CSR obligation for the financial year (7a+7b+7c)
NIL

8.**A. CSR amount spent or unspent for the financial year:**

Total Amount spent for Financial year	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
0	0	0	0	0	0

B. Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5	6	7	8	9	10	11			
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project	State	Districts	Project duration	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
												Name	CSR Registration number.
1.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

C. Details of CSR amount spent against other than ongoing projects for the financial year:

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act.	4 Local area (Yes/No).	5 Location of the project		6 Amount spent for the project (in ₹)	7 Mode of Implementation - Direct (Yes/No).	8 Mode of Implementation - Through Implementing Agency	
				State	Districts			Name	CSR Registration number.
1.	NA	NA	NA	NA	NA	NA	NA	NA	NA

D. Amount spent in Administrative Overheads: NA

E. Amount spent on Impact Assessment, if applicable: NA

F. Total amount spent for the Financial Year (8B+8C+8D+8E): NA

G. Excess amount for set off, if any:

Sl. No.	Particular	Amount
1	Two percent of average net profit of the company as per section 135(5)	NA
2	Total amount spent for the Financial Year	NA
3	Excess amount spent for the financial year [2 - 1]	NA
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
5	Amount available for set off in succeeding financial years [3 - 4]	NA

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer.	
1.	NA	NA	NA	NA	NA	NA	

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
1	NA	NA	NA	NA	NA	NA	NA	NA

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.

(asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s): NA
- (b) Amount of CSR spent for creation or acquisition of capital asset: NA
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: NA
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

Prashant Kumar
Managing Director & CEO

Atul Bheda
Chairman of the Committee

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

**The Members,
YES BANK LIMITED**

CIN: L65190MH2003PLC143249

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by YES BANK LIMITED (hereinafter called "the Bank"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2021 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings. The Bank does not have any Overseas Direct Investment during the financial year.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;
- i. The Securities Exchange Board of India (Merchant Bankers) Regulation, 1992;
- j. The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994;

The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Bank are given below:

- i. The Banking Regulation Act, 1949;
- ii. The Yes Bank Limited Reconstruction Scheme, 2020 ('the Scheme') notified vide gazette no. G.S.R. 174(E) dated March 13, 2020

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

During the period under review, the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

We further report that -

Pursuant to the YES Bank Limited Reconstruction Scheme, 2020 ('the Scheme'), notified by the Ministry of Finance, Government of India on March 13, 2020, a new Board was re-constituted on March 26, 2020 and the said Board has been constituted as per the composition mentioned in the scheme which is not in line with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Scheme has overriding effect to all other applicable laws, rules and regulations in respect of the matters specified in the Scheme. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Scheme.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Bank has undertaken following events/ actions: –

- I. SEBI vide its letter dated June 9, 2020 exempted the applicability of sub-regulation (3) and (4) of Regulation 31A and clause (a) & (b) of sub-regulation (8) of Regulation 31A of Listing Regulations for reclassification of the existing Promoters/persons belonging to the promoter group as sought under regulation 102 of SEBI (LODR) Regulations, 2015 by the Bank as the re-classification was a consequence of the Scheme and gave certain directions to the Bank in this regard. Subsequently, the Bank received the approval from National Stock Exchange of India Limited and BSE Limited vide its communications dated on June 12, 2020.
- II. Member's approval was obtained through postal ballot on May 22, 2020 to create, offer, issue and allot fully paid-up equity shares of face value of ₹2 each in one or more tranches, in the course of domestic and/or international offering(s) in one or more foreign markets, by way of a public issue, preferential issue and / or qualified institutions placement of Equity Shares through permissible modes to all eligible investors, for an amount aggregating up to ₹5,000 crores in addition to earlier approval of ₹10,000 Crore granted by the members on February 7, 2020, thereby aggregating to an amount of ₹15,000 crores.

- III. The Capital Raising Committee of the Board of Directors of the Bank ("CRC"), at its meeting held on July 7, 2020, approved the raising of funds by way of a further public offering. Accordingly, the Follow-on Public Offer (FPO) of the Bank through book-building process was opened on July 15, 2020 and closed on July 17, 2020. Thereafter, the CRC at its meeting held on July 23, 2020 had approved the allotment of 12,50,44,33,750 Equity Shares of face value of ₹ 2 each for an amount aggregating to ₹15,000 Crores pursuant to the said Offer. The Bank has received the listing approval for 12,50,44,33,750 equity share of ₹2 issued under the FPO from National Stock Exchange of India Limited and BSE Limited on July 23, 2020 and trading approval was granted effective from July 27, 2020.
- IV. The Bank on 21st August, 2020 executed a definitive agreement for the sale of 100% of the equity shareholding of YES Asset Management (India) Limited ("YESAMC") and YES Trustee Limited ("YTL"), both wholly owned subsidiaries of YES Bank Limited to GPL Finance and Investments Limited ("Purchaser").
- V. Members' approval has been obtained at the 16th Annual General Meeting held on September 10, 2020, inter alia for:
 - a. Approval for alteration of articles of association of the Bank wrt clauses linked to the deleted clauses under the Yes Bank Limited Reconstruction Scheme, 2020 and/or were related to Indian Partners/ Promoters rights.
 - b. Approval for amending/varying the employee stock option scheme of the Bank i.e. YBL ESOS – 2018 by increasing the total equity stock options to 22,50,00,000 equity stock options and changing the nomenclature of the Scheme from YBL ESOS - 2018' to YBL ESOS - 2020'.
- VI. Member's approval has been obtained through postal ballot on March 1, 2021 to create, offer, issue and allot such number of equity shares and/ or any other equity linked securities, in one or more tranches, in the course of domestic and/ or international offering(s) in one or more foreign markets, by way of a public issue, preferential issue, qualified institutions placement, private placement or a combination thereof for an amount aggregating up to ₹10,000 crores.
- VII. During the financial year ended March 31, 2021, the Bank has redeemed Subordinated Tier II Bonds aggregating to ₹566.40 Crores, Tier I Perpetual Bonds aggregating to ₹307 Crore and Upper Tier II Bonds aggregating to ₹640 Crores. The total Bonds redeemed are aggregating to ₹1,513.40 crores.
- VIII. The SEBI had issued a show cause notice dated October 28, 2020 to the Bank and its Officials in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15I of SEBI Act and to inquire into and adjudge under Section 15HA of the SEBI Act 1992 for the alleged violation of the provisions of Section 12A (b) and 12A (c) of the SEBI Act and Regulation 3(a), 3(c), 3(d), 4(1), and 4 (2) (s) of SEBI (Prohibition of Fraudulent and Unfair Trade

Practices relating to Securities Market) Regulations, 2003 read with Explanation (1) to Regulation 4 (2) of said regulations with regard to Additional Tier 1 Bonds ("AT-1 Bonds"). Subsequent to audit period, SEBI vide its Order dated April 12, 2021 has imposed a penalty of ₹25 Crore against the Bank under Section 15 HA of SEBI Act, 1992 for the alleged mis-selling of AT-1 Bonds in the secondary market.

- IX. The SEBI had issued a show cause notice dated October 26, 2020 to the Bank and its Officials in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15I of SEBI Act and to inquire into and adjudge under Section 15HA of the SEBI Act 1992 the alleged violation of the provisions of Section 12A (c) of the SEBI Act and Regulation 3(a), 3(d), 4(1) 4 (2) (k) and 4 (2) (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 committed by Yes Bank and its Officers with regard to disclosure to the exchanges regarding 'Nil' Divergence in Asset Classification and Provisioning for Position as on 31st March 2018.

For **Bhandari & Associates**

Company Secretaries

Firm Registration No: P1981MH043700

S. N. Bhandari

Partner

FCS No: 761; C P No.: 366

Mumbai | April 30, 2021

UDIN: F000761C000209937

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

'Annexure A'

To,

The Members,

YES BANK LIMITED

CIN: L65190MH2003PLC143249

Our Secretarial Audit Report for the Financial Year ended on March 31, 2021 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Wherever required we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **Bhandari & Associates**

Company Secretaries

Firm Registration No: P1981MH043700

S. N. Bhandari

Partner

FCS No: 761; C P No.: 366

Mumbai | April 30, 2021

UDIN: F000761C000209937

ANNEXURE 5

Assurance statement by KPMG INDIA for Green Bond

INDEPENDENT ASSURANCE STATEMENT

To the management of Yes Bank Limited, Yes Bank Tower, ONE International Center, Tower II, 15th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai- 400013, Maharashtra, India.

Introduction

We were engaged by Yes Bank Limited ('Issuer') to undertake an independent review of the following green bonds:

- » Green bonds for INR 1,000 crores issued on 24 February 2015
- » Green bonds for INR 315 crores issued on 05 August 2015
- » Green bonds for INR 330 crores issued on 29 December 2016

Our responsibility was to provide "limited assurance" on conformance of the aforementioned green bonds and the accompanying report "Disclosures under Green Infrastructure Bonds" with the Green Bond Principles, 2018 during the FY 2020-21.

Assurance Standards

We conducted our engagement in accordance with requirements of 'Limited Assurance' as per International Federation of Accountants' (IFAC) International Standard on Assurance Engagements [ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information].

Assurance scope and level of assurance

Our scope of assurance included information on material aspects of the green bond during FY 2020-21 based on the requirements of the Green Bond Principles, 2018 as listed below:

- » Use of Proceeds
- » Process for Project Evaluation and Selection
- » Management of Proceeds
- » Reporting

Specific limitations and exclusions

Our assurance process was subject to the following limitations as we have not been engaged to:

- » Determine which, if any, recommendations should be implemented
- » Provide assurance on information outside the defined reporting boundary and period
- » Verify the Issuer's financial statements & economic performance
- » Verify the Issuer's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention and national or global socio-economic and environmental aspects provided by the Issuer

Work undertaken

We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary to obtain a meaningful level of assurance in relation to the above scope. The procedures we performed, which are set out in detail below, were based on our professional judgment and included, as appropriate, inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies and agreement or reconciliation with underlying records. We believe that the procedures we have performed and the evidence we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

- » To reach our conclusion we:
- » Checked the Issuer's Green Bond Framework that includes processes, systems and controls in place for management of bond proceeds; investment areas for green bond proceeds and intended types of temporary investment instruments for the management of unallocated proceeds;
- » Read sections of the bond disclosure documentation that also support the objects of the green bond issue, investment areas for proceeds and intended types of temporary investment instruments for the management of unallocated proceeds;
- » Conducted interviews with management and key staff responsible for the green bond to understand how the processes, systems and controls defined in the Green Bond Framework have been implemented in the financial year;
- » Checked the list of projects to which bond proceeds have been allocated in the financial year and their conformance with the criteria defined in the Green Bond Framework;
- » Verified the amount of bond proceeds allocated to projects at the end of each quarter in the financial year through examination of a sample set of statements of accounts;

- » Verified the allocation of unallocated bond proceeds to government securities at the end of the financial year through examination of statements from Financial Management team of the Issuer; and
- » Recalculated estimated carbon dioxide emission reductions from projects using information collected by the Issuer.

Conclusions

The following conclusion is based on the work performed and evidence obtained and the scope of our assurance engagement described above.

Nothing has come to our attention to suggest that the green bonds issued in February 2015, August 2015 and December 2016 by the Issuer and the accompanying report "Disclosures under Green Infrastructure Bonds FY 2020-21" are not, in all material respects, conforming to the requirements of the Green Bond Principles, 2018, during FY 2020-21.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We have systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. We apply ISQC 1 and comply with the applicable independence and other ethical requirements of the IESBA code.

Management's responsibility

The Management of the Issuer is responsible for ensuring that the Issuer and their green bond complies with the requirements of the Green Bond Principles, 2018. This responsibility includes designing, implementing and maintaining systems and processes relevant for the management of green bond proceeds.

The Management of the Issuer is also responsible for preventing and detecting fraud and for identifying and ensuring that Issuer complies with laws and regulations applicable to its activities.

Our responsibility

Our responsibility is to report in the form of an independent limited assurance conclusion in relation to the above scope based on the procedures performed and the evidence obtained. We conducted our engagement with a multidisciplinary team which included professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 standard.

This assurance report is made solely to Issuer in accordance with the terms of our engagement, which include agreed arrangements for disclosure. Our work has been undertaken so that we might state to Issuer those matters we have been engaged to state in this assurance report and for no other purpose. Our assurance report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Issuer for any purpose or in any context. Any party other than Issuer who obtains access to our assurance report or a copy thereof and chooses to rely on our assurance report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Issuer for our work, for this independent limited assurance report, or for the conclusions we have reached.

Manpreet Singh

Partner
KPMG India
16 April 2021

ANNEXURE 6

Information on Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

A. CONSERVATION OF ENERGY

I. The steps taken or impact on conservation of energy:

- » The Bank has been migrating to LED lighting in phases. In present financial year, the Bank has replaced 1,980 LED units and CFL Signages has been replaced by LEDs across 43 branches
- » The Bank is in the process of phasing out air conditioning systems that use ozone depleting coolants, and in the current reporting cycle, the Bank has replaced 820 R22 air conditioners that are more than 10 years old with energy efficient (star rated) systems that use eco-friendly coolants, thus reducing its environmental footprint, which have potential saving of 10 to 15 %

II. The steps taken by the bank for utilizing alternate sources of energy:

- » As a pilot, YES BANK has explored the potential of using alternate sources of energy by installing 5 KVA solar power system at Pune Bundh garden branch. YES BANK would continue to explore alternative sources of energy in future

III. The capital investment on energy conservation equipment:

- » INR 2 crore spent in present financial year (including AC retrofitting, LED projects and signage replacements at corporate offices and branch locations)

B. TECHNOLOGY ABSORPTION

I. Efforts Toward Technology Absorption

The advancements in Information Technology (IT) have led to accelerated development in newer technologies, resulting in higher demand for digital solutions to create alternative banking products that deliver customer delight through a better service delivery framework.

Since inception, YES BANK has been at the forefront of technology innovation and adoption and will continue its focus on technology. This will enable the Bank to build a more secure, resilient, and seamless way of interacting and transacting for customers. It will further enforce YES BANK's endeavors to become a technology-led company in the business of banking.

During FY 2020-21 several new initiatives were completed successfully, as well as systems were upgraded to latest versions to support the growing needs of the Bank. The key Bank-wide projects completed during FY 2020-21 were:

- **Yes Online:** In the bank's endeavor to push performance and ensure a safe and secured experience, the bank did a complete overhaul of the retail net banking and added several

features to its capability. Some of the interesting technology feature that makes the YES ONLINE platform a success is as follows (A) Single Access Key: Our revolutionary technology allows the customer to access their account using new debit card PIN. Just log on to the website, select Internet Banking services and key in your Customer ID and debit card PIN. On successful validation the customer will be allowed to select an Internet password. (B) Two-Factor Authentication: The bank's two-factor authentication system allows generation of "One Time Passwords" for Internet Banking transaction authentication which is delivered via SMS or IVR to the registered mobile phone. This password enhances security and allows the customer the freedom of banking online without the need to remember multiple passwords. (C) 128 bit SSL Encryption: A high level of encryption standard is used for all NetBanking transactions. This ensures that the information exchanged between the customer and the bank is completely secure. (D) On the performance side the average user concurrency reached to 4000 plus, this is up by 100 % plus from the previous system giving the bank the edge to manage bigger volumes from before.

- **Corporate NetBanking:** The bank's new corporate net banking portal enables users an Omni channel to access all business transactions. This upgraded interface is easy to manage while processing business transaction and providing visibility of funds across multiple accounts. It provides customized dashboard wherein users can design their own dashboard requirements. Enhanced security through Crypto-ID two factor authentication, banking on the go through mobile application. It's a one stop platform for all banking requirements spanned across payments and collections (e.g. bulk or single transaction, vendor or salary payments, Utility and statutory payments, Trade & Supply chain finance transaction, Custodial services, Collection MIS Reporting etc.). It also supports API Banking and Host-to-Host payment modes which allow corporates to process their financial payments seamlessly.
- **YES MSME:** This new application is an industry-first solution which provides a single interface for all multiple banking needs of MSMEs, including cash flow management, credit limits and utilization, credit document submission, bulk payments etc. In addition to the usual banking transactions that MSMEs need, this is a one-stop solution for their multiple banking solutions through a single interface right from accessing and transacting through Current & Savings Accounts, getting a consolidated view of all loan relationships, tracking Bank Guarantees (BGs) and Letters of Credit(LCs), submitting Stock/debtor statements to raising service requests and managing Employees' Salaries.
- **Yes Express:** Yes Express is the digital platform for completing KYC of the customer over video call and is enabled for savings accounts and credit card products. This video-based KYC

process was launched in July 2020 amid Covid lockdown and enabled 20,000+ customers to avail bank's products from the comfort of their homes. The application uses browser-based video calling feature so that there is no dependency on downloading any separate mobile app to complete the KYC. The entire implementation is on Microsoft Azure cloud to ensure scalability, cost saves on hardware procurement and flexibility in deployment. Yes Express is currently handling 1000+ Video KYCs daily across various products.

- **YES Genie:** YES Genie is the bank's ever evolving CRM and proprietary system, it is a one stop solution for customer search and CRM activities along with actionable dashboards for RM. Single unified desktop for Branch, Sales, Contact Center etc. There are more than 10K users on boarded and there is very high activity rate across both mobile and web version. The application has several benefits to name a few, teams can view campaign communication on, check customer profiles of customers. A new version of Yes Genie was released for both Android and iOS. The new version enables RMs to access features such as call management, geo tagging, geo-fencing and nearby features.
- **YES CODE:** The application helps in data digitization, standardizing process and policy compliance, acts as a digital repository for CAMs and increases operational efficiency due to integration with CIBIL, NSDL & Saverisk. This application was put to use pan India for ELC business segment effective from November 01, 2020. The Business & Risk teams are currently in the learning phase and improvement in the turnaround time would be evident and measurable once the learning curve improves with the increase in the cases handled.
- **Whatsapp Banking:** There have been additions to Whatsapp Banking, it is now built on AI-enabled 24*7 personal banking assistant, powered by YES ROBOT with Microsoft Azure's cognitive services. Adoption of technologies like machine learning and robotic process automation has enabled the bank to automate workflows and implement chatbots to manage customer services such as, check balance, loan against FD, order Cheque book, view or apply for product & services, redeem reward points on cards, view COVID-19 relief package, locate nearest ATM or Branch. Potential customers can apply for 60+ products and services through WhatsApp.
- **YES Race:** The bank launched 'Loan in Seconds', a unique solution enabling instant disbursement of retail loans for the Bank's pre-approved liability account holders, which aids in building a transformed 'Digital Bank'. This project through its algorithm assesses a loan application in real-time eliminating the lengthy process of documentation, thereby resulting in a seamless customer experience. This solution helps in availing instant financing without the need to visit a branch in person, fill an exhaustive form, or submit any documentation.
- **Recon Systems:** The bank's in-house enterprise reconciliation tool allows various reconciliations to be done at scale. We have been running 200-300 reconciliation tasks manually. And in several cases, it had to be done multiple times to cover the breadth and depth of reconciliation required – Channel finance Forex rates, Yes Money, Yes Pay – white label wallets. The bank has built an Enterprise Recon engine, which is able to reconcile 15-20Mn records in one recon job and the same can be scheduled basis data availability. The bank has ~80 recons live so far, which would save us ~2Cr INR in 3rd party licenses annually.
- **YES Service Portal:**
 - (A) **Retail Assets** - As an impact towards service digitization and business transformation for retail asset customers, YES Service Portal was launched as a customer service request initiation, this service can be availed through our website. The objective was to create an alternate digital channel for Retail Asset Customers to address their service requirement and ensure straight through processes which would optimize Service TAT at Operations Unit. Thus, a Service Portal is created on Banks Corporate Website, which enables Retail Asset Customer to have a digital interface for their service request with proper authentication process and delivery mechanism.
 - (B) **Retail Liabilities** - A similar module has been built for Retail Liabilities customer, to avail their service requirements online rather than visiting branches or dialing to the Call Center. The request details are captured in CRM system as a footprint and serviced by Operations and Service Delivery team as per defined TAT.
- **Colors Now:** Colors Now is a fully renewed and robust digital platform for origination/initiation of business banking loan applications and paperless sanctions through system. Through this application Customer Asset Management is fully digitize and it creates a digital repository of previous offline information, i.e. Customer Financials, Banking information etc. which generate insights to create new lending programs as well as help in providing early warning signals. COLORS application was envisaged and developed as a custom solution to enable digital breakthrough to reduce manual activities and ensure that the bank can reach out and cater to more customers with the same workforce leveraging on the system capabilities and functionalities.
- **Award and Accolades:** The bank won the following awards this year:
 - 1) 16th Annual IBA's Banking Technology Conference & Awards 2021- Best Technology Bank
 - 2) IDC Financial Insights Innovation Awards 2021 (FIIA)- Best Fintech Partner in Asia

- 3) Asian Banking & Finance Wholesale & Retail Banking Awards 2020 - India Domestic Technology & Operations Bank - YES Talent Radar, an artificial Intelligence enabled talent screening platform and HCM Mobile App
- 4) The Asian Banker Transaction Finance Awards 2020 - Best Trade Finance Bank in India award for digital innovations built on the 'YES Transact Smart Trade' portal.
- 5) The Bankers' Choice Awards 2020 - Best Corporate Payments Project in India for the API based integration with the Reliance Jio group.
- 6) CIO100 – CIO100 Special Awards for Customer Experience – Whatsapp Banking and Service Digitization

II. Proposed New Projects

There is a healthy pipeline of exciting new initiatives, which will enable YES BANK to deliver world-class digital-first customer service in both assisted and self-help mode.

- **Traydstream:** Trade Digitization has been our key strategic objective this year in order to bolster our existing trade flow business. With this objective in mind, we have engaged with Traydstream – a Global Trade Finance Fintech. Based on advanced OCR and Machine Learning (ML) processes, the solution envisaged, could enable us to automate the manual scrutiny of trade finance documentation at NOC. Trade finance transactions being paper intensive have various processing challenges. Heavy dependency on physical transfer of documents, and manual scrutiny thereafter result in a high turnaround time. This problem, if solved, could result in not only customer delight but also ensure operational efficiency.
- **Conversational Banking:** From voice assistant to digital branch and digital RM. YES BANK is leveraging Artificial Intelligence backed by machine learning and (AI)-powered chatbots to communicate with BANK's customers through voice-based interfaces to enable a two-way digital customer experience leveraging Alexa, Google, Siri. For instance, if a customer wants information on Balance, FD, RD, Last 3 statement, interest rates etc, all they must do is say, "Alexa, what is the interest rate on an FD?" and the app responds with the necessary information. These services powered by machine learning are powerful tools in the Digital age. The adoption can help customers utilize full digital services with ease of voice over actions completing the transactions as required. This is being created with full scale security protocols in mind and will be one of the most highly secured products to come.
- **Oracle Financial Services Analytical Applications (OFSAA):** The bank has purchased OFSAA application to automate various regulatory liquidity risk and IRRBB reports. The

application also provides a robust fund transfer pricing module for computation of FTP and IFRS module which can help to automate INDAS accounting standard. By using this application for computing liquidity risk, market value, FTP, ECL as part of standard product offering by the bank and submission of regulatory reports to RBI from the system will reduce manual intervention.

- **YES Connect:** This application is a one stop API market place to showcase ability of the bank and its partner APIs. It is a portal that showcases product catalogue, allows customers to see the specification for customer's development to understand the API Stack. It gives a seamless experience to customer and allows them to express interest and enroll for particular services. The portal also gives the freedom to create lead for NTB customer, integrated with an internal system for quick on boarding of customer and opening of their current account. The portal allows the customer to explore more services and subscribe for it. The portal is a hub to display services under categories like Accounting, ERP, Expense Management, HR etc. Customers who want to avail the bank partner offering and get onboard through YESConnect which gives a seamless experience for three parties involved-- bank, partner and customer. Also it provides a platform to integrate API Sandbox which host multiple YES Bank APIs. The application provides Integration Services across various verticals like Payments, Receivables, Trade, Remittance, Wallet and Prepaid cards, ERP, Accounting, Invoice Management, PayRoll, Loan Management, KYC /Verification Services and Legal advisories.
- **Early Warning Systems:** The RBI has mandated that all banks track Early Warning Signals (EWS) on an ongoing basis for their loan accounts. Thus, the Risk Management Committee with an aim to have access to real-time external information advised to undertake the EWS project immediately and fast-track the project to complete this within a year.
- **Enterprise Limit & Collateral Management:** Enterprise Limits and Collateral Management system provides a single consolidated view of the enterprise-wide Credit exposure with Limits, Utilization and Collaterals. It provides significant benefits to the BANK in (a) Process standardization (b) Provides efficiency and real time management of Limits, Collaterals, exceptions and covenants (c) Information delivery to all stakeholders (d) Better insight and controls. This system provides a comprehensive view of limits, collaterals and utilization and facilitates the BANK to act on pending tasks with collaterals, and facilities due for review, follow-ups, and exceptions.
- **Transaction Processing Hub:** In line with the increasing digitization in the payments space the bank expects electronic payments volumes to increase exponentially, to cope with the increase in payments volumes. Towards this objective, the bank's Technology team is planning

to setup Transaction Processing Hub (TPH) for processing of all payments. The TPH would be the landing and exit point for all incoming and outgoing payments, as well as the central system for payments processing across multiple channels and products. The core functions of TPH includes User Interface, Validations and Exceptions, Workflows, Parsing, Enrichment, Routing, Accounting, Dashboard and Monitoring, Reporting, Charging and Billing, Rule Engine, User Management, Liquidity Management, Alerts, Advices, Payment Prioritization, Beneficiary Maintenance, Volume Throttling, Virtual Accounts Management.

III. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

Details of Technology Imported	Year of Import	Whether the Technology been fully absorbed	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
Portwise Nexus Hybrid Access Gateway	Oct-18	Yes	NA
Palo Alto Firewall	Feb-19	Yes	NA
Adobe Omni Channel Marketing Platform	Feb-19	Yes	NA
FICO Blaze	Dec-19	NO	This is under UAT phase
Logi Analytics HA & DR Upgrade	Jan-19	Yes	NA
IS - Morphisec EP protection	June-19	Yes	NA
Murex Southeast Asia Pte Ltd – AMC ID's	Jan-19	Yes	NA
Swift Alliance Implementation	Aug-19	Yes	NA
Technology Nexus Secured Business Solutions AB, Portwise Upgrade Project	Apr-19	Yes	NA

In F.Y 2020-21 the bank utilized all its available technology resources and refrained from investing in any new technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

During the year ended March 31, 2021 the Bank earned ₹6,638.31 million and spent ₹6,804.87 million in foreign currency. This does not include foreign currency cash flows in derivatives and foreign currency exchange transactions.

For and on behalf of the Board of Directors

YES BANK LIMITED

Prashant Kumar
Managing Director & CEO
(DIN No: 07562475)

Sunil Mehta
Chairman
(DIN No: 00065343)

Place: **Mumbai**
Date: June 10, 2021

CORPORATE GOVERNANCE REPORT

(The Report on Corporate Governance forms part of the Directors' Report for the year ended March 31, 2021)

In compliance with Regulation 34(3) and Clause (C) of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), a Report on Corporate Governance for the Financial Year 2020-21 is presented below:

1. BANK'S PHILOSOPHY ON CODE OF GOVERNANCE

YES BANK, now re-build and backed by rich legacy of fair, ethical, and transparent governance practice of India's best public sector bank, is committed to achieve higher standards of Corporate Governance and has successfully re-gained the trust and faith of the stakeholders by strengthening its governance and disclosure practices.

Effective Corporate Governance is the interaction between various participants (Shareholders, Board of Directors, and Company's Management) in shaping Bank's performance. Transparency and Accountability are the fundamental principles to sound Corporate Governance, which ensures that the organization is managed and monitored in a responsible manner for 'creating and sharing value'.

With a view to bring in more transparency and accountability, the Bank upgrades its systems and policies regularly, to meet the challenges of dynamic and challenging business environment and to provide reasonable assurance with regards to maintaining of proper internal controls and monitoring of operations. YES BANK's Board is committed to adhere to highest standard of ethics, transparency, disclosures and governance and to protect the interest of all its stakeholders. The Board is focused on ensuring both the Corporate Governance and Risk Controls of the Bank.

YES BANK's Corporate Governance framework ensures that timely disclosures are made and accurate information is shared regarding the financial performance, operations as well as the leadership and governance of the Bank.

During the past year, several Corporate Governance issues were raised by Stakeholders and Regulators. Taking a positive note of such observations, the Bank has worked effortlessly to strengthen its governance and disclosure practices and promises to continue to be on the progressive path to nourish Corporate Governance practices to make it more effective from regulatory and market perspective.

Environmental, Social & Governance Rating

Environmental, Social and Governance (ESG) performance refers to the non-financial performance of an organization on crucial issues such as climate change, environmental sustainability, social responsibility, institutional frameworks, and transparency, amongst others.

Globally, there is an emerging awareness that an organization's overall performance is linked to non-financial, yet financially material issues, which pose significant material risks to long term returns. This has led to the emergence of ESG, a set of non-financial metrics or parameters, which along with financial metrics, provide a holistic assessment of an organization's impact on three fronts – profits, people and planet.

YES BANK views the emergence of ESG as an important development for the corporate sector both from an ethical and a financial perspective. The Bank has always endeavoured to integrate ESG principles into its core business strategy and adopt global best practices in ESG. The Bank continuously aligns its business to global frameworks on sustainability such as the United Nation's Sustainable Development Goals (SDGs), the Paris Climate Agreement, and the Principles for Responsible Banking (PRB). In FY 2020-21, YES BANK has strengthened its governance structure for ESG practices by constituting an Executive level Sustainability Council chaired by the MD & CEO. The Sustainability Council oversees the implementation of the Bank's sustainability agenda, sets long, medium & short-term sustainability targets, evaluates performance and apprises the Bank's Board (Corporate Social Responsibility Committee) on the Bank's approach to sustainability.

The Bank continues to be recognized as a benchmark financial institution for its robust sustainability disclosure which are aligned to the Global Reporting Initiative and the Integrated Reporting (IR) Framework of the International Integrated Reporting Council. The Bank is also the first in India to align its annual disclosures to the Financial Stability Board's Taskforce on Climate-related Disclosures (TCFD) recommendations and in FY 2020-21, supported a call to action led by 10 leading financial institutions, to publish more comprehensive and robust physical climate-related risk assessments and disclosures. The Bank's 2020 Climate Change disclosures were rated of 'A-' (Leadership Band) by CDP, for the second year in a row, surpassing the average ratings for the Financial Services and the Asia Region, which stand at 'B' and 'D', respectively. YES BANK is the only Indian Bank to be a signatory to the Collective Commitment on Climate Action (CCCA), a pledge by 38 global banks to align their services and lending with the objectives of the Paris Climate Agreement. In FY 2020-21, the Bank published its first progress report under the CCCA highlighting its initiatives towards low-carbon transition. As the only Indian signatory to the Principles for Responsible Banking (PRB), YES BANK is piloting a tool for impact analysis of its portfolio, the assessments from which will continue to the strengthen the Bank's disclosures under the PRB framework. The Bank also continued to be rated 'C' 'Prime Status' by ISS ESG. YES BANK is also certified for ISO 27001:2013 information Security Management Systems for securing the Bank and its customer data. YES BANK publishes its annual sustainability disclosures as part

of its Sustainability Report. The disclosures for FY 2020-21 can be accessed at <https://www.yesbank.in/about-us/investor-relations/yes-bank-sustainability-report>

Governance Structure

YES BANK's Corporate Governance Structure has been designed keeping in view of the regulatory and business requirements, which provides a comprehensive framework to (i) enhance accountability to shareholders and other stakeholders, (ii) ensure timely implementations of the plans and accurate disclosures of all material matters, (iii) deal fairly with shareholders and other stakeholder interests, and (iv) maintain high standards of business ethics and integrity.

2. BOARD OF DIRECTORS

(a) Composition and Category of Directors:

During the FY 2020-21, the Board of Directors consisted of Eight Directors including One Non-Executive Chairman, One Managing Director & Chief Executive Officer, Two Non-executive Directors as named under the Yes Bank Limited Reconstruction Scheme, 2020 ("YBL Reconstruction Scheme"), Two Directors nominated by the State Bank of India and Two Directors appointed by the Reserve Bank of India as Additional Directors.

Accordingly, the Bank has eminent personalities from diverse fields and long banking experience as the Directors on its Board. The composition of Board of Directors represents the optimal mix of professionalism, qualification, knowledge, skill sets, track record, integrity, expertise and diversity of experience as required in the Banking Business. The responsibilities of the Board inter-alia includes revival of the Bank, ensure adequate capitalization, formulation of overall strategy for the Bank, taking new initiatives, formulating policies, performance review, monitoring of plans, pursuing of policies and procedures.

With regard to qualification for being Director and composition of the Board, Clause 5(6) of the YBL Reconstruction Scheme provides that "The appointment of the directors shall have effect, notwithstanding non-fulfilment of any requirement as to minimum shareholding, qualification, experience or any other condition, for being a director of the reconstructed bank." Further, Clause 5 (7) states that "The members of the Board, other than the additional directors, so appointed shall continue in office for a period of one year, or until an alternate Board is constituted by reconstructed bank in accordance with the procedure laid down in its memorandum and articles of association, whichever is later. "

Accordingly, the provisions of SEBI LODR on Board composition with regard to minimum number of Independent Directors, Committee composition with respect to Nomination & Remuneration Committee, Audit Committee, Risk Management Committee, Corporate Social Responsibility Committee, Committee of Independent Directors are in abeyance, till the new Board of the Bank is constituted as Memorandum and Articles of Association of the Bank/under SEBI LODR regarding Board Composition. The Reserve Bank of India as well as the Stock Exchanges viz. National Stock Exchange of India Limited and BSE Limited had confirmed the above view of the Bank over an e-mail communication.

The details of the Board of Directors, category and changes amongst them during FY 2020-21 are as follows:

Name & DIN of the Director	Category	Details of Change
Mr. Prashant Kumar (DIN: 07562475)	Managing Director & Chief Executive Officer	Appointment - March 26, 2020
Mr. Sunil Mehta (DIN: 00065343)	Non- Executive Chairman	Appointment - March 26, 2020
Mr. Mahesh Krishnamurti (DIN: 02205868)	Non-Executive Director	Appointment - March 26, 2020
Mr. Atul Bheda (DIN: 03502424)	Non-Executive Director	Appointment - March 26, 2020
Mr. Rama Subramaniam Gandhi (DIN: 03341633)	Additional Director appointed by Reserve Bank of India	Appointment - March 26, 2020
Mr. Ananth Narayan Gopalakrishnan (DIN: 05250681)	Additional Director appointed by Reserve Bank of India	Appointment - March 26, 2020
Mr. Partha Pratim Sengupta (DIN: 08273324)	Nominee Director appointed by State Bank of India	Appointment - March 26, 2020 Cessation - July 24, 2020 [#]
Mr. Swaminathan Janakiraman (DIN: 08516241)	Nominee Director appointed by State Bank of India	Appointment - March 26, 2020 Cessation - October 28, 2020 [#]
Mr. Vadalur Subramanian Radhakrishnan (DIN: 08064705)	Nominee Director appointed by State Bank of India	Appointment - July 31, 2020
Mr. Ravindra Pandey (DIN: 07188637)	Nominee Director appointed by State Bank of India	Appointment - November 03, 2020

[#] Resignation

Profile of Board of Directors as on March 31, 2021:**Mr. Prashant Kumar***(Appointed as Managing Director & Chief Executive Officer of the Bank w.e.f. March 26, 2020)*

Mr. Prashant Kumar joined State Bank of India ('SBI') in 1983 as Probationary Officer and since then he held various important portfolios in the Bank. He has over 35 years of experience in the Banking field. In his long service in the Bank, he had the opportunity to work in various areas of banking such as Credit, Retail Banking, Human Resources & Strategic Training and Finance.

He held the position of General Manager in Mumbai and Chief General Manager of Kolkata Circle in SBI. After elevation to the position of Deputy Managing Director, he held the position of Chief Operating Officer, Corporate Development Officer (HR) and Chief Financial Officer of SBI at its Corporate Office in Mumbai.

He is a Science graduate and a law graduate from Delhi University.

Mr. Sunil Mehta*(Appointed as Non-Executive Chairman of the Bank w.e.f. March 26, 2020)*

Mr. Sunil Mehta has over thirty-eight years of proven leadership experience in banking, financial services, insurance and investments with leading global and domestic financial institutions namely Citibank, AIG, SBI and PNB amongst others. In 2013, he left AIG where he was the Country Head & CEO for AIG India since 2000. Subsequently, he started SPM Capital Advisers Pvt. Ltd. Mr. Mehta is the Chairman and Managing Director of SPM Capital Advisers Pvt. Ltd., a leading boutique business advisory and consulting firm in India.

As Country Head & CEO for AIG in India, Mr. Mehta was responsible for all AIG businesses in India covering Insurance, Financial Services, Real Estate and Investments amongst other businesses. He set up AIG's insurance JVs with Tatas and was also responsible for expanding AIG's presence across ten businesses in India which included Life & Non-Life Insurance, Private Equity, Asset Management, Real Estate, Home Finance, Consumer Finance, Software Development, Mortgage Guaranty and Aircraft Leasing. He was on the Board of all AIG Companies in India and on the Board of IDFC Ltd. for several years.

Prior to joining AIG, Mr. Mehta worked with Citibank for over 18 years where he held various senior positions covering operations, sales & risk process re-engineering, risk management, public sector business and corporate banking. His last assignment was Corporate Bank Head for Citibank India and Senior Credit Officer.

Mr. Mehta was Non-Executive Chairman of Punjab National Bank from March 2017 till February 2020. He was an Independent Director on the Board of State Bank of India from June 2014 to March 2017. He is presently a Board Member of ACC Ltd. (A subsidiary of LafargeHolcim Group), Sashakt India Asset Management Ltd., Welmo Fintech Pvt. Ltd. and Bodytronix Fitness Pvt. Ltd. Mr. Mehta was on the Board of IL&FS group companies and a startup digital non-life insurance company - Acko General Insurance Ltd.

In addition, he a Senior Advisor to notable international/domestic corporations amongst his other business responsibilities at SPM Capital Advisers Pvt. Ltd.

Mr. Mehta was asked to Chair the Committee on Resolution of Stressed Assets by the Honorable Finance Minister of India. Other Members of the Committee included the Chairman of State Bank of India, Managing Director of Bank of Baroda and Deputy Managing Director of SBI. The Committee presented the Sashakt Report on Resolution of Stressed Assets to the Finance Minister on July 2, 2018. The report is under implementation and made significant progress with adoption of the Inter Creditor Agreement (ICA) by the Regulator and all major Banks/NBFC's in addition to other recommendations.

Mr. Mehta is closely engaged with various Think Tanks and Chambers of Commerce. He is the founding Board Member of the Asia Society India Centre and a Past Chairman of American Chamber of Commerce (AMCHAM India). He is currently on the India Advisory Board of US India Strategic Partnership Forum (USISPF).

Mr. Mehta has strong interests in building sustainable communities and is the immediate Past Chairman of Action for Ability Development and Inclusion (Formerly, The Spastics Society of North India). He is actively engaged with The United Way and on the Boards of United Way India and Mumbai. He was the Chairman of both these organizations and also member of the Global Transition Board of United Way Worldwide.

Mr. Mehta is a graduate from Shri Ram College of Commerce, Delhi University. He is a Fellow Member of the Institute of Chartered Accountants of India and an Alumni of the Wharton School of Management, University of Pennsylvania, USA.

Mr. Mahesh Krishnamurti*(Appointed as Non-Executive Director of the Bank w.e.f. March 26, 2020)*

Mr. Mahesh Krishnamurti has extensive experience in partnering closely with senior leadership teams in some of the most dynamic companies in the world. In December 2018, he left RGP, a leading Nasdaq-listed global consultancy ("REC"), where he had been India MD & Country

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head and member of the Global Leadership Team since 2007. He was selected by the Board to establish and lead RGP India and relocated to Mumbai from New York in 2007. At RGP, Mr. Mahesh Krishnamurti advised large MNCs on operational and strategic initiatives. Prior to his India assignment, Mr. Mahesh Krishnamurti's career in the US variously covered senior operational, sales, finance, planning, entrepreneurial, and consultancy roles at Digital Equipment Corporation, Symbol Technologies, Goldman Sachs, Worth Media, and RGP.

He is also a Limited Partner with Arka Venture Labs, a cross-border B2B deep-tech seed fund focused on supporting early-stage technology ventures in India and transitioning them to the Silicon Valley ecosystem. Mr. Mahesh Krishnamurti is a Supervisory Board member at MyCFO, a well-established consultancy with a large client portfolio that is adept at implementing practical solutions. As an Impact Advisor, he is deeply interested in Sustainability, and Environmental, Social, Governance (ESG) challenges. He is Advisor with BuzzOnEarth Media, a fast-growing online media platform with a global audience that engages the masses and actively influences them towards positive action on Sustainability Development Goals. Mr. Mahesh Krishnamurti is also advising various other promising social impact and technology start-ups.

Mr. Mahesh Krishnamurti is innately international and culturally versatile, having lived in Thailand (childhood), Switzerland (schooling), UK, US, and India. He is conversant in French, Thai, Tamil, Telugu, and Hindi, having been raised in a United Nations family.

He has been Chairman, American Chamber of Commerce, India Western Region; Committee Member, Policy Research & Development, Bombay Chamber of Commerce; Charter Member TiE; BIMTECH Advisory Council Member; Rotarian.

Mr. Mahesh Krishnamurti holds a B.Sc. (Economics) from the London School of Economics and Political Science, and an MBA (Finance) from NYU, Stern School of Business. He has also attended management programs at the Wharton School, and MIT, Sloan School of Management.

Mr. Atul Bheda

(Appointed as Non-Executive Director of the Bank w.e.f. March 26, 2020)

Mr. Atul Bheda is a practicing Chartered Accountant with a degree in law and Information Systems Audit (ISA). He is in practice for 35 years. He has experience in the areas of Tax, Bank and other Audits, Computer Software Development, Finance, Corporate laws etc.

He has been a Member of the Central Council of the Institute of Chartered Accountants of India (ICAI) from 2007 to 2013 and has been contributing to the ICAI by chairing various committees like Information Technology (IT), Indirect Tax (IDTC), Ethical Standards Board (ESB), and the Expert

Advisory Committee (EAC) and has represented ICAI on committees of SEBI, RBI, IRDA and XBRL International. He was a member of Accounting Standards Board, Corporate Laws and Corporate Governance Committee, Internal Audit Standards Board, Committee on Banking, Insurance & Pension, Auditing and Assurance Standards Board of ICAI.

He has been the founder director of XBRL Limited in India. He was Chairman of Taxonomy Development and Review Committee of XBRL India.

He was Chairman of The Western India Regional Council (WIRC of ICAI) which is the largest Regional Council of The Institute of Chartered Accountants of India (ICAI).

He has also contributed to many Education and Charitable Organisations in various capacities including the leadership roles.

Mr. Rama Subramaniam Gandhi

(Additional Director appointed by Reserve Bank of India w.e.f. March 26, 2020)

Mr. R. Gandhi is a financial sector policy expert and adviser. His expertise includes banking and non-banking regulation, payment systems, financial markets, FinTech and currency management. He served as a Deputy Governor of the Reserve Bank of India for three years from 2014 to 2017. With 37 years of experience, he has been a seasoned and accomplished central banker. He had a three year secondment to the Securities and Exchange Board of India (SEBI), the capital market regulator. He also held the charge of Director of the Institute for Development and Research in Banking Technology (IDRBT), Hyderabad.

In his long and illustrious career, Mr. R. Gandhi has been associated with various committees, working groups and task forces, both domestic and international. He was one of the initial members of the Monetary Policy Committee (MPC) and was a member of the Basel Committee on Banking Supervision (BCBS) and the Committee on Global Financial Systems (CGFS), Basel. At present, he advises banks, finance companies and fintech entities.

Mr. R. Gandhi has a master's degree in Economics from the Annamalai University, in Tamil Nadu, India. He completed post graduate level certificates in Management Information System from the American University, Washington DC, USA and in Capital Market from the City University of New York, USA. His technical education includes a certificate course in System Programming from the IBM Education, Sydney, Australia. He also has a certificate in Gandhian Thoughts from the Madurai University, Tamil Nadu, India.

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Mr. Ananth Narayan Gopalakrishnan*(Additional Director appointed by Reserve Bank of India w.e.f. March 26, 2020)*

Mr. Ananth Narayan Gopalakrishnan is an Associate Professor, SPJIMR and Senior India Analyst, Observatory Group LLC. He is a Director on the boards of SBI Capital Markets Ltd., Dvara Research, Clearcorp Dealing Systems (India) Ltd., CARE Ratings Ltd., Agappe Diagnostics Ltd., Southern Ridges Macro Fund (Cayman Islands) and Advisor with Max Life Insurance Ltd. He is a member of SEBI's Mutual Fund Advisory Committee, FICCI's Capital Markets Committee, RBI's Financial Markets Consultative Committee, IMC's Banking and Finance Committee and Kerala Infrastructure Fund Management Ltd.'s Investment Committee. He has over 24 years of experience in Banking and Financial Markets – with Standard Chartered Bank, Deutsche Bank and Citibank. Till 2017, he was Regional Head of Financial Markets, ASEAN & South Asia with Standard Chartered Bank. Previously, he was SCB's Head of Financial Markets & Co-Head of Wholesale Banking for South Asia between 2012-15, and Managing Director, Head of FX, Rates & Credit Trading South Asia, between 2009-12.

Prior to Standard Chartered Bank he was with Citibank till 2005 (Director, Fixed Income & Currencies Trading, India), and with Deutsche Bank (Managing Director, Global Rates, South Asia – till 2009). He served as the Chairman of the board of Standard Chartered Nepal Limited between 2016–2017. He was Vice Chairman on the board of Fixed Income Money Markets Dealer's Association (FIMMDA) and Foreign Exchange Dealers Association of India (FEDAI), between 2012 and 2017.

He was on the Board of Central Depository Services Ltd. (CDSL) and Standard Chartered Securities India Ltd. (SCSI) between 2012 and 2017. He was on the Member of the Risk Management Committee of NSE Clearing Ltd. between 2018 and 2020. He has been a part of various RBI committees (including the one that launched FX Options in India, Interest Rate Futures, Financial Benchmarks etc). He has Chaired various SEBI working groups (including liquidity risk management of debt funds, Fund Inter-scheme Transfers and Fund total expense ratios). He has a B.Tech (Electrical) from IIT Bombay and a PGDM from IIM Lucknow.

Mr. Vadalur Subramanian Radhakrishnan*(Nominee Director appointed by State Bank of India w.e.f. July 31, 2020)*

Mr. V. S. Radhakrishnan joined State Bank of India as Probationary Officer in 1988. He has served Bank in various geographical locations both in India and abroad. He has rich experience in Corporate Banking and worked in both Corporate Accounts Group (CAG) and Commercial Client Group (CCG) verticals of the Bank, apart from Forex treasury and Retail Network. He has worked

as General Manager & Regional Head, CAG, New Delhi and Chief General Manager (CAG), SBI Corporate Centre, Mumbai. Presently he is posted as Deputy Managing Director (Commercial Client Group) at State Bank of India, Corporate Centre, Mumbai.

Mr. Ravindra Pandey*(Nominee Director appointed by State Bank of India w.e.f. November 03, 2020)*

Mr. Ravindra Pandey, Deputy Managing Director (Strategy) & Chief Digital Officer, State Bank of India is a career banker and brings more than 3 decades of experience with deep domain expertise and leadership experience in Retail Banking, SME Credit, Digital Transformation, Digital Strategy, International Banking etc.

Few of his key assignments, in the immediate past, were Chief General Manager, Rajasthan; Chief General Manager (Payments & Special Projects); General Manager (Andhra Pradesh); General Manager (Merchant Acquiring Business); Chief Executive Officer, State Bank of India, Paris, etc.

Mr. Pandey is also a Member of Asia-Pacific Advisory Board, Mastercard; Member of High Level Group on Digitalisation and Innovation of World Savings and Retail Banking Institute (WSBI), Brussels; Director on the Board of National Payments Corporation of India (NPCI), Member of Task Force constituted by DFS for addressing banking difficulties faced by Senior Citizens.

(b) Board Meetings, Attendance & Committee Memberships:

The Board of Directors of the Bank has decided to conduct at least Six meetings in a year instead of minimum Four quarterly meetings as a good governance practice. In view of business requirements, Twenty Meetings of the Board were held during the Financial Year ended March 31, 2021 i.e. on April 23, 2020, May 02, 2020, May 06, 2020, May 15, 2020, June 25, 2020, July 03, 2020, July 18, 2020, July 28, 2020, August 14, 2020, August 27, 2020, October 12, 2020, October 23, 2020, November 12, 2020, December 30, 2020, January 15, 2021, January 22, 2021, February 08, 2021, February 17, 2021, March 10, 2021 and March 26, 2021. The maximum gap between any two Board meetings was less than One Hundred and Twenty days.

The names of the members of the Board, their status, their attendance at the Board Meetings and the last Annual General Meeting (AGM), number of other Directorships and Committee membership(s)/chairmanship(s) of each Director as on March 31, 2021 are as under:

Name	No. of Board meetings attended/ held during their Tenure	Attendance at AGM held on September 10, 2020	Number of other Directorships		Number of Committee memberships (Chairmanship) in other companies*	Directorship in other Listed Entity & Category
			Of Indian Public Limited Companies	Of other Companies#		
Mr. Sunil Mehta	20 / 20	Yes	2	4	2 (1)	ACC Limited - Independent Director
Mr. Mahesh Krishnamurti	20 / 20	Yes	-	-	-	Nil
Mr. Atul Bheda	20 / 20	Yes	-	-	-	Nil
Mr. Partha Pratim Sengupta ¹	6 / 7	N.A.	1	-	2 (0)	Nil
Mr. Swaminathan Janakiraman ²	10 / 12	Yes	-	2	-	Nil
Mr. Rama Subramaniam Gandhi	20 / 20	Yes	4	4	2 (0)	Nil
Mr. Ananth Narayan Gopalakrishnan	20 / 20	Yes	4	3	4 (0)	CARE Ratings Limited - Independent Director
Mr. Vadalur Subramanian Radhakrishnan ³	10 / 13	N.A.	-	-	-	Nil
Mr. Ravindra Pandey ⁴	4 / 8	N.A.	2	1	-	Nil
Mr. Prashant Kumar	20 / 20	Yes	-	1	-	Nil

Notes:

- (i) ¹ Ceased to be Director w.e.f. July 24, 2020 | ² Ceased to be Director w.e.f. October 28, 2020 | ³ Appointed w.e.f. July 31, 2020 | ⁴ Appointed w.e.f. November 03, 2020
- (ii) Mr. Partha Pratim Sengupta could not attend 1 Board meeting held on April 23, 2020 due to prior professional commitments
- (iii) Mr. Swaminathan Janakiraman could not attend 2 Board meetings held on April 23, 2020 and August 27, 2020 due to prior professional commitments
- (iv) Mr. Vadalur Subramanian Radhakrishnan could not attend 3 Board meetings held on October 12, 2020, January 22, 2021 and February 08, 2021 due to prior professional commitments
- (v) Mr. Ravindra Pandey could not attend 4 Board meetings held on January 15, 2021, February 08, 2021, February 17, 2021 and March 10, 2021 due to prior professional commitments
- (vi) Directorship and Committee membership / chairmanship details of Directors are taken as on their date of cessation
- (vii) # Includes directorship(s) held in Foreign Companies, Private Limited Companies and Companies under Section 8 of the Companies Act, 2013
- (viii) * Includes membership(s) of Audit Committee and Stakeholders' Relationship Committee of all Indian Public Limited Companies; figures in brackets indicate number of Committee Chairmanship(s) as per Regulation 26 of the SEBI LODR
- (ix) None of the Directors on the Board is a member of more than ten (10) Committees and Chairperson of more than five (5) Committees across all public companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions occupied by them in other companies

(c) Disclosure of relationships between Directors inter-se:

None of the present Directors are having any inter-se relationship and each one of them are Independent to each other, except that Nominee Directors of State Bank of India are representing the same organization.

(d) Number of shares held by Non-Executive Directors:

The details of shareholding of Non-Executive Directors as on March 31, 2021 is as under:

Name of the Director	No. of Shares held
Mr. Sunil Mehta	1,92,000
Mr. Mahesh Krishnamurti	NIL
Mr. Atul Bheda	15,150
Mr. Rama Subramaniam Gandhi	15,000
Mr. Ananth Narayan Gopalakrishnan	15,000
Mr. Vadalur Subramanian Radhakrishnan	NIL
Mr. Ravindra Pandey	NIL
Mr. Prashant Kumar	15,040

(e) Familiarization Program for Board Members:

In compliance with the requirement of the SEBI LODR, the Bank had conducted various familiarization programmes during the financial year to familiarize all the Directors of the Bank and its management, about their roles, rights, responsibilities in the Bank, nature of the Banking Industry, Business Model, Risk Management System and Technology Architecture of the Bank for the purpose of contributing significantly towards the growth of the Bank so as to help them contribute significantly during the deliberations in the Board/ Committee meetings.

During FY 2020-21, the Bank had organized a detailed presentation by the Chairperson of Excellence Enablers Private Limited and past Chairman of the Securities & Exchange Board of India, for the Directors of the Bank on the matter of Corporate Governance practices subsisting at the Bank and areas where there was scope of further strengthening. The presentation was useful to the Board of Directors in understanding various aspects relating to good governance practices, their effective implementations and areas where the Board should have more focused approach.

Subsequently, the Bank had organized another presentation by the Executive Chairman of the leading law firm M/s. Shardul Amarchand Mangaldas & Co. on Corporate Governance practices, specifically covering the following aspects:

- » Requirements in relation to Vigil Mechanism under the Companies Act, 2013 and rules made thereunder;
- » Requirements in relation to the Discussion Paper on Governance in Commercial Banks in India issued by the Reserve Bank of India in June, 2020;
- » Other requirements related to composition of the Board and Board Committees.

Some of the Directors also attended the trainings being organized by various Regulators/ Bodies/ Institutions on Digital Technologies that enable Banking, the latest trend in IT Strategy, Cyber Security, Corporate Loan Fraud Management, Risk and Governance issues, etc. The details of such familiarization programs are displayed on the website of the Bank and the web link thereto is <https://www.yesbank.in/about-us/corporate-governance>.

(f) A chart or a matrix setting out the skills/expertise/competence of the Board of Directors:

The Board of Directors have identified the following core skills / expertise / competencies / special knowledge or practical experience, as required in the context of the Bank's business and sector(s) for it to function effectively. The same are in line with the relevant provisions of the Banking Regulation Act, 1949 ("the BR Act") and relevant circulars issued by the Reserve Bank of India from time to time:

Board shall have special knowledge or practical experience in (i) accountancy, (ii) agriculture and rural economy, (iii) banking, (iv) co-operation, (v) economics, (vi) finance, (vii) law, (viii) small-scale industry, (ix) Information Technology (x) Payment & Settlement Systems (xi) Human Resources (xii) Risk Management (xiii) Business Management (xiv) any other skill/ special knowledge/ practical experience as may be specified by RBI from time to time.

Name of the Director	Special Knowledge / Practical Experience / Skills / Expertise / Competencies
Mr. Sunil Mehta	Banking, Financial Services, Accountancy, Real Estate and Insurance
Mr. Mahesh Krishnamurti	Strategy, Governance, Finance, Economics, Risk Management, Information Technology, Business Management, Operational, Sales, Planning and Entrepreneurial Consultancy
Mr. Atul Bheda	Tax, Audits, Computer Software Development, Finance, Corporate Laws, Governance and Compliance
Mr. Rama Subramaniam Gandhi	Banking, Economics, Finance, Information Technology, Payment & Settlement Systems, Risk Management, Financial Market Operations, Personnel and Human Resources Management

Name of the Director	Special Knowledge / Practical Experience / Skills / Expertise / Competencies
Mr. Ananth Narayan Gopalakrishnan	Banking, Economics, Finance, B. Tech Electrical, and Financial Markets
Mr. Vadalur Subramanian Radhakrishnan	Corporate Banking, Business Management, Resolution of Stressed Assets, Forex Treasury and Retail Network
Mr. Ravindra Pandey	Banking, Co-operation or Small Scale Industry, Information Technology, Payment & Settlement Systems and Risk Management, Digital Transformation, Digital Banking, Payment Solutions, Retail, SME, Corporate, International Banking and Credit
Mr. Prashant Kumar	Banking, Finance, Law, Credit, Retail Banking and Human Resources & Strategic Training

(g) Confirmation about Independence:

As already mentioned under para 2(a) of this report, the current composition of the Board does not entail Independent Director on the Board of the Bank. For more details refer para "Statement of Declaration by Independent Director" on [page 74](#).

(h) Terms and Conditions for Appointment of Independent Directors:

A formal Letter of Appointment is addressed to Independent Directors at the time of their appointment. The terms and conditions of Appointment of Independent Directors has been disclosed on the website of the Bank at <https://www.yesbank.in/about-us/corporate-governance>.

(i) Policy on Appointment of Directors:

The Bank has a Board approved 'Policy on Board Diversity and Fit & Proper Criteria and Succession Planning' ('Fit & Proper Policy') which comprises of diversity of Board Composition, succession planning and the detailed process for appointment of Directors including the required skill sets, experience, qualification, etc. as required under the Companies Act, 2013, SEBI LODR, the BR Act and other regulatory and business requirements. The Nomination & Remuneration Committee ('NRC') is being guided by the said policy while recommending appointment of Directors. As per the Fit & Proper Policy of the Bank, Bank ensures that not less than 51% of the total number of members of the Board of Directors shall have special knowledge or practical experience in (i) accountancy, (ii) agriculture and rural economy, (iii) banking, (iv) co-operation, (v) economics, (vi) finance, (vii) law, (viii) small-scale industry, (ix) Information Technology (x) Payment & Settlement Systems (xi) Human Resources (xii) Risk Management (xiii) Business Management (xiv) any other skill/ special knowledge/ practical experience as may be specified by RBI from time to time.

(j) Criteria for Appointment of Independent Directors:

The Nomination & Remuneration Committee (“NRC”) while considering the proposal for appointment of Independent Directors also considers the criteria of independence prescribed under the Companies Act, 2013 and SEBI LODR.

The current composition of the Board of Directors of Bank is governed under the YBL Reconstruction Scheme and till the alternate Board is formed in accordance with the Articles of Association of the Bank, the requirement of composition of the Board as per the criteria laid down in Companies Act, 2013 and SEBI LODR is in abeyance.

(k) Information Supplied / Available to the Board:

The Directors are presented with important/critical information on the operations of the Bank as well as information which requires deliberations at the highest level. The Board has complete access to all the relevant information within the Bank and also access to the Top Management of the Bank and any additional information to make informed and timely decisions. All Board and Committee meetings are governed by structured Agenda Notes which are backed by comprehensive background papers along with relevant annexures.

Since 2016, as a part of green initiative by the Bank, all relevant agenda papers pertaining to the Board/ Committee are being circulated well in advance to the Board of Directors through web-based portal to facilitate easy access of agenda on iPad which would provide sufficient time to the Board for reading and understanding the proposals placed in a meeting.

The Board was presented with the information on various important matters of capital raising activity, operations, risk management and business, new initiatives in business, budgets, financial results, update on corporate social responsibility activities, minutes of Board and Committees of the Board, appointment and remuneration of the Senior Management, appointment/cessation of Key Managerial Personnel, information on subsidiaries, sale of investments, assets which are material in nature and not in the normal course of business, foreign exposure and non-compliance, if any, with regulatory or statutory guidelines of SEBI and RBI Regulations/circulars, etc., and other matters which are required to be placed before the Board in terms of the Companies Act, 2013, SEBI LODR and Theme Based Review agenda as prescribed by RBI, etc. The Board and other Committees also approve various business proposals and regulatory approvals through circulations.

(l) Post Meeting Communication / Follow up System:

The Bank has an effective post meeting follow up procedure. The Bank has a mechanism to track important decisions taken at the Board/Committee meetings till the closure of such decisions and a report on ongoing actionable (Action Taken Report) are being placed before the meeting of the Board/Committees of the Board from time to time. Action Taken Report on the decisions taken in a meeting is placed at the succeeding meeting(s) of the Board/Board Level Committees.

(m) Succession Planning:

The Bank has a well-defined policy to identify and review critical and top management positions for the purpose of Succession Planning. Accordingly, the Bank has conducted an annual review on the list of positions and potential successors on parameters such as criticality, business continuity, job requirements, fitment and potential to take on higher responsibilities.

3. COMMITTEES:

In order to focus on Strategic and key financial issues, the Bank is required to have certain Board Level Committees. The Companies Act, 2013, SEBI LODR and BR Act mandates for constitution of certain Board Level Committees. The Bank, post reconstruction scheme had Ten Board Level Committees constituted in compliance with the aforesaid regulatory requirements and as per the requirement of the business with specified terms of reference of each of the Committees. The Board Level Committees focus on specific areas and take informed decisions on the specific businesses assigned to them in the best interest of the Bank. The Committees also make specific recommendations to the Board on various matters whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval. All the Committees were re-constituted post re-constitution of the Board with effect from March 26, 2020 on taking charge by the new Board pursuant to the YBL Reconstruction Scheme.

During the year Stakeholders Relationship & Service Excellence Committee was renamed to Stakeholders’ Relationship & Customer Service Committee. Further, the said Committee was split into “Stakeholders’ Relationship Committee” and “Customer Service Committee” for better Governance purpose basis the suggestion received.

These Board Level Committees play a key role in the governance and focus on specific areas and make informed decisions within the delegated authority. Each Committee is guided by its Terms of Reference, which provides for the composition, scope, powers and duties and responsibilities. The recommendation and/or observations and decisions are placed before the Board for

information or approval. The Chairman of respective Committee updates the Board regarding the discussions held and decisions taken at the Committee Meeting.

The Company Secretary, acts as the Secretary to all the Board Level Committees.

The ten Board Level Committees are briefly described below:

a) Audit Committee:

3.a.1 Constitution & Composition:

The constitution, composition and attendance of the Audit Committee during the year is as under:

Name of Member	Position	Category	Date of Appointment to the Committee	Date of Cessation
Mr. Atul Bheda	Chairman	Non-Executive Director	March 26, 2020	N.A.
Mr. Rama Subramaniam Gandhi	Member	Additional Director appointed by Reserve Bank of India	March 26, 2020	N.A.
Mr. Ananth Narayan Gopalakrishnan	Member	Additional Director appointed by Reserve Bank of India	March 26, 2020	N.A.
Mr. Partha Pratim Sengupta	Member	Nominee Director of State Bank of India	March 26, 2020	July 24, 2020
Mr. Swaminathan Janakiraman	Member	Nominee Director of State Bank of India	July 28, 2020	October 28, 2020
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A.

The Chief Financial Officer is permanent invitee for all meetings of the Audit Committee. The MD & CEO attends the meetings of the Audit Committee only during the discussion on Financials Results of the Bank. The Company Secretary acts as Secretary to the Audit Committee. All members of the Audit Committee have the ability to read and understand financial statements and Chairman of the Committee possesses requisite accounting and financial management expertise. The Chief Internal Auditor attends all the Audit Committee Meetings as far as possible and brief the Committee on all the points covered in the Internal Audit Report as well as the other related issues that come up during the discussions. During the year under review, the representatives of the Statutory Auditors have attended all the Audit Committee meetings, where Financial Results were approved, and Direct and Indirect Tax matters were reviewed.

The Chairman of the Audit Committee, Mr. Atul Bheda was present at the last AGM.

The quorum was met in all the Audit Committee Meeting held during the F.Y 2020-21

In order to get the inputs and opinions of the Statutory Auditors, the Committee also held two separate one-to-one meetings on October 22, 2020 and January 21, 2021 with the Statutory Auditors without the presence of the management representatives.

3.a.2 Terms of Reference:

The terms of reference of the Audit Committee covers all the areas mentioned under Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of SEBI LODR. The terms of reference of the Audit Committee are as under;

- To provide directions and oversee the operation of the total audit function in the Bank (internal as well as external) and issue whenever necessary suitable directions and timely completion of audit.
- To oversee the Bank's financial reporting process and disclosure of its financial information to ensure that the financial statements are true, fair, sufficient and credible.
- To create an open avenue for communication between the Board of Directors, Internal Auditors, Statutory Auditors and all other Auditors.
- To recommend the appointment including terms of appointment and removal of statutory, internal, concurrent, tax and secretarial Auditors, fixation of audit fees and also to approve payment for other services.
- To appoint and determine the scope of the Concurrent auditors.
- To review adequacy of internal audit function, its policies, its structure viz. staffing and seniority of the official heading the department, coverage and frequency of internal audits.
- Review of internal audit reports relating to internal control weaknesses and review important concurrent audit findings.
- To evaluate the adequacy and operational effectiveness of Internal Financial Control (IFC) of the Bank and Subsidiaries and also to evaluate Risk Management Systems of the Bank.
- To discuss with statutory auditors, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern w.r.t. financial statements and the IFC.

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10. To engage with internal and external auditors and others on comments and observations on IFC.
11. To review the results / financial statements (quarterly, half yearly, annual) standalone as well as consolidated along with the Auditors' report thereon and analyze performance of the Bank, along with the Management and recommend the same to the Board with primary focus on:
 - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013 and rules made thereunder;
 - b. accounting policies and practices and changes, if any, with reasons for the same;
 - c. compliance with accounting standards;
 - d. major accounting entries involving estimates based on the exercise of judgment by management;
 - e. significant adjustments made in the financial statements arising out of audit findings;
 - f. compliance with listing and other legal requirements relating to financial statements;
 - g. disclosure of any related party transactions;
 - h. modified opinion(s) in the draft audit report; and
 - i. Company's earnings press releases, as well as financial information and earnings guidance, if any provided to analysts and rating agencies
12. To review Annual Tax Audit statement and auditors' report thereon.
13. To review Annual Long Form Audit Report as prepared by the Statutory Auditors along with Management response and updates on closure of the same.
14. To appoint legal auditor and review the information in respect of legal audits of title deeds and other documents for credit exposure of ₹50 MM and above.
15. To review and approve related party transactions including any subsequent modification(s) thereto.
16. To review the financial statements, in particular, the investments made by the unlisted subsidiary.
17. To review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) including statement of deviation, if any, and making appropriate recommendations to the Board to take up steps in this matter.
18. To approve and recommend to the Board the appointment of CFO after assessing the qualifications, experience & background, etc. of the candidate.
19. To review the Whistle blower policy and Vigil Mechanism for Directors and Employees and functioning of the Whistle Blower Mechanism;
20. To deal with Whistle Blower complaints in time bound manner.
21. To review and monitor compliance function, its policies and Implementation of Compliance Frameworks of the Bank.
22. Review of Bank's Compliance in respect to Reports (Risk Assessment Report and Risk Mitigation Plan) issued by RBI under Risk Based Supervision.
23. Review of compliance on directives issued by ACB / Board / RBI.
24. Review report on compliance of corporate governance requirements as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other guidelines issued by SEBI from time to time.
25. Review report on compliance of regulatory requirement of Regulators in Host Countries in respect of overseas branches.
26. To institute special investigation teams with complete access to all records, information and personnel of the Bank, if necessary.
27. To review all cases of frauds and attempted frauds involving amounts of ₹1 crore and above.
28. To review the minutes of the quarterly, Apex Management Committee and Staff Accountability Committee meetings.
29. To investigate into any matter in relation to the items specified or referred to it by the Board and for the said purpose shall have the power to obtain professional advice from external sources and have full access to information contained in the records of the Bank.
30. 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 and also to review the findings by regulatory agencies.
31. To review utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever

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- is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision.
32. To review and monitor the auditor's independence and performance, effectiveness of audit process.
 33. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 34. Valuation of undertakings or assets of the Bank, wherever necessary.
 35. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 36. To review, at least once in a financial year, compliance of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT") and to verify that the systems for related internal control are adequate and are operating effectively.
 37. To review on quarterly basis reports provided by compliance officer on violations and remedial/punitive action for the same
 38. To review the system of storage and retrieval, display or printout of books of accounts maintained in electronic mode during the required period under law.
 39. Review of housekeeping - particularly balancing and reconciliation of long outstanding entries Suspense / Sundries / Drafts payable / paid / Funds in Transit / Clearing / SGL / CSGL accounts.
 40. Review of report on Revenue leakage detected by Internal / External Auditors and status of recovery thereof - reasons for undercharges and steps taken to prevent revenue leakage.
 41. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 42. To review and approve the internal audit policy and IS Audit policy for undertaking risk-based internal audit and to review and approve risk based internal audit plan.
 43. Review of Internal Audit plan and status of achievement thereof.
 44. Review System Audit as per RBI Internal Control Guidelines.
 45. To approve the concurrent audit policy.
 46. KYC / AML Guidelines - Review of compliance of concurrent audit reports with respect to adherence to KYC / AML guidelines at branches.
 47. Review of exposure to sensitive sectors i.e. capital market & real estate.
 48. Review of information on violations by various functionaries in the exercise of discretionary powers.
 49. Information in respect of equity share holdings in borrower companies more than 30% of their paid up capital.
 50. Review report on fraudulent transactions relating to Internet Banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the IT department to prevent such cases.
 51. Review of the bank's financial and risk management policies.
 52. Review penalties imposed / penal action taken against bank under various laws and statutes and action taken for corrective measures.
 53. Review the following information management discussion and analysis of financial condition and results of operations.
 54. Review of Management letters / letters of internal control weaknesses issued by the statutory auditors.
 55. Scrutiny of inter-corporate loans and investments.

3.a.3 Meetings & Attendance:

During the FY 2020-21, Eight Meetings of Audit Committee were held on April 28, 2020, May 06, 2020, June 25, 2020, July 27, 2020, October 22, 2020, December 15, 2020, January 21, 2021 and March 08, 2021 with an interval of less than one hundred and twenty days between two consecutive meetings.

Name of Member / Invitee	No. of Meetings		
	Held	Eligible to attend [®]	Attended
Mr. Atul Bheda	8	8	8
Mr. Rama Subramaniam Gandhi	8	8	8
Mr. Ananth Narayan Gopalakrishnan	8	8	8

Name of Member / Invitee	No. of Meetings		
	Held	Eligible to attend [@]	Attended
Mr. Partha Pratim Sengupta	8	3	2
Mr. Swaminathan Janakiraman	8	1	1
Mr. Ravindra Pandey	8	3	2
Invitees			
Mr. Prashant Kumar	8	8	6

[@] Number of meetings held during the tenure of the Director as a Member/Chairman of the Committee

Note: Due to business exigencies, few resolutions were passed through Circulation and the said resolutions have been noted at the subsequent committee meetings

b) Nomination & Remuneration Committee:

3.b.1 Constitution & Composition:

The constitution and composition of the Nomination & Remuneration Committee during the year was as under:

Name of Member	Position	Category	Date of Appointment to the Committee	Date of Cessation
Mr. Mahesh Krishnamurti	Chairman	Non-Executive Director	March 26, 2020	N.A.
Mr. Sunil Mehta	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Atul Bheda	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Swaminathan Janakiraman	Member	Nominee Director of State Bank of India	March 26, 2020	October 28, 2020
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A.

Note:

- The Chairman of the Bank, Mr. Atul Bheda is a member of Nomination & Remuneration Committee and does not hold Chairmanship of the Committee
- The Chairman of the Nomination & Remuneration Committee, Mr. Mahesh Krishnamurti was present at the last AGM
- The MD&CEO is a permanent invitee to all Nomination & Remuneration Committee meetings. The Company Secretary acts as Secretary to the Committee
- The quorum was met in all the Nomination & Remuneration Committee Meeting held during the FY 2020-21

3.b.2 Terms of Reference:

The terms of reference of the Nomination & Remuneration Committee covers all the areas mentioned under Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D

of Schedule II of SEBI LODR. The broad terms of reference of the Nomination & Remuneration Committee includes following:

- To review the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval;
- To examine the qualification, knowledge, skill sets and experience of each director vis-a-vis the Bank's requirements and their effectiveness to the Board on a yearly basis and accordingly recommend to the Board for the induction of new Directors;
- To review:
 - the composition of the existing Committees of the Board and to examine annually whether there is any need to have a special committee of directors to meet the business requirements of the Bank and accordingly recommend to the Board for formation of a special committee.
 - Review the Terms of Reference of the Board Level Committees and recommend the changes therein, if any, to the Board;
- To scrutinize nominations for Independent/Non-Executive Directors with reference to their qualifications and experience and making recommendations to the Board for appointment/filling of vacancies;
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- To Formulate criteria for evaluation of performance of independent directors and the board of directors;
- To carry out evaluation of every director's performance;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- To validate 'fit and proper' status of all Directors on the Board of the Bank in terms of the Guidelines issued by the RBI or other regulatory authorities;
- To develop and recommend to the Board Corporate Governance guidelines applicable to the Bank for incorporating best practices;
- To implement policies and processes relating to Corporate Governance principles;

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12. To formulate the criteria for determining qualifications, positive attributes and independence of a director;
13. To devise a Policy on Board diversity;
14. To recommend to the Board a policy relating to, the remuneration for the directors, key managerial personnel and other employees including performance/achievement bonus, perquisites, retinals, sitting fee, etc.;
15. 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;
16. To ensure the following while formulating the policy on the aforesaid matters:
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to Whole time directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long- term performance objectives appropriate to the working of the company and its goals.
 - d. Recommend to the board all remuneration, in whatever form, payable to senior management
17. To consider grant of Stock Options to employees including employees of subsidiaries and administer and supervise the Employee Stock Option Plans;
18. To function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 and is authorized to allot shares pursuant to exercise of Stock Options by employees;
19. To review the Human Capital Capacity Planning on annual basis;
20. To review the list of risk takers on annual basis;
21. To review the Succession Planning;
22. To review the HCM Policies and provide suitable guidance for additions/ modification/ deletions, if any;

23. To perform any other functions or duties 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.

3.b.3 Meetings & Attendance:

During FY 2020-21, Eight Meetings of Nomination & Remuneration Committee were held on June 23, 2020, July 24, 2020, September 21, 2020, November 11, 2020, December 18, 2020, February 16, 2021, March 20, 2021 and March 31, 2021.

The participation of the Members at the Meetings of the Committee held during the year were as under:

Name of Member / Invitee	No. of Meetings		
	Held	Eligible to attend [@]	Attended
Mr. Mahesh Krishnamurti	8	8	8
Mr. Sunil Mehta	8	8	8
Mr. Atul Bheda	8	8	8
Mr. Swaminathan Janakiraman	8	3	2
Mr. Ravindra Pandey	8	4	3
Invitees			
Mr. Prashant Kumar	8	8	7

@ Number of meetings held during the tenure of the Director as a Member/Chairman of the Committee

Note: Due to business exigencies, several resolutions were passed through Circulation and the said resolutions have been noted at the subsequent committee meetings.

3.b.4 Board Level Performance Evaluation Criteria including for Independent Directors:

The Bank has in place a Board Evaluation Framework setting out the process and the criteria for the Performance Evaluation. The said process is in line with the provisions of the Companies Act, 2013, Regulations 17 & 19 of the SEBI LODR and SEBI guidance note on the Board Evaluation dated January 05, 2017, which provides for carrying out the Performance Evaluation of the Individual Directors including Independent Directors, Non-Independent Directors, Managing Director & CEO and Chairman, Committees of the Board and the Board as a whole.

The framework is monitored, reviewed and updated by the Board as and when required, in consultation with the Nomination & Remuneration Committee, based on need and new compliance requirements, if any.

The existing Board of the Bank has been constituted in accordance with the YBL Reconstruction Scheme, pursuant to which, till the time an alternate Board is reconstituted by the Bank in accordance with the procedure laid down in its Memorandum and Articles of Association of the Bank, the Board shall continue irrespective of any breaches in the provisions of the aforesaid provisions. Accordingly, the present Board is not subject to comply with the stipulated procedure of Performance Evaluation for FY 2020-21.

However, as a matter of good governance, the Board Performance Evaluation for the FY 2020-21 was carried out as per below process:

- » The NRC recommended and Board took on record the recommendations of the NRC for carrying out the Performance Evaluation and process to be followed
- » A structured questionnaire was prepared for evaluation which covered aspects of the Board's functioning such as adequacy of the composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance, attendance and level of participation at meetings of the Board/Committees, independence of judgement exercised by Directors, interpersonal relationship, etc. was sent out to Directors.
- » The responses received to the questionnaires on evaluation of the Board and its Committees were placed before the meeting of the NRC for consideration.
- » The NRC reviewed the report on the performance evaluation of all the Directors, including the MD & CEO and the Chairman
- » NRC recommended the Board about the extension or continuation of Directors/Chairman based on its assessment on performance Evaluation
- » The Board basis the self-assessment on the performance of each of the Board level Committees, submitted by the Chairman of each of the Committees and report and rating of individual Directors on the Peer Review, Performance Evaluation of the MD & CEO and the Chairman and the rating of individual Directors on the performance of the Board as a whole and basis recommendation of NRC, took appropriate steps

It may be noted that as per RBI letter dated August 24, 2020, Additional Directors appointed by RBI i.e. Mr. Rama Subramaniam Gandhi and Mr. Ananth Narayan Gopalakrishnan are not subject to performance evaluation.

3.b.5 Remuneration of Directors:

(a) Remuneration Policy:

The Bank has formulated and adopted a Remuneration Policy for its Directors, Key Managerial Personnel, Senior Management, Chairman and other employees of the Bank, in terms of Section 178 of the Companies Act, 2013, the relevant Rules made thereunder, Regulation 19 of the SEBI LODR and Guidelines / Circular issued by RBI, in this regard, from time to time.

The Remuneration Policy of the Bank is available on the website of the Bank at <https://www.yesbank.in/about-us/corporate-governance>.

The remuneration contract of the Executive Director i.e. MD & CEO has malus or clawback provisions in respect of variable pay.

(b) Directors' Remuneration:

The details of the remuneration paid to the Executive Directors during FY 2020-21 are given below:

i) Executive Directors:

(Amount in ₹)	
Name of the Director	Mr. Prashant Kumar (MD & CEO)
Salary	1,64,45,886
Stock Options	-
Performance linked incentives	-
Value of perquisites u/s 17(2) Income-tax Act, 1961	1,6,31,754
Others	5,26,210
Commission for FY 2020-21	-
Total	1,86,03,850
Commission for FY 2019-20	-

No sitting fees was paid to Mr. Prashant Kumar, MD & CEO for attending meetings of the Board and/ or its Committees.

Perquisites (evaluated as per Income Tax Rules, 1962 wherever applicable and at actual cost to the Bank otherwise) such as benefit of the Bank's Furnished and Maintained accommodation, Furniture/White goods, Free use of two Bank's cars with Driver for

Official purposes & Private purposes, Gas, Electricity & Water, Medical Reimbursement, Residence Telephone, Medical Insurance, Life Insurance/ Personal Accident Insurance and Club Memberships - 2 clubs and other benefits like Provident Fund and Gratuity are provided in accordance with the respective regulation and Rules of the Bank.

The criteria for evaluation of performance of MD is based on the achievement of goals as mentioned in the appointment letter.

As per the terms and conditions defined in the appointment letter, the notice period is 90 days. There is no clause or condition related to severance fees in the appointment letter.

ii) Non-Executive Directors:

All the Non-Executive Directors including the Independent Directors and the Chairperson receive remuneration by way of sitting fees for each meeting of the Board and its various Committees. No stock options are granted to any of the Non-Executive Directors.

The details of the remuneration paid to the Non-Executive Directors during FY 2020-21 are given below:

(Amount in ₹)

Name of the Director	Salary	#Perquisites	Others	Sitting Fees	Total
Mr. Sunil Mehta	25,00,000	80,558	-	51,50,000	77,30,558
Mr. Mahesh Krishnamurti	-	-	-	53,50,000	53,50,000
Mr. Atul Bheda	-	-	-	43,00,000	43,00,000
Mr. Partha Pratim Sengupta	-	-	-	9,50,000	9,50,000
Mr. Swaminathan Janakiraman	-	-	-	20,00,000	20,00,000
Mr. Vadalur Subramanian Radhakrishnan	-	-	-	21,50,000	21,50,000
Mr. Ravindra Pandey	-	-	-	9,50,000	9,50,000

#Perquisites of Mr. Sunil Mehta (evaluated as per Income Tax Rules, 1962 wherever applicable and at actual cost to the Bank otherwise) including Free use of Bank's cars with driver, fuel and maintenance expenses etc. on actual basis.

iii) Other Directors (Additional Directors appointed by RBI):

The details of the remuneration paid to the Additional Directors appointed by RBI during FY 2020-21 are given below:

(Amount in ₹)

Name of the Director	Salary	Others	Sitting Fees	Total
Mr. Rama Subramaniam Gandhi	-	-	24,00,000	24,00,000
Mr. Ananth Narayan Gopalakrishnan	-	-	24,00,000	24,00,000

Notes:

- The Non-Executive Directors were paid sitting fees of ₹100,000 for attending each meeting of the Board of Directors and ₹50,000 for attending Board Level Committee meetings for FY 2020-21.
Note: Sitting fees of SBI Nominee Director are paid directly to SBI and not to the Directors.
- The Bank did not pay any amount to Directors by way of salary and perquisites except to the MD & CEO and Non-Executive Chairman.
- Nil Commission is paid to the Directors for the FY 2020-21.
- The Bank does not grant any Stock Options to any Non-Executive Directors of the Bank
- During the year, Mr. Sunil Mehta, Non-Executive Chairman was paid remuneration of ₹25,80,558 (including value of perquisites as per Income-tax Act). The remuneration of the Chairperson has been approved by the Reserve Bank of India.
- There were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Bank (except normal banking transactions in the ordinary course of business and on arm's length basis during FY 2020-21).
- Mr. Partha Pratim Sengupta and Mr. Swaminathan Janakiraman have resigned w.e.f. July 24, 2020 and October 28, 2020 respectively.
- During F.Y 2019-20, the Bank had inadvertently paid excess Sitting Fees of ₹75,000 to Mr. Rama Subramaniam Gandhi, which he had paid back to the Bank and the same was adjusted in the Books in FY 2020-21.

C) Stakeholders Relationship Committee And Customer Service Committee:

During the year, the merged Committee was re-named as "Stakeholders Relationship Committee & Customer Service Committee" in order to strictly follow the nomenclature as provided in the Companies Act and RBI Circular on June 25, 2020. Thereafter, to avoid overlapping in the roles of the "Stakeholders Relationship Committee & Customer Service Committee" (formed as per Companies Act and RBI Circular) were split into two Committees with effect from October 23, 2020 viz. Stakeholders Relationship Committee and Customer Service Committee.

3.c.1 Constitution & Composition:

The composition of Stakeholders Relationship Committee effective from October 23, 2020 is as under:

Name of Member	Position	Category	Date of Appointment to the Committee	Date of Cessation of membership
Mr. Mahesh Krishnamurti	Chairman	Non-Executive Director	October 23, 2020	N.A.
Mr. Atul Bheda	Member	Non-Executive Director	October 23, 2020	N.A.
Mr. Swaminathan Janakiraman	Member	Nominee Director of State Bank of India	October 23, 2020	October 28, 2020
Mr. Vadalur Subramanian Radhakrishnan	Member	Nominee Director of State Bank of India	October 23, 2020	N.A.
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A.

The composition of Customer Service Committee effective from October 23, 2020 is as under:

Name of Member	Position	Category	Date of Appointment to the Committee	Date of Cessation of membership
Mr. Mahesh Krishnamurti	Chairman	Non-Executive Director	October 23, 2020	N.A.
Mr. Atul Bheda	Member	Non-Executive Director	October 23, 2020	N.A.
Mr. Swaminathan Janakiraman	Member	Nominee Director of State Bank of India	October 23, 2020	October 28, 2020
Mr. Vadalur Subramanian Radhakrishnan	Member	Nominee Director of State Bank of India	October 23, 2020	N.A.
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A.

The composition of erstwhile Stakeholders Relationship Committee & Customer Service Committee (earlier named as Stakeholders Relationship & Service Excellence Committee) which was re-constituted on March 26, 2020 and was effective upto it being split as aforesaid w.e.f. October 23, 2020 as under:

Name of Member	Position	Category	Date of Appointment to the Committee	Date of Cessation of membership
Mr. Mahesh Krishnamurti	Chairman	Non-Executive Director	March 26, 2020	N.A.
Mr. Atul Bheda	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Partha Pratim Sengupta	Member	Nominee Director of State Bank of India	March 26, 2020	July 24, 2020
Mr. Swaminathan Janakiraman	Member	Nominee Director of State Bank of India	March 26, 2020	N.A.
Mr. Vadalur Subramanian Radhakrishnan	Member	Nominee Director of State Bank of India	August 07, 2020	N.A.

Note:

- The Chairman of the Stakeholders Relationship Committee, Mr. Mahesh Krishnamurti is Non-Executive Director
- The Chairman of the Stakeholders Relationship Committee, Mr. Mahesh Krishnamurti was also present at the last AGM
- The Company Secretary acts as Secretary to the Committee
- The quorum was met in all the Stakeholders Relationship Committee Meeting held during the FY 2020-21

3.c.2 Terms of Reference of Stakeholders Relationship Committee:

The terms of reference of Stakeholders Relationship Committee includes following:

- To review and redress complaints from various security holders such as shareholders, debenture holders and any other stakeholders such as non-receipt of dividend, non-receipt of interest on debentures, annual report, transfer/transmission of shares or debentures, issue of new/duplicate share / debenture certificates, general meeting etc. including those received through SEBI Scores platform, NSE BSE;
- Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices like AGM/EOGM/ Postal Ballot Notice etc.by the shareholders of the Bank.
- To oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialization, splitting/subdivision, consolidation of securities issued by the Bank and Transfer of unclaimed dividend/shares to IEPF;
- Review of movements in shareholding and ownership structure of the Bank.

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- 5) To oversee and review the performance and service standards adopted by the Bank in respect of various services being rendered by the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services;
- 6) To apprise of Key highlights/ developments pertaining to various Stakeholders including Equity Investors, debenture holders, multilateral lenders, rating agencies; etc.;
- 7) To review the engagements with various stakeholders (mentioned above) including communication and feedback received from them. Further, recommend steps for improving engagement with the stakeholder;
- 8) To review of measures taken for effective exercise of voting rights by shareholders;
- 9) To review Bank's perception amongst stakeholders and provide recommendation for enhancement of the same; and
- 10) To perform any other functions, duties 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.

3.c.3 Terms of Reference of Customer Service Committee:

The terms of reference of Customer Service Committee broadly includes following:

- 1) Review product approval process with a view to suitability and appropriateness;
- 2) Formulation and review of comprehensive deposit policy;
- 3) Review of customer feedback gathered through annual customer satisfaction survey of depositors and other customers and suggest action for improvement;
- 4) Review of measures taken for enhancing the quality of customer service;
- 5) Review the findings of tri-ennial audit on customer service;
- 6) Review of branding, marketing and customer engagement activities of the bank;
- 7) Review of activities undertaken to promote digital payments;
- 8) Update on the Agenda, Minutes and Actionable of "Standing Committee of Customer Service";
- 9) Update on the activities undertaken for promotion of digital products;

- 10) Update on Customer Liability Cases - (Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions);
- 11) Update on Internal Ombudsman activities & analysis of cases referred;
- 12) Control measure for ATMs;
- 13) Understanding the broad trends and concentration in the growth of customer grievances and their resolution including mis-selling, particularly third-party products;
- 14) Appropriateness of products to different customer segments;
- 15) Reconciliation of transactions at ATMs failure – time limit; and
- 16) To review customer complaints addressed to the members of the Board.

3.c.4 Meetings & Attendance:

During FY 2020-21, Two meetings of Stakeholders Relationship & Customer Service Committee (earlier named as Stakeholders Relationship & Service Excellence Committee) were held on June 23, 2020, and September 09, 2020.

After the split of Stakeholders Relationship & Customer Service Committee, Two meetings of Stakeholders Relationship Committee were held on December 09, 2020 and March 09, 2021 and Two meetings of Customer Service Committee were held i.e. on December 09, 2020 and March 09, 2021. the details of attendance at the said meetings are as under:

Stakeholders Relationship & Customer Service Committee (earlier named as Stakeholders Relationship & Service Excellence Committee)

Name of Member	No. of Meetings		
	Held	Eligible to attend [@]	Attended
Mr. Mahesh Krishnamurti	2	2	2
Mr. Atul Bheda	2	2	2
Mr. Partha Pratim Sengupta	2	1	0
Mr. Swaminathan Janakiraman	2	2	1
Mr. Vadalur Subramanian Radhakrishnan	2	1	1
Invitee			
Mr. Prashant Kumar	2	2	2

[@] Number of meetings held during the tenure of the Director as a Member/Chairman of the Committee

Note: Due to business exigencies, several resolutions were passed through Circulation and the said resolutions have been noted at the subsequent committee meetings.

Stakeholders Relationship Committee

Name of Member	No. of Meetings		
	Held	Eligible to attend [@]	Attended
Mr. Mahesh Krishnamurti	2	2	2
Mr. Atul Bheda	2	2	2
Mr. Vadalur Subramanian Radhakrishnan	2	2	0
Mr. Ravindra Pandey	2	2	0
Invitee			
Mr. Prashant Kumar	2	2	0

[@] Number of meetings held during the tenure of the Director as a Member/Chairman of the Committee

Note: Due to business exigencies, several resolutions were passed through Circulation and the said resolutions have been noted at the subsequent committee meetings.

Customer Service Committee

Name of Member	No. of Meetings		
	Held	Eligible to attend [@]	Attended
Mr. Mahesh Krishnamurti	2	2	2
Mr. Atul Bheda	2	2	2
Mr. Vadalur Subramanian Radhakrishnan	2	2	1
Mr. Ravindra Pandey	2	2	0
Invitee			
Mr. Prashant Kumar	2	2	1

[@] Number of meetings held during the tenure of the Director as a Member/Chairman of the Committee

3.c.5 Status of Investor Complaints:**Shareholders' Complaints during FY 2020-21:**

Particulars	No. of Complaints
Investor complaints pending as at April 1, 2020	4
Investor complaints received during the year ended on March 31, 2021	1045
Investor complaints resolved during the year ended March 31, 2021	1027
Investor complaints pending as on March 31, 2021	22

Shareholders' Requests during FY 2020-21:

Particulars	No. of Requests
Investor requests pending as at April 1, 2020	32
Investor requests received during the year ended on March 31, 2021	5781
Investor requests resolved during the year ended March 31, 2021	5694
Investor requests pending as on March 31, 2021	119

The Bank receives investor complaints through various sources and informs the Stakeholders Relationship Committee of the Board on the resolution and redressal of the complaints, and also to the Board on quarterly basis. The Bank receives investor complaints from Stock Exchanges, SEBI Complaints Redress System (SCORES), Registrar of Companies, Mumbai, through the Bank's Registrar and Transfer Agents, directly from investors' correspondence and from the investors personal visits to the Bank.

The Bank has designated Email IDs namely shareholders@yesbank.in for Equity investors and bondholders@yesbank.in for bond holders for reporting complaints/grievances. The said Email IDs are also displayed on the website of the Bank.

3.c.6 Details of Compliance Officer:

Mr. Shivanand R. Shettigar, Company Secretary, acts as the Compliance Officer of the Bank as per SEBI LODR.

d) Risk Management Committee:

The Committee was re-named as "Risk Management Committee" from "Risk Monitoring Committee" in the Board meeting held on June 25, 2020.

3.d.1 Constitution & Composition:

The constitution and composition of the Risk Management Committee during the year was as under:

Name of Member	Position	Category	Date of Appointment	Date of Cessation
Mr. Sunil Mehta	Chairman	Non-Executive Director	March 26, 2020	N.A.
Mr. Atul Bheda	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Partha Pratim Sengupta	Member	Nominee Director of State Bank of India	March 26, 2020	July 24, 2020

Name of Member	Position	Category	Date of Appointment	Date of Cessation
Mr. Swaminathan Janakiraman	Member	Nominee Director of State Bank of India	March 26, 2020	October 28, 2020
Mr. Prashant Kumar	Member	Executive Director (MD&CEO)	March 26, 2020	N.A.
Mr. Vadalur Subramaniam Radhakrishnan	Member	Nominee Director of State Bank of India	August 07, 2020	N.A
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A

Note:

a. The Chairman of the Risk management committee is a Chairman of the Board of Directors of the Bank.

3.d.2 Terms of Reference:

The terms of reference of the Risk Management Committee includes following:

- 1) Promote prudent Risk Culture in the Bank and integrate risk management into the Bank's goals and compensation structure;
- 2) Assess that the Risk universe (internal as well as external) for the Bank has been adequately identified. Monitor risk profile of the Bank (including credit risk, market risk, liquidity risk, IRRBB, operational risk, model risk, reputation risk, information security risk, cyber security related risk, financial risk, sustainability (particularly ESG related risks) etc.) within the Board approved overall Risk Appetite of the Bank as outlined in the ICAAP document;
- 3) Evaluate the adequacy of the risk management function, the qualifications and background of senior risk officials and review the adequacy of the staffing of the Risk Management function to perform its role appropriately;
- 4) Oversee the Bank's Enterprise Risk Management framework, covering risk identification, measurement, monitoring and mitigation;
- 5) Review, approve and recommend for the Board risk management policies, systems, processes & risk management framework at least once in two years, by considering the changing industry dynamics and evolving complexity. Review and assess the effectiveness of the policies, processes and framework including business continuity plan address deficiencies and recommend improvements to ensure internal control of the identified risks;

- 6) Review, assess and approve setting up of Bank's Risk Appetite and limits. Monitor compliance of risk limits and recommend appropriate actions in cases of breaches;
- 7) Review, assess and approve setting up of stress testing scenarios as well as review breaches therein; suggest remedial actions if any;
- 8) Monitoring compliance as well as critically analyzing various risk parameters and providing direction for corrective action wherever necessary;
- 9) Review of the Bank's portfolio and providing necessary guidance to Management;
- 10) To review the minutes of Executive level Committees such as Asset Liability Committee (ALCO), Operational Risk Management Committee (ORMC), Security Council Meeting, Enterprise Risk, Reputation Risk and Model Assessment Committee (ERMC) and any other risk related committees as applicable;
- 11) To review the Products and the Processes (new and existing) which has been approved the Product and Process Approval Committee (PPAC).
- 12) 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 Board of Directors of the Bank or under any applicable laws as may be prescribed from time to time.
- 13) To review the appointment, removal and terms of remuneration of the Chief Risk Officer
- 14) To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if necessary.
- 15) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- 16) To conduct Meeting of Chief Risk Officer with the Committee in accordance with RBI Circular No.DBR.BP.BC.No.65/21.04.103/2016-17 dated April 27, 2017

3.d.3 Meetings & Attendance:

During FY 2020-21, Seven meetings of the Risk Management Committee were held on April 16, 2020, May 06, 2020, July 27, 2020, October 22, 2020, January 14, 2021, January 21, 2021, March 08, 2021.

The participation of the Members at the meetings of the Committee held during the year were as under:

Name of Member/ Invitee	No. of Meetings during the year		
	Held	Eligible to attend [@]	Attended
Mr. Sunil Mehta	7	7	7
Mr. Atul Bheda	7	7	7
Mr. Partha Pratim Sengupta	7	2	2
Mr. Swaminathan Janakiraman	7	4	3
Mr. Vadalur Subramaniam Radhakrishnan	7	5	4
Mr. Ravindra Pandey	7	3	1
Mr. Prashant Kumar	7	7	7

[@] Number of meetings held during the tenure of the Director as a Member/Chairman of the Committee

e) Corporate Social Responsibility Committee:

3.e.1 Constitution & Composition:

The constitution and composition of the Corporate Social Responsibility Committee during the year was as under:

Name of Member	Position	Category	Date of Appointment	Date of Cessation
Mr. Atul Bheda	Chairman	Non-Executive Director	March 26, 2020	N.A.
Mr. Mahesh Krishnamurti	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Swaminathan Janakiraman	Member	Nominee Director of State Bank of India	March 26, 2020	October 28, 2020
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A.

3.e.2 Terms of Reference:

The terms of reference of the Corporate Social Responsibility (CSR) Committee includes following:

- 1) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013.
- 2) To recommend the amount of expenditure to be incurred on CSR activities as indicated in the CSR Policy to the Board in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

- 3) To monitor the CSR Policy of the Bank from time to time.
- 4) To formulate and recommend to the Board:
 - a. An annual action plan and status of fund utilization, whenever required
 - b. Details of need and impact assessment, if any, for the projects undertaken by the company
 - c. The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act
 - d. The manner of execution of such projects or programmes as specified
 - e. The modalities of utilization of funds and implementation schedules for the projects or programmes;
 - f. Monitoring and reporting mechanism for the projects or programmes; whenever required in pursuance of Corporate Social Responsibility Policy.
- 5) To ensure that:
 - a. The administrative overheads do not exceed five percent of total CSR expenditure of the company for the financial year,
 - b. The funds disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to this effect.
- 6) To consider and recommend the Annual CSR Report to the Board for approval.
- 7) 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.
- 8) To formulate and recommend to the Board, the BANK's Donation Policy which shall indicate the donations made by the Bank in accordance with RBI Guidelines issued on December 21, 2005.
- 9) To review the updates from the Sustainability Council.
- 10) To review and recommend to the Board, the Third-Party Assurance provider for assurance services on non-financial reporting.
- 11) To get updates, if any, from CSR Implementation Partners.

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3.e.3 Meetings & Attendance:

During FY 2020-21, Three meetings of the Corporate Social Responsibility Committee were held on May 20, 2020, November 11, 2020, February 16, 2021. The participation of the Members at the meetings of the Committee held during the year were as under:

Name of Member/ Invitee	No. of Meetings during the year		
	Held	Eligible to attend [@]	Attended
Mr. Atul Bheda	3	3	3
Mr. Mahesh Krishnamurti	3	3	3
Mr. Swaminathan Janakiraman	3	1	0
Mr. Ravindra Pandey	3	1	1
Permanent Invitee			
Mr. Prashant Kumar	3	3	2

[@] Number of meetings held during the tenure of the Director as a member/Chairman of the Committee

f) Board Credit Committee:**3.f.1 Constitution & Composition:**

The constitution and composition of the Board Credit Committee during the year was as under:

Name of Member	Position	Category	Date of Appointment	Date of Cessation
Mr. Sunil Mehta	Chairman	Non-Executive Director	March 26, 2020	N.A.
Mr. Mahesh Krishnamurti	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Swaminathan Janakiraman	Member	Nominee Director of State Bank of India	March 26, 2020	August 7, 2020
Mr. Prashant Kumar	Member	Executive Director (MD&CEO)	March 26, 2020	N.A.
Mr. Vadalur Subramaniam Radhakrishnan	Member	Nominee Director of State Bank of India	August 07, 2020	N.A.

3.f.2 Terms of Reference:

The broad terms of reference of the Board Credit Committee include following:

- 1) To approve / review credit proposals that are beyond the approval authority of the Management Credit Committee (MCC);

- 2) To approve any other aspects of credit proposals;
- 3) To approve Investment proposals beyond limits / thresholds delegated to Asset Liability Management Committee (ALCO);
- 4) To approve resolution plans for stressed assets that are beyond the approval authority of the Stressed Asset Management Committee (SAMC), including but not limited to proposals for settlement of debt.
- 5) To review specific cases that might need special attention as and when recommended by MCC / ALCO/SAMC;
- 6) To approve/review aspects and proposals that are specifically delegated to the Board Credit Committee by the Board or as also recommended by RBI from time to time:
 - a. Loans and advances, aggregating ₹25 lakhs and above to the 'relatives' of the Bank's Chairman/ Managing Director or to Directors of other banks and their relatives or any firm in which any of such 'relatives' is interested as a partner or guarantor or any company in which such 'relatives' hold substantial interest as a director or guarantor. In case where any Bank's Director is an interested person or has any conflict of interest, then he/she may recuse themselves from the decision making and remaining directors may accordingly discuss the proposal. In absence of quorum, the proposal may be referred to the Board for approval. All such sanctioned proposals would be reported to the Board on a quarterly basis.
 - b. Financing acquisition of shares in an existing company, which is engaged in implementing or operating an infrastructure project in India adhering to specific conditions pertaining to extent of financing, security of shares to be obtained and tenor.
 - c. Exception approval of additional 5% of the Bank's eligible capital base (over and above limit of 20% of the Bank's eligible capital base) for Single Counterparty Limit. Such exceptions will be reported to the Board.
 - d. Approval for sale of stressed financial assets, either basis list identified by the Bank at the beginning of year as recommended by ARM team in consultation with Credit, or basis periodic review (on a semi-annual basis) of all NPAs above a threshold of INR 25 Cr, or for sale of a stressed asset outside of these lists.
- 7) To approve/ratify any exceptions to the Board approved Credit and Investment Policy, where such exceptions are within the overall Regulatory Framework and guidelines. The reporting framework must ensure that such exceptions are subsequently highlighted to the RMC/Board.

- 8) To review the minutes of MCC and SAMC; and
- 9) 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 Board of Directors of the Bank or under any applicable laws, as may be prescribed from time to time.

3.f.3 Meetings & Attendance:

During the FY 2020-21, Thirty Five Meetings of the Board Credit Committee were held on April 17, 2020, May 05, 2020, May 13, 2020, May 20, 2020, June 08, 2020, June 17, 2020, June 24, 2020, July 01, 2020, July 08, 2020, July 15, 2020, August 05, 2020, August 12, 2020, August 19, 2020, September 02, 2020, September 16, 2020, September 23, 2020, September 30, 2020, October 07, 2020, October 14, 2020, October 21, 2020, November 04, 2020, November 18, 2020, November 25, 2020, December 02, 2020, December 16, 2020, December 23, 2020, January 06, 2021, January 13, 2021, January 20, 2021, February 03, 2021, February 10, 2021, March 03, 2021, March 12, 2021, March 19, 2021 and March 24, 2021

The participation of the Members at the Meetings of the Committee held during the year were as under:

Name of Member/ Invitee	No. of Meetings during the year		
	Held	Eligible to attend [@]	Attended
Mr. Prashant Kumar	35	35	34
Mr. Sunil Mehta	35	35	35
Mr. Mahesh Krishnamurti	35	35	34
Mr. Swaminathan Janakiraman	35	11	3
Mr. Vadalur Subramanian Radhakrishnan	35	24	16

[@] Number of meetings held during the tenure of the Director as a member/Chairman of the Committee

Note: Due to business exigencies, several resolutions were passed through Circulation and the said resolutions have been noted at the subsequent committee meetings.

g) IT Strategy Committee:

3.g.1 Constitution & Composition:

The constitution and composition of the IT Strategy Committee during the year was as under:

Name of Member	Position	Category	Date of Appointment	Date of Cessation
Mr. Mahesh Krishnamurti	Chairman	Non-Executive Director	March 26, 2020	N.A.
Mr. Sunil Mehta	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Partha Pratim Sengupta	Member	Nominee Director of State Bank of India	March 26, 2020	July 24, 2020
Mr. Prashant Kumar	Member	Executive Director (MD&CEO)	March 26, 2020	N.A.
Mr. Swaminathan Janakiraman	Member	Nominee Director of State Bank of India	August 07, 2020	October 28, 2020
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A.

3.g.2 Terms of Reference:

The broad terms of reference of the IT Strategy Committee includes following:

- 1) To perform oversight functions over the IT Steering Committee (at a senior management level);
- 2) To investigate activities within this scope;
- 3) To seek information from any employee;
- 4) To obtain outside legal or professional advice;
- 5) To secure attendance of outsiders with relevant expertise, if it considers necessary;
- 6) To work in partnership with other Board committees and Senior Management to provide input, review and amend the aligned corporate and IT strategies;
- 7) To approve IT strategy and policy documents;
- 8) To review that the management has put an effective strategic planning process in place;
- 9) To ratify the IT strategy in alignment with the business strategy;

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- 10) To provide guidance on the IT organizational structure to complements the business model;
- 11) To review whether the management has implemented processes and practices that ensure that the IT delivers value to the business;
- 12) To review that IT & Security tools investments & budgets represent a balance of risks and benefit and that budgets are acceptable;
- 13) To 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;
- 14) To review whether there is a proper balance of IT investments for sustaining bank's growth;
- 15) To become aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks;
- 16) To assess Senior Management's performance in implementing IT strategies;
- 17) To issue high-level policy guidance (e.g. related to risk, funding, or sourcing tasks);
- 18) To confirm whether IT or business architecture is to be designed, so as to derive the maximum business value from IT;
- 19) To 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;
- 20) To review IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value);
- 21) To approve the Cyber Security Policy and Cyber Crisis Management Plan;
- 22) To be aware of the global cyber security threat landscape and provide guidance on its applicability to the Bank;
- 23) To review the implementation of cyber security tools and processes in line with the approved policies and regulatory directives;
- 24) To perform any other functions or duties 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;

- 25) Annual Review of Prepaid Instruments Security Policy;
- 26) Uptime Threshold for the ATMs;
- 27) Digital Channels & Payment Products – Key Achievements & Metrics for Financial Year;
- 28) Disaster Recovery Readiness;
- 29) Central Data and analytics advisory/updates by CDAG team.

3.g.3 Meetings & Attendance:

During FY 2020-21, Five meetings of the IT Strategy Committee were held on April 16, 2020, June 23, 2020, September 08, 2020, November 11, 2020 and February 16, 2021. The participation of the Members at the Meetings of the Committee held during the year were as under:

Name of Member/ Invitee	No. of Meetings during the year		
	Held	Eligible to attend [@]	Attended
Mr. Mahesh Krishnamurti	5	5	5
Mr. Sunil Mehta	5	5	5
Mr. Partha Pratim Sengupta	5	2	1
Mr. Prashant Kumar	5	5	5
Mr. Swaminathan Janakiraman	5	1	1
Mr. Ravindra Pandey	5	2	2

@ Number of meetings held during the tenure of the Director as a member/Chairman of the Committee

Note: Due to business exigencies, few resolutions were passed through Circulation and the said resolutions have been noted at the subsequent committee meetings.

h) Fraud, Willful Defaulters and Non-Cooperative Borrowers Monitoring Committee:

The "Board Committee on Willful Defaulters and Non Co-operative Borrowers" was consolidated into "Fraud Monitoring Committee" on March 26, 2020 and the Committee was re-named as Fraud, Willful Defaulters and Non-Cooperative Borrowers Monitoring Committee.

3.h.1 Constitution & Composition:

The Fraud, Willful Defaulters and Non-Cooperative Borrowers Monitoring Committee was re-constituted effective from March 26, 2020 as under:

Name of Member	Position	Category	Date of Appointment	Date of Cessation
Mr. Prashant Kumar	Chairman	Executive Director (MD&CEO)	March 26, 2020	N.A.
Mr. Atul Bheda	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Partha Pratim Sengupta	Member	Nominee Director of State Bank of India	March 26, 2020	July 24, 2020
Mr. Swaminathan Janakiraman	Member	Nominee Director of State Bank of India	March 26, 2020	October 28, 2020
Mr. Mahesh Krishnamurti	Member	Non-Executive Director	November 12, 2020	N.A.
Mr. Vadalur Subramanian Radhakrishnan	Member	Nominee Director of State Bank of India	August 07, 2020	N.A.
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A.

3.h.2 Terms of Reference:

The terms of reference of the Fraud, Willful Defaulters and Non-Cooperative Borrowers Monitoring Committee includes following:

- 1) To monitor and review in detail all frauds, involving an amount of ₹1 Crore and above so as to:
 - a) Identify the systematic lacunae, if any, that facilitate perpetration of the fraud and put in place measures to plug the same;
 - b) Identify reasons for delay in detection and reporting of frauds to top management of the Bank and the Reserve Bank of India/SFIO, etc.;
 - c) Monitor progress of the investigations by Central Bureau of Investigation/ Police in respect of the cases and recovery position thereof;
 - d) Ensure that staff accountability is examined at all levels in the cases of frauds and action against staff, if required, is completed quickly, with minimum loss of time;
 - e) Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal control environment;
- 2) To review update on Forensic Audit of 'Red Flagged Accounts' (RFAs), Non-Performing Assets (NPAs) and Suspected Fraud (SF) Accounts;

- 3) To review electronic banking frauds;
- 4) To review and confirm the order of the Committee for Classification of borrowers as "Non-Cooperative Borrowers" or "Willful Defaulter";
- 5) To review the status of "Non-Cooperative Borrowers" or "Willful Defaulters" at least on half yearly or at such other intervals as may be required by RBI;
- 6) To decide on removal of the names from the list of "Non-Cooperative Borrowers" or "Willful Defaulters" as reported to Central Repository of Information of Large Credits (CRILC);
- 7) To review, note and decide on any matter pertaining to "Non-Cooperative Borrowers" or "Willful Defaulters".
- 8) To review/ consider publication of the photographs of borrowers, including proprietors/ partners/directors/ guarantors of borrower firms/ companies, who have been declared as willful defaulters; and
- 9) To perform any other act, duties 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.

3.h.3 Meeting and attendance:

Fraud, Willful Defaulters and Non-Cooperative Borrowers Monitoring Committee

During FY 2020-21, Six Meetings of Fraud, Willful Defaulters and Non-Cooperative Borrowers Monitoring Committee were held on May 05, 2020, June 23, 2020, September 09, 2020, January 12, 2021, February 18, 2021 and March 09, 2021. The participation of the Members at the Meetings of the Committee held during the year were as under:

Name of Member/ Invitee	No. of Meetings during the year		
	Held	Eligible to attend [@]	Attended
Mr. Prashant Kumar	6	6	6
Mr. Atul Bheda	6	6	6
Mr. Partha Pratim Sengupta	6	2	2
Mr. Swaminathan Janakiraman	6	3	1
Mr. Mahesh Krishnamurti	6	3	3
Mr. Vadalur Subramanian Radhakrishnan	6	4	1
Mr. Ravindra Pandey	6	3	2

[@] Number of meetings held during the tenure of the Director as a member/Chairman of the Committee

i) Capital Raising Committee:**3.i.1 Constitution & Composition:**

The constitution and composition of the Capital Raising Committee during the year was as under:

Name of Member	Position	Category	Date of Appointment	Date of Cessation
Mr. Sunil Mehta	Chairman	Non-Executive Director	March 26, 2020	N.A.
Mr. Mahesh Krishnamurti	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Atul Bheda	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Swaminathan Janakiraman	Member	Nominee Director of State Bank of India	March 26, 2020	October 28, 2020
Mr. Prashant Kumar	Member	Executive Director (MD&CEO)	March 26, 2020	N.A.
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A.

3.i.2 Terms of Reference:

The broad terms of reference of the Capital Raising Committee includes following:

- 1) To analyze various options for infusion of capital and funds by issue of various securities including equity shares, preference shares, debentures, bonds, BASEL III compliant Tier I & Tier II Instruments, other debt securities, etc.;
- 2) To approve issue of securities in one or more tranches to various potential Investors within the overall limit as approved by the Board / Shareholders and determine price/ price range for the securities;
- 3) To engage/ appoint the issue management and issue related agencies;
- 4) To incur necessary expenditure relating to capital and fund raising exercise;
- 5) To perform all activities with regard to fund raising by various methods/means/options under the authority of Board and Shareholders; and
- 6) To do all such acts, deeds as the Board may delegate in connection with the capital and fund raising exercise.

3.i.3 Meetings & Attendance:

During FY 2020-21, Eight Meetings of the Capital Raising Committee were held on April 28, 2020, May 04, 2020, June 18, 2020, July 07, 2020, July 10, 2020, July 14, 2020, July 23, 2020 and August 07, 2020. The participation of the Members at the Meetings of the Committee held during the year were as under:

Name of Member/ Invitee	No. of Meetings during the year		
	Held	Eligible to attend [@]	Attended
Mr. Sunil Mehta	8	8	8
Mr. Mahesh Krishnamurti	8	8	8
Mr. Atul Bheda	8	8	8
Mr. Swaminathan Janakiraman	8	8	8
Mr. Prashant Kumar	8	8	8
Mr. Ravindra Pandey	8	0	0

[@] Number of meetings held during the tenure of the Director as a member/Chairman of the Committee

Note: Due to business exigencies, several resolutions were passed through Circulation and the said resolutions have been noted at the subsequent committee meetings.

j) Meeting of the Independent Directors:

The current composition of Board of Directors of the Bank does not comprise of Independent Director(s) as it is governed under the YBL Reconstruction Scheme, 2020 notified by the Government of India.

4. DISCLOSURES:**(a) Related Party Transactions:**

During the year, the Bank has entered into transactions with the related parties in the ordinary course of business. The Bank has not entered into any materially significant transactions with the related parties including Directors, Key Managerial Personnel, Subsidiaries or Relatives of the Directors, which could lead to a potential conflict with the interest between the Bank and these parties. The details of the transactions with related parties, if any, were placed before the Audit Committee from time to time. There were no material individual transactions with related parties, which were not in the ordinary course of business of the Bank, nor were there any transactions with related parties, which were not on arm's length basis. There are no Related Party Transactions to be reported under Section 188(1) of the Companies Act, 2013, in form AOC-2. Suitable disclosure as required by the Accounting Standards (AS-18) has been made in the notes to the Financial

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Statements. Further, the Bank has submitted disclosure with the stock exchanges on Related Party Transactions, on consolidated basis, drawn in accordance with applicable accounting standards as per the requirements of Regulation 23(9) of SEBI LODR for the half year ended March 31, 2020, September 30, 2020 and March 31, 2021 respectively.

The Board of Directors has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and SEBI LODR. The same is displayed on the website of the Bank at https://www.yesbank.in/pdf/policies_pdf6.

(b) Strictures and Penalties by statutory authority for last three financial Years:

For FY 2020-21:

During the year No penalties or strictures were imposed on the Bank by Reserve Bank of India.

However, SEBI had issued a show cause notice dated October 28, 2020 to the Bank and its Officials in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15I of SEBI Act and to inquire into and adjudge under Section 15HA of the SEBI Act 1992 for the alleged violation of the provisions of Section 12A (b) and 12A (c) of the SEBI Act and Regulation 3(a), 3(c), 3(d), 4(1), and 4 (2) (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 read with Explanation (1) to Regulation 4 (2) of said regulations with regard to Additional Tier 1 Bonds ("AT-1 Bonds"). Subsequent to audit period, SEBI vide its Order dated April 12, 2021 has imposed a penalty of ₹25 Crore against the Bank under Section 15 HA of SEBI Act, 1992 for the alleged mis-selling of AT-1 Bonds in the secondary market. Further, the Bank had made an appeal against the SEBI Order and on 21st May 2021 Securities Appellate Tribunal (SAT) has issued a stay order against the SEBI order.

Further, SEBI had issued a show cause notice dated October 26, 2020 to the Bank and its Officials in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15I of SEBI Act and to inquire into and adjudge under Section 15HA of the SEBI Act 1992 the alleged violation of the provisions of Section 12A (c) of the SEBI Act and Regulation 3(a), 3(d), 4(1) 4 (2) (k) and 4 (2) (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 committed by the Bank and its Officers with regard to disclosure to the exchanges regarding 'Nil' Divergence in Asset Classification and Provisioning for Position as on March 31, 2018.

For FY 2019-20:

During the year, Reserve Bank of India ("RBI") vide its Speaking Order dated April 22, 2019 imposed a penalty of ₹11,25,000/- (Rupees Eleven Lakhs Twenty Five Thousand only) under Section 30(1) of the Payment and Settlement Systems Act, 2007 on the Bank.

The Bank had also paid fine of ₹159,300 (Rupees One Lakh Fifty Nine Thousand Three Hundred Only) (including applicable taxes) to BSE Limited and National Stock Exchange of India Limited for delay in publishing financial results for the quarter and nine months ended December 31, 2019 in terms of the provisions of SEBI Standard Operating Process. The delay in filing the financial results was due to the capital raising activities being undertaken by the Bank and a detailed reason was filed with the Exchanges for delay.

Further the Bank had paid a settlement amount of ₹51,60,000 (Rupees Fifty One Lakhs and Sixty Thousand only) and a sum of ₹14,45,000 (Rupees Fourteen Lakhs and Forty Five Thousand only) was paid by the Compliance Officer of the Bank in a matter regarding disclosure of Nil divergence to Stock Exchange. The amount was paid in terms of Securities and Exchange Board of India (Settlement proceeding) Regulations, 2018 without admitting or denying the guilt.

For FY 2018-19:

SEBI had issued a show cause notice dated June 16, 2017 to the Bank under Section 15-I of SEBI Act, 1992 and Section 23-I of the Securities Contracts (Regulation) Act, 1956, to inquire into and adjudge alleged violation of SEBI LODR, 2015, in respect of the withdrawn QIP in September 2016. Pursuant thereto, the Bank filed an application under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014. SEBI vide its Settlement Order dated June 29, 2018 disposed of the adjudication proceedings initiated against the Bank and the Bank paid ₹40,80,000 (Rupees Forty Lakhs Eighty Thousand only) without admitting or denying the violation.

(c) Whistle Blower Policy:

In compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements, 2015) and other applicable laws and in accordance with principles of good corporate governance, the Bank has devised and implemented a Vigil Mechanism, in the form of 'Whistle Blower Policy'. The policy devised is also aligned to the recommendations of Protected Disclosure Scheme for Private Sector Banks and Foreign Banks, instituted by RBI. This policy enables a Whistle Blower to raise concerns relating to reportable matters (as elucidated in the said policy) such as non-adherence to the Code of Conduct, Suspected/actual fraud, corruption, misuse of office, criminal offences, financial irregularities etc., without fear of reprisals and to provide for

CORPORATE GOVERNANCE REPORT

independent investigation. The framework of the policy endeavors to simplify and smoothen the process for Whistle Blower and foster responsible reporting, a Whistle Blower cannot resort to the Whistle Blower Policy to report his/ her personal grievances. The concerns can be raised through 'Corporate Whistle Blower Initiative' (CWI) portal, which is an independent online reporting service aimed at facilitating a secure communication between the Whistle Blower and independent Whistleblower Committee constituted by the Bank. The policy has provisions to safeguard Whistle Blower against victimization. As a responsible and vigilant organization, the Bank encourages responsible and fearless reporting of genuine concerns or grievances and also provides for direct access to the Chairperson of the Audit Committee, in exceptional cases. The functioning of the Vigil Mechanism is reviewed by the Audit Committee regularly. None of the Whistle Blowers have been denied access to the Audit Committee. The details of the Whistle Blower Policy are available on the website of the Bank <https://www.yesbank.in/pdf/whistleblowerpolicy>.

(d) Compliance with Mandatory Requirements of the SEBI LODR & Adoption of Non-mandatory Requirements of the SEBI LODR:

The Board of Directors review the compliance of all applicable laws every quarter. The Bank has in place a compliance framework for adherence to the mandatory requirements of Corporate Governance norms as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI LODR to the extent applicable to the Bank.

In addition to the mandatory requirements, the Bank has also adopted the following non-mandatory requirements as suggested Part E of Schedule II read with Regulation 27(1) of the SEBI LODR:

- A. The Board:** The Bank has a non-executive chairperson who is entitled to maintain an office at the Bank's expense and also allowed reimbursement of expenses incurred in performance of his duties.
- B. Shareholder Rights:** A half-yearly declaration of financial performance including summary of the significant events in last six-months though are not being sent to each household of shareholders, the same are presented to Investors/Analysts in their meeting and issued as a press release to reach out to the general public. The copy of the presentation is also made available on Bank's website for shareholders information.
- C. Modified opinion(s) in audit report:** The financial statements of the Bank are with unmodified audit opinion.

- D. Reporting of internal auditor:** The Chief Internal Auditor of the Bank reports directly to the Audit Committee.

(e) Subsidiary Companies:

The Bank did not have any material subsidiary during the FY 2020-21. The Bank has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the SEBI LODR and the same is displayed on the website of the Bank <https://www.yesbank.in/about-us/corporate-governance>

The Bank has three subsidiaries as of March 31, 2021 viz., YES Securities (India) Limited ('YSIL'), YES Asset Management (India) Limited ('YAMIL') and YES Trustee Limited ('YTL') and the Audited Annual Financial Statements of all the subsidiaries have been provided to the Audit Committee of the Bank in particular, the investments made by the unlisted subsidiary. Further, the minutes of the meetings of the Board of subsidiary companies are placed in the meetings of the Board of Directors of the Bank on Quarterly basis for their review. Statement of significant transactions/arrangements entered into by the unlisted subsidiary companies of the Bank are also placed at the meetings of the Board of Directors of the Bank on Quarterly basis, for their review.

(f) Disclosure of commodity price risks and commodity hedging activities: Information on the commodity price risk or foreign exchange risk and hedging activities in the Bank:

The Bank has Board approved Market Risk policy which defines risk control framework for undertaking any Commodity price risk and Foreign exchange risk. Vide Market Risk policy, Board of the Bank has defined overall Net Overnight Open Position (NOOP) Limit, Stop Loss Limit, Aggregate Gap limit (AGL), Value at Risk (VaR) limit to control the Commodity Price / Foreign exchange risk within its risk control framework. The Bank has not undertaken any commodity price risk during the period. The Bank has undertaken all commodity transactions on back to back basis. Further, the Bank has not exceeded any of its Board approved risk limit framework with respect to Foreign Exchange Risk during the period.

The Bank uses Derivatives including Forwards & swaps for hedging its currency risk in its balance sheet, customer offerings and proprietary trading in compliance with overall risk limit and control framework. The management of these products and businesses is governed by Board approved Market Risk Policy, Investment Policy, Derivatives Policy, Hedging Policy and ALM policy of the Bank.

Whether the commodity price risks and commodity hedging activities are disclosed to the shareholders/publicly:

The Bank has not undertaken any commodity price risk during the period. The Bank has undertaken all commodity transactions on back to back basis.

(g) Details of utilization of funds raised through Qualified Institutions Placement as specified under Regulation 32 (7A):

During the FY 2020-21 no funds were raised through Qualified Institution Placements. However, the Bank has made an issue of Equity Shares through Follow-on Public Offer. The funds were utilized for the purpose which was stated in the Prospectus.

(h) Certificate under Regulation 34(3) of SEBI LODR:

The Bank has obtained a Certificate pursuant to the Regulation 34(3) read with Schedule V of the SEBI LODR, from M/s. Bhandari & Associates, Practicing Company Secretaries, Mumbai, confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the Companies either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities. The said certificate forms part of this report.

(i) Recommendation of Committee not accepted by Board:

There are no recommendations of the Committees that are not accepted by the Board of Directors.

(j) Fees paid to Statutory Auditors:

The total fees incurred by the Bank and its subsidiaries on a consolidated basis, for services rendered by Statutory auditors is given below:

Company (₹)	Audit Fee	Certification Fee	Out of Pocket Expenses	Total
YBL	2,10,00,000	1,32,05,000	14,93,900	3,56,98,900
Subsidiaries	23,56,108	-	16,000	23,72,108
YSEC	17,14,000	-	16,000	17,30,000
YAMIL	4,60,000	-	-	4,60,000
YTL	1,82,108	-	-	1,82,108

Note:

- » No services have been availed from network firm of statutory auditor
- » Above numbers does not include taxes which are paid on actual basis

(k) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Particulars	No. of Complaints
Number of Complaints carried forward from last year	2
Number of Complaints filed during the Financial Year	10
Number of Complaints disposed of during the Financial Year	11
Number of Complaints pending as on the end of the Financial Year	1

(l) Code of Conduct and Ethics:

The Board has formulated and adopted Code of Conduct and Ethics for the Board of Directors and Senior Management. The said code has been reviewed and approved by the Board at its meeting held on October 23, 2020 and March 26, 2021 and also has been hosted on the website of the Bank at <https://www.yesbank.in/pdf/policies>.

The Declaration signed by the Managing Director & CEO of the Bank stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management is annexed and forms part of this Report.

(m) Compliance Certificate for the Corporate Governance:

The Bank has obtained certificate affirming the Compliances of conditions of Corporate Governance from M/s. Bhandari & Associates, Practicing Company Secretaries, Mumbai which is annexed to the Directors' Report. M/s. Bhandari & Associates has confirmed that the Bank has complied with the conditions of Corporate Governance as prescribed under SEBI LODR with exception reported therein.

(n) Disclosures with respect to Demat Suspense Account/ Unclaimed Suspense Account:

- » Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year - Nil
- » Number of shareholders who approached listed entity for transfer of shares from suspense account during the year - 13
- » Number of shareholders to whom shares were transferred from suspense account during the year - 13

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- » Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - Nil
- » That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares - N.A

(o) Managing Director & CEO / CFO Certification:

The Managing Director & CEO and the Chief Financial Officer ('CFO') have issued certificate pursuant to the provisions of Regulation 17(8) of the SEBI LODR, for the FY 2020-21 and the same was placed before the Board of Directors at its meeting held on April 30, 2021.

The Certificate certifies that the Financial Statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. They also certify that, to the best of their knowledge and belief, no transactions entered into during the year were fraudulent, illegal or violative of the code of conduct of the Bank, they are responsible for establishment and maintenance of the Internal Financial Controls for financial reporting and they have indicated to the auditors and the Audit Committee about any significant changes in internal control over financial reporting, significant changes in the accounting policies and instances of significant frauds, if any, which they were aware. The said certificate is annexed and forms part of this Annual Report.

(p) Code of Conduct for Prevention of Insider Trading:

The Bank in accordance with the SEBI (Prohibition of Insider Trading Regulations) 2015 as amended from time to time, has formulated a Code of Conduct for Prevention of Insider Trading ("Bank' Code") for dealing in securities of the Bank under Part A, of the Code.

The Bank has incorporated a Code of Conduct under Part B of the Code for dealing in Securities of other Listed and to be Listed entities ('Grey List Entities') applicable to the Managing Director & CEO, Two level below MD & CEO, KMPs and employees of specified Departments and their immediate relatives having access to UPSI of Grey List entities for various reasons, viz., Business relationship and exposure, etc. and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information under Part C of the Code.

Thus, Bank endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Bank is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations. Accordingly, this Code for Insiders, Designated Persons, KMPs, Directors, and their immediate relatives and

Connected Persons/ Deemed to be Connected Persons for trading in Securities of the Bank and other entities including handling of unpublished price sensitive information and curbing of fraudulent and unfair practices relating to securities market have been framed.

The Bank under the Code maintains a structured digital database containing the nature of unpublished price sensitive information, names of such persons who have shared the information along with names of such persons or entities, as the case may be, with whom information is shared under this Code. Additionally, for the ease of convenience of the Designated employees and as a part of Bank's digitization initiative, the reporting mechanism/ process which facilitates designated employees in reporting of transactions in Securities of the Bank was automated by the Bank and made available under the head of 'YES ACTS' and which can be accessed by the designated employees through intranet. The YES ACTS system allows employees to submit online disclosures while dealing in the Securities of the Bank, i.e. submission of initial and continual disclosures, obtaining of pre-clearances and submission of periodic declarations etc. Thus, enabling the Compliance Officer in monitoring of transactions, for certain acts of omissions/ commissions on the part of the Designated employees viz., non-submission/ delay in submission of disclosure(s) and pre-clearance(s) not taken, trade conducted during window closure period, contra-trade, etc.

Further, based on the Board approved penalty matrix all identified violations are being reported to the Disciplinary Committee for its action(s) which may result into monetary implications depending on the instance and nature of violation.

Also, the Compliance Officer has disclosed to the Stock Exchanges violations by the Designated Persons as concluded by Disciplinary Committee of the Bank in the format as prescribed under SEBI (PIT) Regulations, 2015.

The Bank is sending information e-mailers for the benefit of employees, with a view to increase awareness amongst employees about the applicability of the Bank's Code and reporting requirements under the same.

(q) Dividend Distribution Policy:

In terms of the provisions of Regulation 43A of the SEBI LODR, the Board of Directors of the Bank has formulated and approved the Dividend Distribution Policy with the objective of providing clarity to its stakeholders on the profit distribution strategies of the Bank. The policy is in line with the parameters prescribed thereunder for payment / distribution of dividend to the shareholders. The said Policy has been hosted on the Bank's website under Corporate Governance Section and can be accessed at the link https://www.yesbank.in/pdf/dividend_policy_pdf.

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(r) Integrated Reporting:

SEBI issued a circular dated February 6, 2017 on 'Integrated Reporting by Listed Entities' advising top 500 listed entities, which are required to prepare Business Responsibility Report, to adopt Integrated Reporting (IR) on a voluntary basis from the FY 2017-18 onwards. As a frontrunner in mainstreaming triple bottom line reporting, in FY 2015-16, The Bank became the first Bank in India to release its annual report in line with the International Integrated Reporting Council's Integrated Reporting (IR) guidelines. The Bank continues to publish its Annual Report in line with the IR guidelines for FY 2020-21.

(s) Accounting Treatment:

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under section 133 of the Companies Act 2013 and Companies (Accounting Standards) Amendment Rules, 2016 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, unless otherwise stated by RBI guidelines.

5. SHAREHOLDERS INFORMATION:**(a) General Body Meetings:**

The details of General Body Meeting(s) for the previous three financial years held at Hall of Culture, Ground Floor, Nehru Centre, Discovery of India, Dr. A. B. Road, Worli, Mumbai-400018 and/or through Video Conferencing (VC) / Other Audio Visual Means (OAVM) at the Office of the Bank situated at YES Bank Tower, ONE International Centre, Tower-II, Senapati Bapat Marg, Elphinstone (W), Mumbai-400013.

Meeting Type and Day, Date and time	Special Resolution
16 th Annual General Meeting (conducted through VC/OAVM) Thursday, September 10, 2020 at 11.00 A.M.	<ol style="list-style-type: none"> To approve Alteration of the Articles of Association of the Bank. To approve amendments to Employee Stock Options Scheme - 'YBL ESOS - 2018'.

Meeting Type and Day, Date and time	Special Resolution
Extra-Ordinary General Meeting Friday, February 7, 2020 at 11:00 A.M.	<ol style="list-style-type: none"> To Authorize Capital Raising Through Issuance of Equity Shares or Other Convertible Securities
15 th Annual General Meeting Wednesday, June 12, 2019 at 11.00 A.M.	<ol style="list-style-type: none"> Re-appointment Mr. Brahm Dutt (DIN: 05308908) as an Independent Director for the second term. Authorisation for capital raising through an issuance of debt instruments. Authorisation for capital raising through issuance of Equity Shares or other convertible securities
14 th Annual General Meeting Tuesday, June 12, 2018 at 11.00 A.M.	<ol style="list-style-type: none"> Approval for increase in the borrowing limits from ₹70,000 Crores to ₹1,10,000 Crores. Approval for borrowing/ raising funds in Indian/ foreign currency by issue of debt securities upto ₹30,000 Crore (the 'NCDs') to eligible investors on private placement basis. Approval for raising of capital upto USD 1 Billion by issue of shares or convertible securities in one or more tranches provided however that the aggregate amount raised shall not result in increase of the issued and subscribed equity share capital of the Bank by more than 10% of the then issued and subscribed equity shares of the Bank. Approval of Employee Stock Option Scheme of the Bank - YBL ESOS-2018. Approval for extending the benefits of Employee Stock Option Scheme to the eligible Employees of the Subsidiary Companies of the Bank.

(b) Passing of Resolution through Postal Ballot:

During the Financial Year the Bank had sought approval of the Shareholders through postal ballot;

- » in April 2020 by passing the resolution for raising the additional capital up to ₹5,000 Crore through public issue, preferential issue and/or qualified institutions placement. 55.22% of votes were pulled on outstanding shares, out of which 99.77% were in favour and 0.22% of votes were in against.

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- » In January 2021 by passing the resolution for raising the additional capital up to ₹10, 000 Crore through one or more prospectuses / offer document / placement document / letter of offer or circular, and/or on private placement. 54.97% of votes were pulled on outstanding shares, out of which 98.78% were in favour and 1.22% of votes were in against.

(c) Procedure for Postal Ballot:

In compliance with Sections 108 and 110 of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI LODR, the Bank provides e-voting facility to all its Members to enable them to cast their votes electronically on the matters included in Postal Ballot Notice, instead of dispatching the Postal Ballot Form by post. E-voting is optional and all Members are eligible to vote by completing and dispatching the Postal Ballot Form by post, or through e-voting.

The Bank had engaged the services of Kfin Technologies Private Limited and National Securities Depository Limited respectively for above two postal ballot for the purpose of providing remote e-voting facility to all its Members.

The Board of Directors of the Bank appointed Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. The Postal Ballot exercise was conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 ("the Act") read with Rule 22 of the Companies (Management & Administration) Rules, 2014 ("the Rule"), as amended and General Circular No. 14/2020 dated 8 April, 2020, General Circular No. 17/2020 dated 13 April, 2020, General Circular No. 22/2020 dated 15 June, 2020, General Circular No. 33/2020 dated 28 September, 2020 and General Circular No. 39/2020 dated 31 December, 2020 ("General Circulars") issued by the Ministry of Corporate Affairs (the "MCA") for seeking the approval of the Members.

In view of the extraordinary circumstances due to COVID-19 pandemic requiring social distancing, MCA in terms of its General Circulars, had advised the companies to take all decisions of urgent nature requiring members' approval, other than items of ordinary business or business where any person has a right to be heard, through the mechanism of Postal Ballot/E-Voting in accordance with the provisions of the Act and Rules made thereunder, without holding a general meeting that requires physical presence of members at a common venue. Moreover, in terms of the General Circulars, the Bank had sent Postal Ballot Notice by email to all its members who have registered their email addresses with the Bank or depository / depository participants and the communication of assent / dissent of the members was taken place through the remote e-voting system. The Postal Ballot was accordingly in compliance with the General Circulars.

The Postal Ballot Notice was sent to all to those Members whose names appear on the Register of Members / Statements of Beneficial Holders provided by the Depositories as on the cut-off date.

The Bank had also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the aforesaid provisions of the Act and the said Rules.

Voting rights were reckoned on the paid-up value of the shares registered in the names of the Members as on the said cut-off date. Members desiring to exercise their votes were requested to exercise their vote using the remote e-voting facility before the close of business hours on the last date of e-voting as set out in the Postal Ballot Notice.

The Scrutinizer had submitted his report to the Chairman, after verification of the records and thereafter the consolidated results of the voting were declared by any one of the Directors of the Bank, duly authorised by the Board of Directors, in this regard.

Subsequently, the said results alongwith the report of the Scrutinizer was disclosed to the Stock Exchanges within 48 hours of such declaration, in terms of Regulation 44(3) of the SEBI LODR, uploaded on the website of the Bank and displayed on the notice board at the Registered and Corporate Offices of the Bank. The resolution, passed by requisite majority, were deemed to have been passed on the last date specified by the Bank for receipt of duly completed postal ballot forms or e-voting.

(d) Means of Communication:

The Bank has provided adequate and timely information to its members inter-alia through the following means:

- (1) Quarterly Results are announced through a Press Conference and/or a Press Release sent to leading media publications as well as regulatory notice advertisement.
- (2) The Financial Results, Official News Releases and Presentations are also displayed on the website of the Bank (www.yesbank.in).
- (3) Financial results are published in Financial Express and Navshakti Newspaper
- (4) The presentations made to Institutional Investors and Financial Analysts on the Company's Financial Results are displayed on the website of the Bank (www.yesbank.in). The Bank also informs the Schedule of meeting with the Institutional Investors and Financial Analysts to the Stock Exchanges.

- (5) The Financial and other information filed by the Bank from time to time is also available on the websites of the Stock Exchanges, i.e., BSE Limited (BSE) at www.bseindia.com and the National Stock Exchange of India Limited (NSE) at www.nseindia.com.
- (6) Filings are also made to the London Stock Exchange, Singapore Stock Exchange and India International Exchange IFSC Limited.
- (7) The Bank has established systems and procedures to disseminate relevant information to its stakeholders, including shareholders, analysts, suppliers, customers, employees and the society at large. It also conducts earning calls with analysts and investors.
- (8) Documents like Notices of General Meetings, Annual Reports, Electronic Clearing System (ECS) advises for Dividends, etc. are sent to the shareholders at their e-mail address, as registered with their Depository Participants / Company / Registrar & Transfer Agents (RTA). This helps prompt delivery of document, reduce paper consumption, save trees and avoid loss of documents in transit.

(e) Changes in Equity Share Capital of the Bank:

As on March 31, 2021 the paid-up equity share capital of the Bank was 25,05,49,05,981 (Two Thousand Five Hundred Five Crore Forty Nine Lakhs Five Thousand Nine Hundred And Eighty One Only) equity shares of ₹2 each aggregating to ₹50,109,811,962 (Rupees Five Thousand And Ten Crore Ninety Eight Lakhs Eleven Thousand Nine Hundred And SixtyTwo Only).

The table below gives details of equity evolution of the Bank during the year under review:

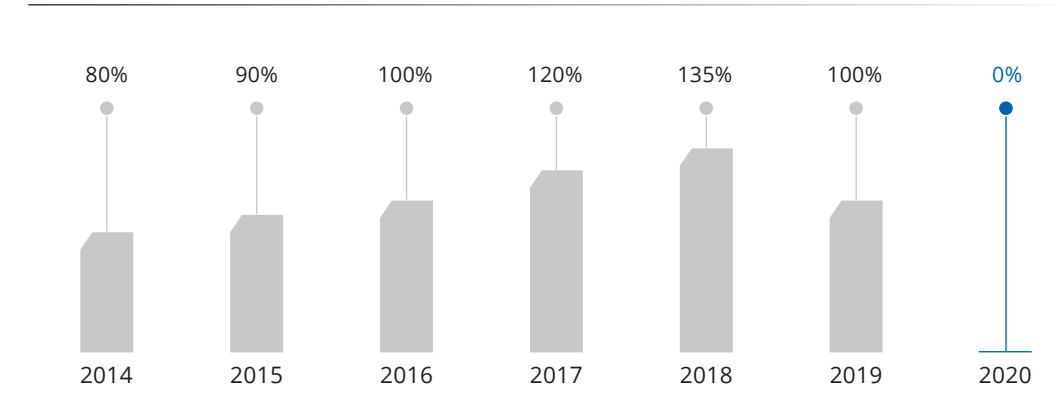
Date of Allotment	Type of Issue	No. of Equity Shares Allotted	Face Value (in ₹)	Cumulative Equity Share Capital (No. of Shares)
July 23, 2020	Further Public Issue (FPO)	12,504,433,750	2.00	25,054,905,981

(f) Dividend:

In view of the lack of distributable surplus the Bank has not declared any dividend.

The Dividend History of the Bank for past seven years is given below:

Dividend FY 2014-2021



(g) Unclaimed Dividend and Transfer of Dividend and Shares to IEPF:

In terms of the provisions of Section 124(5) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF), established by the Central Government, all dividends remaining unpaid / unclaimed for a period of 7 (Seven) years, thereon, from the date of transfer of such Dividend to the Unpaid Dividend Account. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank. However, the shareholders may claim their unclaimed amount as per the procedures / guidelines issued by the Ministry of Corporate Affairs (MCA). Dividends for and upto the Financial Year ended March 31, 2013 have already been transferred to the IEPF and Dividend for the Financial Year ended March 31, 2014 shall be transferred to IEPF after the due date i.e. July 17, 2021.

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The details of Unclaimed Dividends for the FY 2013-14 onwards and the last date for claiming such Dividends are given below:

Dividend for the year ended	Date of Declaration of Dividend	Last date of claiming Dividend
March 31, 2014	June 14, 2014	July 17, 2021
March 31, 2015	June 06, 2015	July 05, 2022
March 31, 2016	June 07, 2016	July 06, 2023
March 31, 2017	June 06, 2017	July 05, 2024
March 31, 2018	June 12, 2018	July 11, 2025
March 31, 2019	June 12, 2019	July 11, 2026

Shareholders who have not encashed their Dividend Warrants relating to the Dividends as specified above are advised to send their request letter for issue of demand drafts to KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) or Nodal officer of the Bank, Mr. Shivanand R. Shettigar. The details of unpaid/unclaimed dividends are available on the website of the Bank <https://www.yesbank.in/about-us/investors-relation/shareholder-information/ir-regulations>.

Transfer of 'Underlying Shares' in respect of which Dividend has not been claimed for seven consecutive years or more, to the IEPF:

In terms of Section 124 (6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, members are requested to note that the shares in respect of which dividends have been unpaid or unclaimed for seven consecutive years or more shall be credited to the IEPF Demat Account maintained with depositories. Upon transfer of such shares, all benefits (eg. bonus, spilt etc.), if any, accruing on such shares shall also be credited to the IEPF Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

In this connection, the Bank had sent intimation letters to members in respect of the shares on which dividend had remained unpaid or unclaimed for seven consecutive years or more, requesting them to claim such dividend so as to avoid the corresponding shares being transferred to the IEPF authority. Simultaneously, an advertisement to this effect was published in leading English and Vernacular newspapers.

The aforesaid Rules also prescribe the procedure to be followed by an investor to claim the Shares / Dividend amount transferred to IEPF. Shares which are transferred to the IEPF Demat Account can be claimed back by the shareholder from IEPF Authority by following the procedure prescribed under the aforesaid rules.

The information pertaining to unpaid / unclaimed dividends for last seven years and the details of such members whose unclaimed dividend / shares have been transferred to IEPF Authority is also available on the Bank's website <https://www.yesbank.in/about-us/investors-relation/shareholder-information/ir-regulations>.

Intimation to the Investors for claiming of Dividends:

Intimation has been sent to the relevant shareholders at regular intervals for encashing of unclaimed dividend on equity shares declared by the Bank from time to time and corresponding equity shares.

Guidelines to claim Unclaimed Dividends/Shares:

Unclaimed Dividends/Shares which have been transferred to the designated account of the IEPF Authority, in accordance with the said Rules, can be claimed by the Shareholders through the website of the IEPF Authority (<http://www.iepf.gov.in>). Please follow the steps detailed below:

- (i) Download the Form IEPF - 5 from the website of IEPF (<http://www.iepf.gov.in>). Read the instructions provided on the instructions kit along with the e-form carefully before filling the form.
- (ii) After filling the form save it on the computer and submit the duly filled form by following the instructions given in the upload link on the IEPF website.
- (iii) On successful uploading, the acknowledgment will be generated indicating the SRN. This SRN is to be used for future tracking of the form.
- (iv) After uploading the form, submit the following documents to Nodal Officer (IEPF) of the Bank in an envelope marked "Claim for refund from the IEPF Authority":
 - a. Self-attested copy of e-Form.
 - b. Indemnity Bond in original.
 - c. Copy of acknowledgment.
 - d. Other documents as mentioned in the Form IEPF-5.

The general information of the Bank, required for filing the aforesaid Form, are as under:

- i) Corporate Identification Number (CIN) of Company: **L65190MH2003PLC143249**
- ii) Name of the Company: **YES Bank Limited**
- iii) Address of Registered Office of the Company: **YES BANK House, Off Western Express Highway, Santacruz East, Mumbai – 400 055 (changed w.e.f. 14th June 2021).**

(h) Queries at Annual General Meeting:

Shareholders seeking any information with regard to the accounts are requested to write to the Bank at an early date so as to enable the management to keep the information ready. The queries relating to operational and financial performance may be raised at the Annual General Meeting (AGM).

The Shareholders can post Questions/ Comments at the time of AGM (till the end of the meeting) and view the answers for the same during the live webcast of AGM.

(i) Details of utilization of funds:

During the year under review, the Bank has made an issue of Equity Shares through Follow-on Public Offer. The funds were utilized for the purpose which was stated in the Prospectus.

(j) Policies of the Bank:

As a part of good Corporate Governance, the Bank has from time to time adopted various policies/codes which are hosted on the website of the Bank at <https://www.yesbank.in/about-us/corporate-governance>.

6. GENERAL SHAREHOLDERS INFORMATION:

(a) Date, time & venue of the Annual General Meeting:

The date, time and venue of the 17th Annual General Meeting of the Company is as under:

Date: 27/08/2021 Time: 11:00 A.M.

Venue: Through Video Conferencing (VC) / Other Audio Visual Means (OAVM) the deemed venue of the meeting is the Office of the Bank situated at YES BANK House, Off Western Express Highway, Santacruz East, Mumbai – 400 055, Maharashtra, India.

(b) Financial Year:

The Financial Year of the Company starts on April 1 and ends on March 31 of next year.

(c) Cut-off Date:

The Cut Off Date for determining shareholders who will be entitled to vote electronically on the resolutions mentioned in the Notice convening the Annual General Meeting by remote e-Voting and also vote on AGM date at the appointed time mentioned in the AGM Notice.

(d) Dividend Payment Date:

The Bank has not proposed any Dividend for the FY 2020-21.

(e) Listing on Stock Exchanges, ISIN & Stock Code:

The Securities of the Bank are listed on following stock exchanges.

Domestic Listing – New ISIN INE528G01035 | Old ISIN-INE528G01027 (Equity)

(Equity Shares)

National Stock Exchange of India Limited

Exchange Plaza, Plot no. C - 1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051.

Stock Code: YESBANK

(Equity Shares & Debt Securities)

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001.

Stock Code: 532648

Note:

- (1) Listing Fees for the FY 2021-22 has been paid to the above-mentioned stock exchanges.
- (2) The Equity Shares of the Bank have not been suspended from trading on the said Stock Exchanges or by any Regulatory/ Statutory Authority.

International Listing (Medium Term Note)

The Singapore Exchange Securities Trading Ltd.

2, Shenton Way #02-02, SGX Centre 1,
Singapore – 068804.

The London Stock Exchange International Securities Market

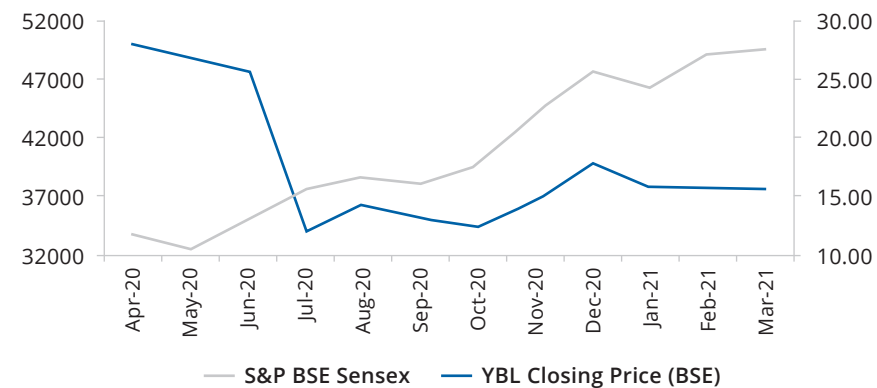
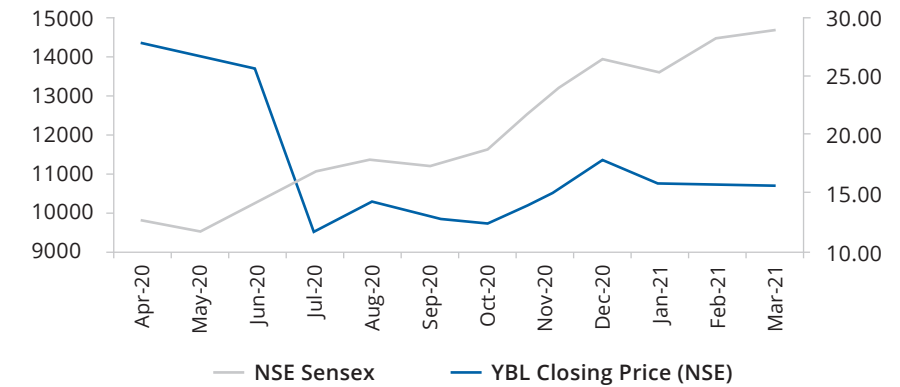
10, Paternoster Square, London, EC4M 7LS,
United Kingdom.

India International Exchange IFSC Limited

1st Floor, Unit No. 101, The Signature, Building
No. 13B, Road 1C, Zone 1, GIFT SEZ, GIFT City,
Gandhinagar, Gujarat – 382355, India.

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

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-20	30.45	20.25	765123137	30.45	20.30	54142502
May-20	31.55	25.00	452570630	31.60	25.20	31031914
Jun-20	32.00	25.50	373443545	31.95	25.55	43176226
Jul-20	28.35	11.10	3798484449	28.30	11.10	298574072
Aug-20	17.05	11.90	5702965565	17.16	11.85	1152793683
Sep-20	15.25	12.75	2374851080	15.34	12.75	435636280
Oct-20	13.95	12.15	1375498028	14.01	12.11	329096866
Nov-20	14.90	12.20	3943673951	14.90	12.21	726290724
Dec-20	20.75	14.85	5849961088	20.83	14.86	936543704
Jan-21	18.60	15.00	4200342695	18.60	15.00	529065887
Feb-21	17.45	15.45	2157249448	17.45	15.45	270001658
Mar-21	16.90	14.00	2267868162	16.90	14.00	365132973

(g) Performance of the Bank's Equity Shares as compared with Indices:**S&P BSE Sensex during the FY 2020-21****NSE Nifty Indices during the FY 2020-21****(h) Registrar and Share Transfer Agents:****EQUITY****KFin Technologies Private Limited**

Selenium Building, Tower B, Plot 31 & 32,
Financial District, Nanakramguda,
Serilingampally, Hyderabad,
Telangana - 500032

Phone No: 040- 6716 2222

Fax No: 040-2300 1153

Contact Person: Ms. Shobha Anand /
Mr. Sridhar B

E-mail: inward.ris@kfintech.com

DEBT**Link Intime India Private Limited**

C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400 083.

Tel No: +91 22 4918 6000

Fax: +91 22 4918 6060

Contact Person: Mr. Ganesh Jadhav/
Mr. Sharad Amin

E-mail: mumbai@linkintime.co.in

MEDIUM-TERM NOTE**The Hongkong and Shanghai Banking Corporation Limited**

Level 30, HSBC Main Building,
1 Queen's Road Central, Hong Kong.

CORPORATE GOVERNANCE REPORT

(i) Share Transfer System:

The Board has delegated the authority for approving transfer, transmission, etc. of the Bank's securities in physical form to the Managing Director & CEO and the Company Secretary.

The Bank's shares are traded under compulsory dematerialized mode. A half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI LODR is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges.

Updation of Permanent Account Number (PAN) and Bank Details:

Members' attention is invited to SEBI's circular no SEBI/HO/MIRSD/0081/CIR/P/2018/73 dated April 20, 2018 pursuant to which the Bank has written to shareholders holding shares in physical form requesting them to furnish their PAN and Bank details for payment of dividend through electronic mode. Those shareholders who are yet to respond to the Bank's request in this regard are once again requested to take action in the matter at the earliest.

Further, Members who hold shares in physical form are advised that SEBI has mandated that no transfer of shares in physical form will be permitted. In view of the same, the Members are requested to kindly dematerialize their holdings in the securities of the Bank.

Reconciliation of Share Capital Audit:

Reconciliation of Share Capital Audit, as mandated by SEBI, has been carried out by Company Secretary in Practice on quarterly basis, and reports on the reconciliation of total issued and listed capital with that of total share capital admitted/ held in dematerialized form with NSDL and CDSL and those held in physical form.

The Report in this regard has been duly submitted to stock exchanges viz., National Stock Exchange of India Ltd. and BSE Ltd. on a quarterly basis and being placed before the Board of Directors of the Bank for its review.

(j) Distribution of Shareholding as on March 31, 2021:

Category (Amount)	No. of shareholders	%	Total Shares	Amount in ₹	% of Amount
1 - 5000	3293989	92.63	2333630863	4667261726	9.31
5001 - 10000	130134	3.66	950485159	1900970318	3.79
10001 - 20000	76233	2.14	1088630787	2177261574	4.34
20001 - 30000	22163	0.62	547551659	1095103318	2.19
30001 - 40000	9843	0.28	344220544	688441088	1.37
40001 - 50000	6404	0.18	293721478	587442956	1.17
50001 - 100000	10527	0.30	745382657	1490765314	2.97
100001 and above	6648	0.19	18751282834	37502565668	74.84
TOTAL:	3555941	100.00	25054905981	50109811962	100.00

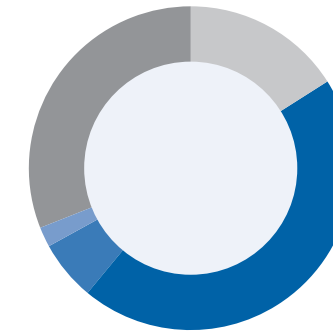
Shareholding Pattern as on March 31, 2021:

Sr. No.	Category of Shareholders	No. of Shares	% To Total Capital
I	Promoter & Promoter Group	-	-
II	Other Institutions:	3,92,38,46,955	15.66
	(a) Mutual Funds /UTI	7,42,39,448	0.30
	(b) Alternate Investment Funds	75,546	0.00
	(c) Foreign Portfolio Investors:	1,62,88,49,131	13.77
	(i) Bay Tree India Holdings LLC	1,50,99,95,789	6.03
	(ii) Amansa Holding Private Limited	31,08,34,000	1.24
	(d) Qualified Institutional Buyer:	5,56,78,226	0.22
	(i) HDFC Life Insurance Company Limited	34,41,74,815	1.37
III	Financial Institutions /Banks:	11,21,46,27,053	44.76
	(a) State Bank of India	7,51,66,66,000	30.00
	(b) ICICI Bank Ltd	1,00,01,50,820	3.99
	(c) Housing Development Finance Corporation Limited	1,00,00,00,000	3.99
	(d) Axis Bank Limited	49,13,10,524	1.96
	(e) Kotak Mahindra Bank Ltd	38,00,00,000	1.52

Sr. No.	Category of Shareholders	No. of Shares	% To Total Capital
(f)	Bandhan Bank Limited	30,00,00,000	1.20
(g)	IDFC First Bank Limited	28,86,27,680	1.15
(h)	Other Financial Institutions /Banks	23,78,72,029	0.95
IV	Insurance Companies:	1,39,45,60,995	5.57
(a)	LIC Of India Along With Its Various Schemes	1,25,00,15,999	4.99
(b)	Other Insurance Companies	14,45,44,996	0.58
V	Other Non-Institutions:	63,87,02,862	2.55
(a)	Bodies Corporates	39,49,68,703	1.58
(b)	NBFCs Registered with RBI	6,17,69,336	0.25
(c)	I E P F	1,64,071	0.00
(d)	Trusts	4,95,667	0.00
(e)	Clearing Members	18,13,05,085	0.72
VI	Individuals:	7,88,31,68,116	31.46
(a)	Individuals holding nominal share capital up to ₹2 lakh	5,85,22,31,673	23.36
(b)	Individuals holding nominal share capital in excess of ₹2 lakh	1,44,49,14,238	5.77
(c)	H U F	19,69,16,365	0.79
(d)	Non-Resident Indians	21,59,02,811	0.86
(e)	Non-Resident Indian Non-Repatriable	7,72,81,851	0.31
(f)	Employees	9,56,51,779	0.38
(g)	Foreign Nationals	17,209	0.00
(h)	Directors	2,52,190	0.00
Total		25,05,49,05,981	100.00

Shareholding Pattern

(in %)



●	0%	Promoter & Promoter Group
●	16%	Other Institutions
●	45%	Financial Institutions/Banks
●	6%	Insurance Companies
●	2%	Other Non-Institutions
●	31%	Individuals

(k) Dematerialization of shares and liquidity:

As on March 31, 2021, the Share Capital of the Bank was held in the dematerialized form comprising of 25,05,49,05,981 Equity Shares of face value of ₹2 each (99.99%), out of which (82.76%) with NSDL and (17.24%) with CDSL, only 1,79,650 shares were being held in physical form (0.0%).

Shareholders are requested to convert their physical holdings into electronic holdings which will negate risks associated with physical certificates.

(l) 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.

(m) Commodity Price Risk or Foreign Exchange Risk and Hedging activities:

The information on the Commodity Price Risk or Foreign Exchange Risk and Hedging activities is explained elsewhere in this report.

(n) Plant Locations:

Being a Banking Company, the Bank operates its business through a network of 1070 Branches and 72 BC Banking Outlets located across India. The details of the Branch Addresses are available on the website of the Bank.

(o) Address for Correspondence for investors:

Mr. Shivanand R. Shettigar, Company Secretary
YES BANK House, Off Western Express Highway, Santacruz East, Mumbai – 400 055.
Tel: +91 (22) 5091 9800, +91 (22) 6507 9800, Fax : +91 (22) 2619 2866
Email: shareholders@yesbank.in

(p) Credit Ratings and Change/Revisions in Credit Ratings for Debt Instruments:

- » Yes Bank's Senior Unsecured Domestic Ratings are below the minimum requirement of "A"
- » As on 31st March 2021, CRISIL maintained "CRISIL BBB" ratings towards Basel III Tier II Bonds and Infrastructure bonds respectively which was rated for the first time in June 2020 and maintained as on 31st March 21. Further CRISIL upgraded to "CRISIL A2+" rating towards Certificate of Deposit program in August 2020 from "CRISIL A2" in June 2020 and was maintained as on 31st March, 2021
- » India Ratings upgraded the ratings for Bank's Infrastructure Bonds, Basel III Tier II Bonds to "IND BBB" and "IND BBB-" respectively in August 20 from "IND BB-" and "IND B+" respectively in March 2020 and the same were maintained as on 31st March 21
- » ICRA upgraded the Ratings in September 2020 for Basel II Lower Tier II bonds and Infrastructure bonds to "ICRA BBB" from "ICRA BB+" in June 20 and same was maintained as on 31st March 21. ICRA upgraded the Ratings in September 2020 for Basel III Compliant Tier II bonds to "ICRA BBB-" from "ICRA BB" in June 20 and Basel III Additional Tier I Bonds to "ICRA C" from "ICRA D" in June 20 and same were maintained as on 31st March, 2021. Ratings for Basel II Tier I Bonds and Upper Tier II Bonds were upgraded to "ICRA BB+" in September 2020 from "ICRA D" in June 20 and same were maintained as on 31st March, 2021
- » CARE upgraded the ratings for Basel II Upper Tier II Bonds and Basel II Tier I Bonds to "CARE BB+" in Nov 20 from "CARE D" in June 20, the same was reaffirmed in Jan 21 and maintained as on 31st March 21. CARE upgraded the ratings for Basel II Lower Tier II Bonds and Infrastructure Bonds to "CARE BBB" in Nov 20 from "CARE B" in June 20, the same was reaffirmed in Jan 21

and maintained as on 31st March 21. CARE upgraded the ratings for Basel III Tier II Bonds to "CARE BBB" in Nov 20 from "CARE C" in June 20, the same was reaffirmed in Jan 21 and maintained as on 31st March 21. Rating for Basel III Additional Tier I bonds was withdrawn during the year

- » As on 31st March 21, Outlook maintained by CRISIL, India Ratings, ICRA and Care is "Stable"
- » The Bank's FCY ratings was upgraded to "B3" in August 20 from "Caa1" and same was maintained as on 31st March 21 and outlook was stable

(q) Debenture Trustee:**Axis Trustee Services Limited**

The Ruby, 2nd Floor,
29, Senapati Bapat Marg,
Dadar West, Mumbai – 400 028

Contact Person – Mr. Anil Grover

Email Id – Anil.grover@axistrustee.in
Contact No – 022 - 62300451

For and on behalf of the Board of Directors

YES BANK Limited

Prashant Kumar

Managing Director & CEO
(DIN No: 07562475)

Sunil Mehta

Chairman
(DIN No: 00065343)

Place: **Mumbai**

Date: June 10, 2021

COMPLIANCE WITH CODE OF CONDUCT AND ETHICS

I confirm that all the Directors and Members of the Senior Management have affirmed compliance with YES BANK's Code of Business Conduct and Ethics for the Board of Directors and Senior Management.

For **YES BANK Limited**

Prashant Kumar

Managing Director & CEO
(DIN No.: 07562475)

Date: April 30, 2021
Place: **Mumbai**

CEO / CFO CERTIFICATION

We, Prashant Kumar, Managing Director & CEO and Niranjan Banodkar, Chief Financial Officer, of YES Bank Limited (the "Bank") hereby certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2021 of the Bank and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - ii. these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

- d. We have indicated, to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Yours faithfully

For **YES Bank Limited**

Prashant Kumar

Managing Director & CEO
(DIN No: 07562475)

Date: April 30, 2021

Place: **Mumbai**

For **YES Bank Limited**

Niranjan Banodkar

Group Chief Financial Officer

CERTIFICATE ON CORPORATE GOVERNANCE

To,
**The Members,
YES Bank Limited**

We have examined the compliance of conditions of Corporate Governance by YES BANK Limited ("the Bank") for the year ended on 31st March, 2021, as stipulated in Chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Bank.

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

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

Notes:

- » Pursuant to the YES Bank Limited Reconstruction Scheme, 2020 ('the Scheme'), notified by the Ministry of Finance, Government of India on March 13, 2020, a new Board was re-constituted on March 26, 2020 and the said Board has been constituted as per the composition mentioned in the scheme which is not in line with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Scheme has overriding effect to all other applicable laws, rules and regulations in respect of the matters specified in the Scheme. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Scheme.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No.: 366

Mumbai | June 10, 2021
ICSI UDIN : F000761C000435965

CERTIFICATE UNDER REGULATION 34(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members,
YES BANK Limited,
 YES BANK Tower,
 One International Center, Tower-II,
 15th Floor, Senapati Bapat Marg,
 Elphinstone (West), Mumbai – 400013

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of YES BANK Limited having C.I.N-L65190MH2003PLC143249 and having Registered Office at YES BANK Tower, One International Center, Tower-II, 15th Floor, Senapati Bapat Marg, Elphinstone (West), Mumbai – 400013 (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ending on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Bank
1.	Mr. Sunil Mehta	00065343	26/03/2020
2.	Mr. Mahesh Krishnamurti	02205868	26/03/2020
3.	Mr. Rama Subramaniam Gandhi	03341633	26/03/2020
4.	Mr. Atul Chunilal Bheda	03502424	26/03/2020
5.	Mr. Ananth Narayan Gopalakrishnan	05250681	26/03/2020
6.	Mr. Ravindra Pandey	07188637	03/11/2020
7.	Mr. Prashant Kumar	07562475	26/03/2020
8.	Mr. Radhakrishnan Subramanian Vadalur	08064705	31/07/2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **Bhandari & Associates**
 Company Secretaries

S. N. Bhandari
 Partner
 FCS No: 761; C P No.: 366

Mumbai | June 10, 2021
 ICSI UDIN : F000761C000435921

BUSINESS RESPONSIBILITY REPORT

Annual Business Responsibility Report (ABRR)

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: **YES BANK Tower, ONE International Center, Tower - II, 15th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai 400 013, India**
4. Website: www.yesbank.in
5. E-mail id: yestouch@yesbank.in
6. Financial Year reported: **FY 2020-21**
7. Sector(s) that the Company is engaged in (industrial activity code-wise): **As per India's National Industrial Classification 2008 (NIC-2008):**

Section K – Financial and Insurance Activities

Division 64 - Financial service activities, except insurance and pension funding

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
 - a) **Retail Banking**
 - b) **Corporate Banking**
 - c) **Treasury**
9. Total number of locations where business activity is undertaken by the Company
 - a. Number of International Locations (Provide details of major 5)

Two – The Bank has a representative office in Abu Dhabi. The Bank also operates an IFSC Banking Unit (IBU) in Gujarat International Finance Tec-City (GIFT).
 - b. Number of National Locations

The Bank has 1,070 branches, 3 National Operating Centres and 1,340 ATMs*, as on March 31, 2021.
10. Markets served by the Company – Local/State/National/International/

YES BANK is a pan-India Bank, with branches and ATMs in all states. It has a representative office in Abu Dhabi (UAE) to promote & market its services and an IFSC Banking Unit (IBU)

*Includes CRMs and BNA as on March 31, 2021

in Gujarat International Finance Tec-City (GIFT) which is akin to a foreign branch and caters to the requirements of clients based in overseas and domestic jurisdictions, as permitted by RBI/IFSCA from time to time.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): **5,010.98 Crore**
2. Total Turnover (INR): **23,382.56 Crore**
3. Total profit after taxes (INR): **(3,462.23) Crore**
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): **Nil**
(% calculated based on average net profits of previous 3 financial years calculated as per section 198 of the Companies Act, 2013)
5. List of activities in which expenditure in 4 above has been incurred: - **Not Applicable**

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?
Yes (three subsidiaries)
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):
Some BR activities of YES BANK's subsidiary companies are conducted as part of the parent company
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR
 - a) Details of the Director/Director responsible for implementation of the BR policy/policies
The Managing Director and CEO is responsible for implementation of the BR policy/policies

BUSINESS RESPONSIBILITY REPORT

b) Details of the BR head

S.No.	Particulars	Details
1.	DIN Number (if applicable)	N/a
2.	Name	Niranjan Banodkar
3.	Designation	Chief Financial Officer
4.	Telephone number	+91-22-65077147
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 ⁵	Y	Y	Y	Y ⁹	Y ¹
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
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?	Y ¹	Y ³	N ⁴	Y ⁵	Y ⁶	Y ⁷	Y ⁸	Y ⁵	Y ¹
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y ¹	Y ³	Y ⁴	Y	Y ²	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 ¹	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 ²	Y ²	Y	Y	Y ²	Y ²	Y ²	Y	Y ²

* All policies of the Bank have been developed as a result of detailed consultations and research on the best practices adopted by banks and organizations across the national and international industry norms, and per the requirements of the Bank.

- The Employee Code of Conduct and certain policies, including the Citizen's Charter, Charter of Customer Rights, Grievance Redressal and Banking Practice Code are available on the website at https://www.yesbank.in/regulatory_policies. The summary of the Anti-Bribery and Anti-Corruption Policy is available on the website at <https://www.yesbank.in/about-us/sustainability-at-yes-bank/esg-disclosures/esg-policies>.
- Yes, for certain policies and procedures.
- The Bank has in place the Environment & Social Policy, which integrates environmental and social risks into its overall credit risk assessment framework. The Summary of the Policy is available at https://www.yesbank.in/pdf/ybl_esp_summary_pdf. The Bank has the Environmental Management Policy which focuses on achieving greater environmental sustainability within the Bank's operations. The Policy is accessible at https://www.yesbank.in/pdf/yes_bank_environmental_management_policy_summary_pdf.
- Employee focused policies are accessible only by employees and are not shared in the public domain. The Bank's Human Capital Management practices and activities can be accessed at <https://www.yesbank.in/work-with-us>.
- YES BANK views the unbanked and under-banked population in rural and urban India as a primary stakeholder for financial inclusion. Through its products and services focused at the Base of the Pyramid, the Bank aims to positively impact this marginalized and disadvantaged stakeholder group. The Bank has policies in place, and adheres to regulatory guidelines, to drive its business practices. The Bank as a Code of Commitment to the MSME Sector, accessible at <https://www.yesbank.in/footer/regulatory-policies/banking-practice-code>.
- The Bank has a Human Rights Statement, included in its Sustainability Performance Review available at <https://www.yesbank.in/about-us/sustainability-at-yes-bank/esg-disclosures/sustainability-reports>. Additionally, the Bank has several policies and guidelines in place for ensuring all stakeholder rights and the regulatory laws are adhered to in its operations. Through its policies on environmental and social risk assessment, the Bank ensures compliance of all pertinent regulations in its lending portfolio as well. Similarly, the Bank ensures that all regulations are adhered to in its CSR activities.
- The Bank's Environmental Management Policy is available on the Bank's website at https://www.yesbank.in/pdf/yes_bank_environmental_management_policy_summary_pdf. The Bank's CSR Policy is accessible at https://www.yesbank.in/pdf/ybl_corporate_social_responsibility_policy.

BUSINESS RESPONSIBILITY REPORT

The Bank's complete response to its environmental priorities and commitments, through business activities, CSR, and other activities, is available in its Sustainability Report, accessible at <https://www.yesbank.in/about-us/sustainability-at-yes-bank/esg-disclosures/sustainability-reports>.

8. 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. Details can be accessed at <https://www.yesbank.in/beyond-banking>. For additional details, please refer to the responses to Principle 7 in this BRR.
9. In addition to the Bank's business activities focusing on inclusive growth, and equitable and sustainable development, highlighted in Point 5 above, the Bank creates a positive impact through its CSR activities. The activities and impact are included in Our Integrated Approach section that is a part of this Annual Report.

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

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

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

Management Level

The Bank has constituted an Executive level Sustainability Council chaired by MD & CEO which reviews the Bank's BR performance. The Council meets once in 6 months.

Board Level

The Sustainability Council is overseen by the Corporate Social Responsibility (CSR) Committee of the Board, which meets at least twice in a year.

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

YES BANK publishes its Sustainability Disclosures which is based on the Global Reporting Initiative (GRI) standards, UN Principles for Responsible Banking and Taskforce on Climate-related Financial Disclosures in its annual Sustainability Report and can be accessed at <https://www.yesbank.in/about-us/sustainability-at-yes-bank/esg-disclosures/sustainability-reports>.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

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

The Bank is committed towards conducting business and dealing with all its stakeholders, with highest ethical standards and in compliance with all applicable laws and regulations. All employees of the Bank are expected to abide by the Bank's Employee Code of Conduct. The Bank has implemented a group-wide Anti-Bribery and Anti-Corruption policy which defines and prohibits bribery/ corruption of any kind (including facilitation payments) and outlines the corruption control and reporting mechanisms.

The Anti-Bribery and Anti-Corruption Policy is implemented to all the agents, associates, consultants, advisors, contractors, sub-contractors, suppliers of goods and/or services, representatives or intermediaries engaged by the Bank. These entities shall also be required to follow the Policy while carrying on their assignments with the Bank. Further, the Bank shall in all respects be within its rights to inspect the books of accounts and other documents of all such agents, associates, consultants, advisors, contractors, sub-contractors, suppliers of goods and/or services, representatives or intermediaries, as part of an investigation in alleged/identified case(s) of corruption/bribery.

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

The Bank received 5 corruption-related complaints during FY 2020-21, of which 4 complaints are under investigation as on 31st March, 2021.

BUSINESS RESPONSIBILITY REPORT

The Bank received 24 whistle-blower cases during FY 2020-21, of which 46% cases were resolved as on 31st March, 2021.

Principle 2

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

- i. **Inclusive and Social Banking** – YES LEAP, YES Joint Liability Group, Micro Individual Business Loan, Micro Insurance, Hospital Cash Insurance, Asset & Liability services through BC Managed Banking Outlets (BCBOs), digital interventions include onboarding of customers through M-Keys, digital field reporting in Microsoft Kaizala, digital training modules, semi-automated loan management system (Ganaseva), cashless disbursements
- ii. **Digital Banking** – YES MONEY, YES PAY, Aadhar Enabled Payment Scheme (AEPS), Micro ATM, BBPS, Yuva Pay solution
- iii. **Corporate & Government Advisory** – Support to state governments of Rajasthan, Telangana and Punjab for developing comprehensive electric vehicle (EV) policies, incorporating aspects such as EV adoption, charging infrastructure development, manufacturing, innovation, and skill development. Facilitated EV industry investor outreach programs for the state governments of Tamil Nadu, Telangana and Rajasthan to promote manufacturing and employment generation. Advisory services to support Meghalaya State Rural Livelihoods Society in developing strategy for enhancing livelihoods of SHGs based in East Khasi Hills through farm and non-farm based interventions
- iv. **Sustainable Investment Banking and Infra Product & Loan Syndication** – Lending and advisory in clean energy

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

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

On account of the nature of its services, the major resources consumed at the Bank are grid electricity and paper. During the reporting period, the Bank has launched several key initiatives and achieved significant traction on on-going initiatives, towards achieving internal resource efficiencies, focused on product and process digitization, greater employee awareness, reduction in waste generation, and improved waste management.

In the reporting year, YES BANK continues to be 14001:2015 Environment Management System certified. As on March 31, 2021, YES BANK is leading the BFSI sector globally with the highest number of ISO 14001 certified green facilities with 732 certified locations, including 5 corporate offices, YES Securities and the Abu Dhabi Representative Office. This marks the latest milestone achieved by the Bank in its journey in becoming a leading environmentally friendly bank.

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

Given that the Bank's primary product offerings are financial services, resource consumption during usage by consumers is not a significant material issue for the banking sector in general. During the year, the Bank's 732 locations, including 5 corporate offices, YES Securities and the Abu Dhabi Representative Office were certified for ISO 14001:2015 Environment Management System, under which the Bank makes maximum effort to raise awareness among its customers on efficient resource consumption.

The Bank is rapidly adopting technology to digitize its operations and product offerings, and has witnessed a strong growth in adoption of mobile banking, online banking, payment apps and chatbot banking, thus reducing the incidence of paper usage and travel among its customers. The impact achieved through related initiatives is included in Our Integrated Approach section as a part of this Annual Report.

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.

Given that the Banking sector's primary product offering is financial services, the Bank does not have any raw material requirements. The primary resources consumed for its day-to-day operations are paper, grid electricity, water and diesel, for DG sets in locations with erratic availability of electricity, such DG sets are procured centrally based on request from the Projects team, and negotiated by Strategic Procurement Unit. The Bank strives to achieve greater transparency, compliance and adoption of environmental and labor best practices in its procurement process. YES BANK has switched to procuring 100% recycled paper (A4) for internal operations and back-end processes, across India

BUSINESS RESPONSIBILITY REPORT

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

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

Yes. The Bank's award-winning product for the Bottom of the Pyramid – YES MONEY, is based on the Business Correspondent (BC) model that enrolls local small business owners as BC Agents (BCA) to provide remittance services to local communities. These BCAs are trained in remittance operations and basic banking.

In addition to the Bank's procurement carried out through the Strategic Procurement Unit, given that the Bank has branches in all states and Union Territories in India, it also procures locally for daily use items and services such as stationary, food and beverages and local transport. It works with most local vendors to align them with the Bank's procurement requirements and standards. The Bank has defined Procurement Policy and practices which govern such engagement models.

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. As the Banking sector's primary product offering is financial services, majority of its waste is related to paper, municipal waste, and electronic waste. The Bank has strong policies and practices in place for responsible disposal of all such waste through authorized third-party vendors. For wastepaper disposal, the Bank has local authorized vendors to ensure recycling of wastepaper in all corporate locations across India and branches in Mumbai and has partnered with a vendor which provides stationary from recycled paper, in return for the paper disposal. For e-waste handling, the Bank has a national authorized vendor for centralized collection and handling of e-waste to ensure near 100% of e-waste management.

The Bank's waste management practices are included in Our Integrated Approach section which is a part of this Annual Report.

Principle 3

1. Please indicate the Total number of employees.

YES BANK had 22,270 employees as on March 31, 2021.

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

Financial Year ending	Fixed Term Contract/ Employees (Trainee/Advisor, etc.)
Head Count as on March 31, 2019	39
Head Count as on March 31, 2020	25
Head Count as on March 31, 2021	18

3. Please indicate the Number of permanent women employees.

The Bank had 4,120 permanent women employees on March 31, 2021.

4. Please indicate the Number of permanent employees with disabilities

The Bank being an Equal Opportunity Employer, makes no distinction between employees based on disabilities and the Bank had 5 permanent employees with disabilities as on March 31, 2021.

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 as the Bank does not have an employee association.

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

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/ involuntary labour	Nil	Nil
2.	Sexual harassment	10	1
3.	Discriminatory employment	Nil	Nil

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

i. Permanent Employees

The Bank, through a dedicated team, YES SCHOOL OF BANKING, provides training in banking, skill development and personality development, among others. The Bank's training

BUSINESS RESPONSIBILITY REPORT

programs are divided into 5 broad categories: Behavioural and Leadership Skills, Employee Induction, Mandatory Policies and Compliance, Process Training and Product Training. In the reporting period, 93.3% (20,769) employees were trained under 4,712 live digital training and classroom-based training programs.

ii. Permanent Women Employees

4,065 women employees were imparted Live digital training, E-Learning & classroom-based training during the year, which is 99% of the Bank's total women employees.

iii. Casual/Temporary/Contractual Employees

The Bank provides training on the Bank's policies and process to advisors, trainees etc. as and when required.

iv. Employees with Disabilities

The Bank, being an Equal Opportunity Employer, makes no distinction between employees on the basis of disabilities. All employees are imparted training basis their training requirements and profile.

Principle 4

1. Has the company mapped its internal and external stakeholders?

Yes

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

The under-banked and unbanked population in rural and urban India, which is still not entirely integrated into India's mainstream economy, can be vulnerable to socio-economic exploitation. The Bank focuses on financial inclusion as a key business priority to positively impact this stakeholder group.

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

Yes. The Bank engages with such stakeholders in multiple ways. Through its focused Business Units such as Inclusive and Social Banking, Digital Banking, Agri Banking and Rural Banking, the Bank offers financial products and services to diverse stakeholders in rural and urban India. Details on the Bank's business units can be accessed in the Management Discussion & Analysis in this Annual Report.

With 'Nil' CSR budget and nation-wide lockdown due to COVID19, the Bank continued to monitor ongoing positive impact projects initiated in previous years. This year, the Bank focused on engaging its employees by creating volunteering opportunities under its Zimmedari Se Tayyari initiative so that they can contribute towards community development. The objective of the employee volunteering activities was to reach out and support underprivileged senior citizens, youth, women, differently abled persons and children. Details are available in the Social section in this Annual Report.

Principle 5

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

YES BANK has a Human Rights Statement that underlines development of a culture which inculcates respect & support for Human Rights. The Bank has in place policies and processes that cover various aspects of Human Rights, specific to internal and external stakeholders. For example, the Bank has instituted Environment and Social Policy (ESP), to integrate aspects of human rights issues including land, labour, health and safety of workers and communities, rights of indigenous people, etc into its overall environment and social (E&S) considerations in its lending. The ESP provides a list of prohibited activities (which includes activities such as child labour, forced labour etc) and also guides identification, assessment, due diligence, prevention and mitigation of environment and social issues which includes aspects of human rights impacts for high E&S risk projects.

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 related to child labour/ forced labour and discriminatory employment. Complaints related sexual harassment are covered separately under Principle 3.

Principle 6

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

The Bank has multiple policies that directly and indirectly communicate its support and adherence of Principle 6.

The Bank has adopted Environmental Management Policy that guides the Bank towards, achieving internal resource efficiency, creating employee awareness and communicating positive environmental action among its stakeholders.

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The Bank has instituted Environment & Social Policy (ESP) to address Environment and Social issues related to its lending operation, integrating these to overall credit risk appraisal process. The policy identifies activities which are highly detrimental to environment and society as an exclusion list, which the Bank does not finance. The policy guides the Bank in engaging with clients towards adopting best practices for environment and social impact mitigation.

The CSR Policy of the Bank includes Environmental Sustainability as one of its focus areas. The Bank continues to strengthen and monitor ongoing CSR initiatives that aims at creating positive direct environmental impact or building awareness among stakeholders.

The Bank also has in place a Supplier Code of Conduct that promotes ESG best practices among its supplier base.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N

Yes.

If yes, please give hyperlink for webpage etc.

The Bank continues its initiatives for greening its operation, taking cognizance of global environmental issues including climate change. The Bank is the first bank globally to migrate to the ISO 14001:2015 certification for Environment Management System, and as on March 31, 2021, YES BANK is leading the BFSI sector globally with the highest number of ISO 14001 certified green facilities with 732 certified locations, including 5 corporate offices, YES Securities and the Abu Dhabi Representative Office.

The Bank also mitigates environmental issues in its lending operation through implementation of its Environment and Social Policy (ESP). Further, the Bank identifies climate change as a material risk and is taking initiatives to align its business strategy with Paris Agreement. The Bank is the only Indian Bank to sign the UNEP FI Commitment to Climate Action in 2019. The Bank is the only Indian Bank to support TCFD and Science Based Targets Initiative.

YES BANK is a signatory to international protocols and initiatives, such as the UNEP Finance Initiative, UN Global Compact, CDP (formerly Carbon Disclosure Project), for creating awareness and impact at a global level, on issues of environmental and social significance. The Bank in the financial year became an Informal Working Group Member of the Taskforce on Nature-related Financial Disclosures.

YES BANK is one of the founding member banks and signatory of the UNEP FI Principles for Responsible Banking (PRB). The Bank has been working with other PRB signatories in developing,

understanding and implementing methodologies and tools for comprehensive impact assessment. The Bank is also a signatory of the Collective Commitment to Climate Action and is committed to work towards achieving the global climate targets in the near and long term.

The details can be accessed in the Bank's Sustainability Report at <https://www.yesbank.in/about-us/sustainability-at-yes-bank/esg-disclosures/sustainability-reports>.

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

Yes. The Bank assesses its environmental risk in multiple ways. The Bank's Environment and Social Policy, which is based on international best practices such as the Equator Principles and IFC Guidelines, integrates Environmental and Social risks into its overall credit risk assessment mechanism.

YES BANK is the first bank globally to migrate to the ISO 14001:2015 certification for Environment Management System, with 732 certified locations, including 5 corporate offices, YES Securities and the Abu Dhabi Representative office. Guided by the certification and its Environmental Management Policy, the Bank assesses the environment risks of its operations.

As part of its overall risk management framework, the Bank has an Enterprise Risk, Reputation Risk, Model Assessment Committee (ERMC) which oversees the Bank's preparedness for mapping and managing the non-financial risks including climate risk associated with its operations through its ICAAP, keeping in focus their impact on the Bank's reputation and goodwill.

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

There is no project funded by the Bank which is linked to Clean Development Mechanism (CDM) / availing Certified Emission Reduction (CER) certificates.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N.

Yes

If yes, please give hyperlink for web page etc.

The Bank's clean technology portfolio in debt and advisory is included in Our Integrated Approach section of this Annual Report.

Internally, under its ISO 14001:2015 certification for Environment Management System, the Bank has launched several initiatives to rationalize resource consumption, reduce waste consumption and pilot projects involving usage of alternate sources of energy.

BUSINESS RESPONSIBILITY REPORT

As a part of its CSR commitment, the Bank has undertaken several initiatives that focus on energy efficiency in the MSME sector, providing clean and safe drinking water to rural and urban marginalised communities and support protection of endangered species

The Bank's initiatives and actions are included in Our Integrated Approach section included in this Annual Report.

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

Yes. The Bank's primary wastes – paper and electronic waste, are recycled to the maximum extent possible through third party vendors. The Bank's emissions and waste are within permissible limits of the laws applicable. At the branches, where the Bank uses Diesel generator sets due to erratic electricity supply, operation and maintenance of DG sets is carried out as per proper procedures, including periodic stack emission and noise testing

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

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

Principle 7

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

- » CII
- » ASSOCHAM
- » FICCI
- » NASSCOM
- » FIMMDA
- » FEDAI

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No;

Yes.

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)

The Bank, through broad level actions and initiatives, actively works towards influencing national and global policy and industry action on pertinent causes such as climate action, natural capital, digital economy, and economic reforms. The Bank is a member of protocols and alliances in India and abroad that bring like-minded stakeholders together on specific issues.

Principle 8

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

The Inclusive and Social Banking unit has a range of financial products and services targeting the Bottom of the Pyramid in rural and urban India.

Additionally, the Bank also undertakes Financial Literacy initiatives for the underserved. The Bank has designed customized modules in vernacular languages and over 6 lakh ISB customers have been provided basic financial literacy training through these modules till date (2.9 lakh in this FY). Besides, over 596 Financial Literacy Camps have also been conducted this year by the Rural Branches of the Bank.

Through its CSR mandate, the Bank is driving key initiatives in livelihood and water security, skill development and environmental sustainability, among others.

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

The Bank's products and services catering to the Bottom of the Pyramid and digital banking services are driven directly by the Banking units, which may partner with Business Correspondents, technology providers, and others, to drive the projects on-ground.

The Bank's CSR initiatives are driven by a dedicated CSR team. The Bank partners with eligible organizations for undertaking its CSR projects to drive implementation on the ground.

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

The socio-economic and environmental impact of the Bank's products and services catering to the Bottom of the Pyramid and its CSR initiatives are included as part of this Annual Report.

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

In FY 2020-21, YES BANK's CSR Budget was Nil as per the CSR Rule of Companies Act 2013.

BUSINESS RESPONSIBILITY 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.

In this fiscal, with Nil CSR budget, the Bank continued to monitor the ongoing CSR projects implemented in previous years. YES BANK's community development initiatives are driven by its five-pronged approach towards CSR – Promote, Invest, Engage, Collaborate and Monitor. The Bank's CSR Policy guides the Bank in ensuring that its initiatives are mapped to the focus areas and are relevant, effective and replicable. All projects have clear feedback mechanisms weaved into them, with a focus on long term sustainability and active community ownership.

Principle 9

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

Please refer to [page number 208](#) (18.6.62 Disclosure of complaints) in this Annual Report.

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

Yes. The Bank follows the highest standards of product and service responsibility, in complete compliance with all the regulations set by the Reserve Bank of India. The Bank is a member of the Banking Codes and Standards Board of India (BCSBI), which is an independent watchdog for service quality of the Banking sector.

Under the aegis of the YES SCHOOL OF BANKING, all employees are trained on pertinent regulations and requirements, and employees in client-facing roles are provided enhanced training on product suitability and appropriateness. As per regulatory guidelines, all notices, regulations and policies are mandatorily displayed at the Bank's branches.

A comprehensive list of Regulatory Policies can be accessed on the Bank's website at https://www.yesbank.in/regulatory_policies.

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

Please refer to [page 191](#) of this Annual Report for Section 18.6.34 - Disclosure of Penalties imposed by RBI. Please refer to [page 90-91](#) for show cause notices issued by SEBI.

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

Yes. As the Bank operates in the highly customer-centric banking sector hence customer satisfaction, service experience and overall Customer Experience are of critical importance. The Bank put in place a very robust customer survey process where in we measure transactional Net Promoter Score (known as NPS) across channels and business's like Branch Banking, Call Centers, Relationship Manager, Rural Banking Group, Digital Channels, ATMs and Assets. In addition to this the Bank also conducts periodic customer satisfaction surveys, and there are strong systems in place for internal checks of branch quality and physical safety. The Bank's Complaints Management System is ISO 10002:2004 certified.

INDEPENDENT AUDITOR'S REPORT

To the Members of
YES BANK Limited

Report on the audit of the standalone financial statements

Opinion

We have audited the standalone financial statements of YES BANK Limited (the 'Bank'), which comprise the Balance Sheet as at March 31, 2021, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the section 29 of the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the 'Act') and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rules made thereunder, of the state of affairs of the Bank as at March 31, 2021 and its loss and its cash flows for the year ended on that date.

Basis of opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under

Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of matter

- a) We draw attention to Note 18.6.69 which describes the state of affairs pertaining to the whistle blower complaints received in prior years and the subsequent actions including the corrective steps initiated by the Bank. The Management has made provisions in accordance with the

relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification and provisioning and does not expect any further substantial impact on the financial position of the Bank. Our opinion is not modified of this matter.

- b) We draw attention to Note 18.5.1 and 18.6.24 which describes the business uncertainties due to the outbreak of SARS-CoV-2 virus (COVID-19). In view of these uncertainties, the impact on the Bank's financial statements is significantly dependent on future developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matters	Auditor's Response
Recognition and Measurement of Deferred Tax Asset	
The Bank has recognised a net deferred tax asset of ₹95,538,433 (in '000) as on March 31, 2021, including net increase of ₹12,728,473 (in '000) during the year.	Our audit procedures involved gaining an understanding of the applicable tax laws and relevant regulations applicable to the Bank. We performed the following audit procedures as part of our controls testing including:
Besides objective estimation, recognition and measurement of deferred tax asset is based on the judgment and numerous estimates regarding the availability and visibility of profits in the future and also considering probable impact of Covid-19 pandemic.	» evaluation of the policies used for recognition and measurement of deferred tax assets in accordance with AS 22 Accounting for Taxes on Income;
The amount of deferred tax assets recognised presumes availability and forecasting of profits over an extended period of time thus increasing uncertainty and the inherent risk of inappropriate recognition of the said asset.	» assessed the probability of the availability of future taxable profits based on assumptions and other parameters used by the Management including the probable impact of Covid-19 pandemic against which the Bank will be able to use this deferred tax asset in the future with reference to forecast as noted by the Board of Directors while adopting the standalone financial statements.
	» assessed the method for determining the Deferred Tax Asset with reference to applicable tax rates and tested the arithmetical accuracy.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	Auditor's Response
Income Recognition and Asset Classification of Advances (IRAC) and Provisioning as per regulatory norms	
<p>Please refer to Note nos. 18.6.16 and 18.6.10(ii) relating to Asset Quality in respect of movement of Non-Performing Assets (NPAs) and related provisions and disclosures with regard to Non Performing Investments (NPI) respectively.</p> <p>Compliance of relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of income recognition, asset classification and provisioning pertaining to advances as well as those pertaining to investments is a key audit matter due to materiality involved and the current processes at the Bank which are not fully automated, management estimates and judgement.</p>	<p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances and investments. In particular:</p> <ul style="list-style-type: none"> » we have evaluated and understood the Bank's internal control system in adhering to the relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances and investments; » we have tested key IT systems/ applications used and their design and implementation as well as operational effectiveness of relevant controls, including involvement of manual process and manual controls in relation to income recognition, asset classification and provisioning pertaining to advances and investments; » we have test checked advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets and compliance with income recognition, asset classification and provisioning pertaining to advances in terms of applicable RBI guidelines; » we have evaluated the past trends of management judgement, governance process and review controls over impairment provision calculations and discussed the provisions made with the top and senior management of the Bank.
IT Systems and Controls over financial reporting	
<p>The Bank's key financial accounting and reporting processes are highly dependent on Core Banking and Treasury Solutions and other supporting software and hardware controls such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being</p>	<ul style="list-style-type: none"> » We have planned, designed and carried out the desired audit procedures and sample checks, taking into consideration the IT systems of the Bank. The procedures adopted by us are, in our opinion, adequate to provide reasonable assurance on the adequacy of IT controls in place. Towards this end, we obtained an understanding of Bank's IT environment.

Key Audit Matters	Auditor's Response
<p>materially misstated. Appropriate IT controls are required to ensure that the IT applications perform as planned and the changes made are properly controlled. Such controls contribute to risk mitigation of erroneous output data. The audit outcome is dependent on the extent of IT controls and systems.</p>	<ul style="list-style-type: none"> » In addition, we have also relied on IS audit conducted by internal audit department, and also the audit of Internal Financial Control over Financial Reporting conducted by the Operational Risk Management department of the Bank. We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.

Information other than the standalone financial statements and Auditor's Report thereon

The Bank's management and Board of Directors are responsible for the Other Information. The other information comprises the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report (collectively called as "Other Information") but does not include the standalone financial statements and our auditor's report thereon and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures). The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Director's Responsibility for the Standalone Financial Statements

The Bank's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, loss and cash flows of the Bank in accordance with the accounting

INDEPENDENT AUDITOR'S REPORT

principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- » Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Bank to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

Other Matters

The Standalone Financial Statements of the Bank for the previous year ended March 31, 2020 were audited by the predecessor auditors. The auditors have expressed Qualified opinion vide their report dated May 6, 2020 on such financial statements.

Report on other legal and regulatory requirements

The standalone balance sheet and the standalone profit and loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act.

- A. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:
- 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;
 - the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 2 branches to examine the records maintained at such branches for the purpose of our audit. Subsequently, due to the ongoing Covid-19 pandemic and the lockdowns the audit processes were conducted remotely without visiting the branches.
- B. Further, as required by Section 143(3) of the Act, we report that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - the standalone balance sheet, the standalone profit and loss account, and the standalone cash flow statement dealt with by this Report are in agreement with the books of account;
 - in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

- on the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - with respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.
- C. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- the Bank has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its standalone financial statements - Refer Note 18.6.70 to the standalone financial statements;
 - the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 18.6.67 to the standalone financial statements;
 - there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank - Refer Note 18.6.59 to the standalone financial statements.
- D. With respect to the matter to be included in the Auditor's Report under section 197(16) of the Act: The Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.

For **M. P. Chitale & Co.**
Chartered Accountants
ICAI Firm Registration. No.: 101851W

Ashutosh Pednekar
Partner
ICAI Membership No.: 041037
UDIN : 21041037AAAACF7681

Place : **Mumbai**
Date : April 30, 2021

ANNEXURE A

to the Independent Auditor's Report of even date on the standalone financial statements of YES BANK Limited for the year ended March 31, 2021

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of YES BANK Limited ("the Bank") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's responsibility for internal financial controls

The Bank's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditor's responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the

assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to standalone financial statements.

Meaning of internal financial controls with reference to financial statements

A Bank's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. Bank's internal financial control with reference to financial statement includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent limitations of internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone

financial statement become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion the bank has maintained, in all respects, an adequate internal financial control system with reference to financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2021, based on internal control over financial reporting criteria established by the bank considering the essential components of internal control stated in the Guidance Note.

For **M. P. Chitale & Co.**
Chartered Accountants
ICAI FRN: 101851W

Ashutosh Pednekar
Partner
ICAI M. No.: 041037
UDIN : 21041037AAAACF7681

Place : **Mumbai**
Date : April 30, 2021

STANDALONE BALANCE SHEET

as at March 31, 2021

(₹ in thousands)

	Schedule	As at March 31, 2021	As at March 31, 2020
CAPITAL AND LIABILITIES			
Capital	1	50,109,812	25,100,944
Reserves and surplus	2	281,853,472	192,161,992
Deposits	3	1,629,466,422	1,053,639,434
Borrowings	4	639,490,848	1,137,905,026
Other liabilities and provisions	5	134,507,099	169,461,829
TOTAL		2,735,427,653	2,578,269,225
ASSETS			
Cash and balances with Reserve Bank of India	6	68,127,898	59,436,550
Balances with banks and money at call and short notice	7	224,959,426	24,393,460
Investments	8	433,191,476	439,148,259
Advances	9	1,668,929,938	1,714,432,943
Fixed assets	10	21,485,304	10,090,882
Other assets	11	318,733,611	330,767,131
TOTAL		2,735,427,653	2,578,269,225
Contingent liabilities	12	4,596,422,189	4,585,260,892
Bills for collection		22,140,477	51,201,926
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		

As per our report of even date attached.

For **M P Chitale & Co**
Chartered Accountants
Firm's Registration No: 101851W

Ashutosh Pednekar
Partner
Membership No: 041037

Mumbai
April 30, 2021

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

Prashant Kumar
Managing Director & CEO
(DIN:07562475)

V. S. Radhakrishnan
Director
(DIN: 08064705)

Sunil Mehta
Chairman
(DIN: 00065343)

Niranjan Banodkar
Group Chief Financial Officer

Atul Bheda
Director
(DIN: 03502424)

Shivanand R. Shettigar
Group Company Secretary

STANDALONE PROFIT & LOSS

for the period ended March 31, 2021

(₹ in thousands)

	Schedule	For the year ended March 31, 2021	For the year ended Mar 31, 2020
I. INCOME			
Interest earned	13	200,418,353	260,666,039
Other income	14	33,407,206	118,564,938
TOTAL		233,825,559	379,230,977
II. EXPENDITURE			
Interest expended	15	126,132,337	192,613,725
Operating expenses	16	57,920,152	67,292,114
Provisions and contingencies	17	84,395,336	283,505,448
TOTAL		268,447,825	543,411,287
III. PROFIT			
Net profit for the year		(34,622,266)	(164,180,310)
Profit brought forward		(68,973,880)	107,595,597
TOTAL		(103,596,146)	(56,584,713)
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		-	-
Transfer to Capital Reserve		4,969,760	6,655,507
Transfer to Investment Reserve		153,699	147,226
Transfer to Investment Fluctuation Reserve		-	-
Dividend paid		-	4,633,917
Tax on Dividend paid		-	952,517
Proposed Dividend		-	-
Tax (including surcharge and education cess) on Dividend		-	-
Balance carried over to balance sheet		(108,719,605)	(68,973,880)
TOTAL		(103,596,146)	(56,584,713)

STANDALONE PROFIT & LOSS

for the period ended March 31, 2021

(₹ in thousands)

	Schedule	For the year ended March 31, 2021	For the year ended Mar 31, 2020
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		
Earning per share (Refer Sch. 18.6.39)			
Basic (₹)		(1.63)	(56.07)
Diluted (₹)		(1.63)	(56.07)
(Face Value of Equity Share is ₹2/-)			

As per our report of even date attached.

For **M P Chitale & Co**
Chartered Accountants
Firm's Registration No: 101851W

Ashutosh Pednekar
Partner
Membership No: 041037

Mumbai
April 30, 2021

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

Prashant Kumar
Managing Director & CEO
(DIN:07562475)

V. S. Radhakrishnan
Director
(DIN: 08064705)

Sunil Mehta
Chairman
(DIN: 00065343)

Niranjan Banodkar
Group Chief Financial Officer

Atul Bheda
Director
(DIN: 03502424)

Shivanand R. Shettigar
Group Company Secretary

STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2021

(₹ in thousands)

	Year ended 31-Mar-21	Year ended 31-Mar-20
Cash flow from operating activities		
Net profit before taxes	(47,350,739)	(208,259,197)
Adjustment for		
Depreciation for the year	3,532,333	3,356,319
Amortization of premium on investments	1,785,855	2,459,276
Provision for investments	16,165,437	64,819,073
Provision for standard advances	6,895,356	(19,410,781)
Provision/write off of non performing advances	71,158,190	278,060,357
Other provisions	2,904,826	4,115,686
AT1 Write-down	-	(84,150,000)
(Profit)/Loss on sale of land, building and other assets	34,601	(3,282)
	55,125,859	40,987,451
Adjustments for :		
Increase / (Decrease) in Deposits	575,826,988	(1,222,462,384)
Increase/(Decrease) in Other Liabilities	(29,280,403)	54,542,767
(Increase)/Decrease in Investments	(71,189,071)	241,926,711
(Increase)/Decrease in Advances	(38,052,715)	422,502,724
(Increase)/Decrease in Other assets	17,142,679	(108,247,097)
	454,447,478	(611,737,279)
Payment of direct taxes	(8,013,982)	(5,655,486)
Net cash generated from / (used in) operating activities (A) (i+ii+iii)	501,559,355	(576,405,314)
Cash flow from investing activities		
Purchase of fixed assets	(2,660,219)	(5,339,514)
Proceeds from sale of fixed assets	96,390	65,547
Investment in subsidiaries	(203,000)	(150,000)
(Increase) / Decrease in Held To Maturity (HTM) securities	59,397,563	147,017,008
Net cash generated / (used in) from investing activities (B)	56,630,734	141,593,041

STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2021

(₹ in thousands)

	Year ended 31-Mar-21	Year ended 31-Mar-20
Cash flow from financing activities		
Increase/(decrease) in Borrowings	(483,088,554)	141,354,847
Innovative Perpetual Debt (paid)/raised	(3,070,000)	-
Tier II Debt repaid during the year	(12,064,000)	(4,024,500)
Proceeds from issue of Share Capital (net of share issue expense)	148,802,131	118,639,176
Dividend paid during the year	-	(4,633,917)
Tax on dividend paid	-	(952,516)
Net cash generated from / (used in) financing activities (C)	(349,420,423)	250,383,090
Effect of exchange fluctuation on translation reserve (D)	487,649	(635,925)
Net increase in cash and cash equivalents (A+B+C+D)	209,257,315	(185,065,108)
Cash and cash equivalents as at April 1st	83,830,009	268,895,117
Cash and cash equivalents as at Mar 31st	293,087,324	83,830,009
Notes to the Cash flow statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India	68,127,898	59,436,550
Balances with Banks and Money at Call and Short Notice	224,959,426	24,393,459
Cash and cash equivalents as at March 31st	293,087,324	83,830,009

As per our report of even date attached.

For **M P Chitale & Co**
Chartered Accountants
Firm's Registration No: 101851W

Ashutosh Pednekar
Partner
Membership No: 041037

Mumbai
April 30, 2021

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

Prashant Kumar
Managing Director & CEO
(DIN:07562475)

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Group Chief Financial Officer

Atul Bheda
Director
(DIN: 03502424)

Shivanand R. Shettigar
Group Company Secretary

SCHEDULES

forming a part of Balance Sheet

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 1 - CAPITAL		
Authorised Capital		
30,000,000,000 equity shares of ₹2/- each	60,000,000	60,000,000
20,000,000 preference shares of ₹100/- each	2,000,000	2,000,000
Issued, subscribed and paid-up capital (Refer Sch 18.6.1)		
25,054,905,981 equity shares of ₹2/- each (March 31, 2020 : 12,550,472,231 'equity shares of ₹2/- each)	50,109,812	25,100,944
TOTAL	50,109,812	25,100,944

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening balance	48,934,100	48,934,100
Additions during the year	-	-
Deductions during the year	-	-
Closing balance	48,934,100	48,934,100
II. Share Premium		
Opening balance	199,155,977	100,987,679
Additions during the year (Refer Sch 18.6.1)	125,068,632	99,118,298
Deductions during the year	1,275,369	950,000
Closing balance	322,949,240	199,155,977
III. Capital Reserve		
Opening balance	12,190,084	5,534,577
Additions during the year (Refer Sch 18.6.3)	4,969,760	6,655,507
Deductions during the year	-	-
Closing balance	17,159,844	12,190,084

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
IV. Investment Reserve		
Opening balance	380,130	232,904
Additions during the year (Refer Sch 18.6.4)	153,699	147,226
Deductions during the year	-	-
Closing balance	533,829	380,130
V. Foreign Currency Translation Reserve		
Opening balance	(22,630)	613,295
Additions during the year	487,648	(635,925)
Deductions during the year	-	-
Closing balance	465,018	(22,630)
VI. Cash Flow Hedge Reserve		
Opening balance	(40,856)	(25,323)
Additions during the year (Refer Sch 18.6.5)	32,836	(15,533)
Deductions during the year	-	-
Closing balance	(8,020)	(40,856)
VII. Investment Fluctuation Reserve		
Opening balance	539,066	539,066
Additions during the year (Refer Sch 18.6.6)	-	-
Deductions during the year	-	-
Closing balance	539,066	539,066
VIII. Balance in Profit and Loss Account	(108,719,605)	(68,973,880)
TOTAL	281,853,472	192,161,992

SCHEDULES

forming a part of Balance Sheet

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i) From Banks	13,696,165	7,932,044
ii) From Others	176,276,709	87,061,069
II. Savings Bank Deposit	235,898,654	185,635,246
III. Term Deposits		
i) From banks	164,737,144	86,786,217
ii) From others (incl. CD's issued)	1,038,857,750	686,224,858
TOTAL	1,629,466,422	1,053,639,434
B. I. Deposits of branches in India	1,629,028,160	1,053,300,945
II. Deposits of branches outside India	438,262	338,489
TOTAL	1,629,466,422	1,053,639,434

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 4 - BORROWINGS		
I. Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt		
A. Borrowing in India		
i) IPDI	2,800,000	5,870,000
ii) Tier II Borrowings	165,695,000	177,759,000
TOTAL (A)	168,495,000	183,629,000
B. Borrowings outside India		
i) IPDI		
ii) Tier II Borrowings	5,483,250	5,674,875
TOTAL (B)	5,483,250	5,674,875
TOTAL (A+B)	173,978,250	189,303,875

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
II. Other Borrowings		
A. Borrowing in India		
i) Reserve Bank of India	54,150,000	520,380,000
ii) Other banks	21,752,150	18,350,000
iii) Other institutions and agencies	295,643,624	278,921,592
TOTAL (A)	371,545,774	817,651,592
TOTAL (B)	93,966,824	130,949,559
TOTAL (A+B)	465,512,598	948,601,151
TOTAL (I+II)	639,490,848	1,137,905,026

- (1) Secured borrowings are ₹54,150,000 thousands (March 31, 2020 : ₹524,379,868 thousands).
- (2) Including ₹257,843,624 thousands of refinance borrowing (March 31, 2020: ₹237,121,724 thousands), ₹16,450,000 thousands (March 31 2020: ₹16,450,000 thousands) of Green Infrastructure Bonds raised to fund 'Green Projects' and ₹21,350,000 thousands (March 31, 2020: ₹21,350,000 thousands) of Long Term Infrastructure Bonds raised to finance affordable housing and infrastructure projects.
- (3) Includes bonds of ₹34,839,972 thousands (March 31, 2020: ₹36,032,742 thousands) of Medium Term Notes issued from International Business Unit (IBU) in GIFT city Gujarat to fund its growth."

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	5,686,395	2,867,243
II. Inter-office adjustments (net)	-	-
III. Interest accrued	15,304,090	22,639,407
IV. Others (including provisions)		
- Provision for standard advances	19,492,544	12,597,187
- Country risk provision	69,400	69,000
- Others	93,954,670	128,339,480
- Income Tax Provision	-	2,949,512
TOTAL	134,507,099	169,461,829

SCHEDULES

forming a part of Balance Sheet

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand	7,903,956	16,307,411
II. Balances with Reserve Bank of India		
- In current account	60,223,942	43,129,139
- In other account	-	-
TOTAL	68,127,898	59,436,550

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
Balances with banks-		
i) In current accounts	1,431,658	6,091,720
ii) In other deposit accounts	3,019,052	255,095
Money at call and short notice		
i) With Banks	-	-
ii) With other institutions	-	-
iii) Lending under reverse repo (RBI & Banks)	173,960,000	13,200,000
TOTAL (I)	178,410,710	19,546,815
II. Outside India		
i) In current account	45,159,626	4,532,635
ii) In other deposit account	-	-
iii) Money at call and short notice	1,389,090	314,010
TOTAL (II)	46,548,716	4,846,645
TOTAL (I+II)	224,959,426	24,393,460

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 8 - INVESTMENTS (Net of provisions)		
A. Investments in India		
i) Government Securities	334,737,624	329,069,163
ii) Other approved securities	-	-
iii) Shares	241,978	243,865
iv) Debentures and bonds	66,924,747	74,399,345
v) Subsidiaries and/or joint ventures	2,155,176	1,986,700
vi) Others (CPs, CDs, Security Receipts, Pass through certificates etc)	24,523,848	31,937,625
TOTAL (I)	428,583,373	437,636,698
B. Investments outside India		
i) Government Securities	2,924,350	-
ii) Shares	10,401	-
iii) Debentures and bonds	-	-
iv) Others (CPs, CDs, Security Receipts, Pass through certificates etc)	1,673,352	1,511,561
TOTAL (II)	4,608,103	1,511,561
TOTAL (I+II)	433,191,476	439,148,259

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 9 - ADVANCES		
A. i) Bills purchased and discounted	23,281,200	21,978,904
ii) Cash credit, overdrafts and loans payable on demand	339,366,705	331,684,405
iii) Term loans	1,306,282,033	1,360,769,634
TOTAL	1,668,929,938	1,714,432,943

SCHEDULES

forming a part of Balance Sheet

	(₹ in thousands)	
	As at March 31, 2021	As at March 31, 2020
B. i) Secured by tangible assets (includes advances secured by fixed deposits and book debt)	1,319,337,251	1,301,095,908
ii) Covered by Bank/Government guarantees	14,232,450	2,720,758
iii) Unsecured ¹	335,360,237	410,616,277
TOTAL	1,668,929,938	1,714,432,943
¹ Includes advances of ₹80,805,626 thousands (March 31, 2020: ₹37,671,709 thousands) for which security documentation is either being obtained or being registered. As at March 31, 2021, advances amounting to ₹1,588,072 thousand (March 31, 2020 : ₹12,738,207 thousands) has been secured by intangible securities such as charge over the rights, licenses, authority, etc.		
C. I. Advances in India		
i) Priority sectors	500,119,882	470,973,962
ii) Public sector	234,014	488,829
iii) Banks	1,223,832	1,119,061
iv) Others	1,068,753,027	1,100,969,961
TOTAL (I)	1,570,330,755	1,573,551,813
II. Advances outside India		
i) Due from Banks	146,219	5,853
ii) Due from Others	98,452,964	140,875,277
(a) Bills purchased and discounted	-	-
(b) Syndicated and Term loans	14,236,912	35,862,373
(c) others	84,216,052	105,012,904
TOTAL (II)	98,599,183	140,881,130
TOTAL (I+II)	1,668,929,938	1,714,432,943

	(₹ in thousands)	
	As at March 31, 2021	As at March 31, 2020
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost as on March 31 st of preceding year	378,031	378,031
Additions during the year	12,102,530	-
Deductions during the year	-	-
Accumulated depreciation to date	(41,583)	(21,006)
TOTAL (I)	12,438,978	357,025
II. Other Fixed Assets (including furniture and fixtures and software)		
At cost as on March 31 st of preceding year	20,704,250	18,108,761
Additions during the year	5,270,062	2,905,665
Deductions during the year	(481,921)	(310,177)
Accumulated depreciation to date	(17,064,860)	(13,904,030)
TOTAL (II)	8,427,531	6,800,219
TOTAL (I+II)	20,866,509	7,157,244
Capital work-in-progress	618,795	2,933,638
TOTAL	21,485,304	10,090,882

	(₹ in thousands)	
	As at March 31, 2021	As at March 31, 2020
SCHEDULE 11 - OTHER ASSETS		
I. Interest Accrued	15,058,370	22,506,873
II. Advance tax and tax deducted at source (net of provision)	5,064,254	-
III. Deferred tax asset (Refer Sch 18.6.51)	95,538,433	82,809,960
IV. Non-Banking assets acquired in satisfaction of claims	353,000	353,000
V. Others	202,719,554	225,097,298
TOTAL	318,733,611	330,767,131

SCHEDULES

forming a part of Balance Sheet

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	612,500	612,500
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	2,021,391,776	1,519,467,414
IV. Liability on account of outstanding derivative contracts		
- Single currency Interest Rate Swap	1,574,827,703	1,866,270,431
- Others	355,127,777	548,274,930
V. Guarantees given on behalf on constituents		
- In India	393,303,132	420,131,381
- Outside India	-	-
VI. Acceptances, endorsement and other obligations	131,798,720	198,799,106
VII. Other items for which the bank is contingently liable		
- Purchase of securities pending settlement	849,834	836,632
- Capital commitment	3,797,311	3,199,379
- Amount deposited with RBI under Depositor Education and Awareness Fund (DEAF)	77,756	53,681
- Foreign exchange contracts (Tom & Spot)	113,029,721	25,887,555
- Custody	1,605,959	1,727,883
- Bills Rediscounting	-	-
TOTAL	4,596,422,189	4,585,260,892

Contingent Liability on account of outstanding forward exchange contracts and single currency interest rate swap as on March 31, 2021 includes notional amount of ₹1,592,382,517 thousands and ₹3,18,138,617 thousands (Mar 31, 2020: ₹1,067,721,532 thousands and ₹543,032,121 thousands) guaranteed by CCIL representing 78.78% and 20.20% (Mar 31, 2020: 70.27% and 29.10%) of total outstanding forward exchange contracts and single currency interest rate swaps respectively.

SCHEDULES

forming a part of Profit and Loss Account

(₹ in thousands)

	For the year ended March 31, 2021	For the year ended Mar 31, 2020
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	166,419,712	212,611,879
II. Income on investments	26,800,743	42,609,208
III. Interest on balances with Reserve Bank of India and other inter-bank funds	3,320,253	2,103,677
IV. Others	3,877,645	3,341,275
TOTAL	200,418,353	260,666,039

(₹ in thousands)

	For the year ended March 31, 2021	For the year ended Mar 31, 2020
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	12,352,338	15,261,935
II. Profit on the sale of investments (net)	11,080,030	11,134,575
III. Profit/(Loss) on the revaluation of investments (net)	-	-
IV. Profit/(Loss) on sale of land, building and other assets	(34,601)	3,282
V. Profit on exchange transactions (net)	5,333,538	3,731,959
VI. Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-	-
VII. Miscellaneous income	4,675,901	88,433,187
TOTAL	33,407,206	118,564,938

Miscellaneous income for the period ended March 31, 2020 includes extraordinary income on account of write down of Additional Tier I Bonds amounting to ₹84,150,000 thousands

(₹ in thousands)

	For the year ended March 31, 2021	For the year ended Mar 31, 2020
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	76,662,398	120,052,790
II. Interest on Reserve Bank of India/inter-bank borrowings/ Tier I and Tier II debt instruments	52,366,790	66,661,229
III. Others*	(2,896,851)	5,899,706
<i>*includes reversal of provision created in FY20 for penalty on SLR breach of ₹3,344,384 in thousands</i>		
TOTAL	126,132,337	192,613,725

(₹ in thousands)

	For the year ended March 31, 2021	For the year ended Mar 31, 2020
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	24,303,780	25,998,717
II. Rent, taxes and lighting	4,404,592	4,462,409
III. Printing and stationery	297,330	393,774
IV. Advertisement and publicity	363,209	274,273
V. Depreciation on Bank's property	3,532,333	3,356,319
VI. Directors' fees, allowances and expenses	28,102	54,242
VII. Auditors' fees and expenses	37,339	42,500
VIII. Law charges	190,286	151,949
IX. Postage, telegrams, telephones, etc.	448,327	643,740
X. Repairs and maintenance	321,327	351,547
XI. Insurance	1,357,814	2,161,614
XII. Other expenditure	22,635,713	29,401,030
TOTAL	57,920,152	67,292,114

(₹ in thousands)

	For the year ended March 31, 2021	For the year ended Mar 31, 2020
SCHEDULE 17 - PROVISIONS & CONTINGENCIES		
I. Provision for taxation (Refer Sch 18.6.33)	(12,728,473)	(44,078,887)
II. Provision for investments	16,165,437	64,819,073
III. Provision for standard advances	6,895,356	(19,410,781)
IV. Provision/write off for non performing advances	71,158,190	278,060,357
V. Other Provisions	2,904,826	4,115,686
TOTAL	84,395,336	283,505,448

FINANCIAL STATEMENTS

for the year ended March 31, 2021

18. Significant accounting policies and notes forming part of the accounts for the year ended March 31, 2021

18.1 Background

YES BANK is a publicly held bank engaged in providing a wide range of banking and financial services. YES BANK 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. Also, the Bank has a branch at International Financial Services Centre ('IFSC') at GIFT City, Gujarat ('IBU'). The Bank classifies transactions undertaken by IBU as overseas operation.

18.2 Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under section 133 of the Companies Act 2013 and Companies (Accounting Standards) Amendment Rules, 2016 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, unless otherwise stated by RBI guidelines.

18.3 Assessment of Going Concern:

The audit report for the Financial Year ended March 2020 was qualified on account of material uncertainty related to Going Concern. The opinion was predicted on a significant decline in Bank's deposit base, credit downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating, breaches in liquidity ratios and RBI mandated Capital ratios.

During the current year, the Bank raised capital of ₹150,000 million through FPO in July-20. As a consequence, Bank's capital ratio stands at 17.5% as on Mar 31, 2021 as against a minimum requirement of 10.875%. Further, Bank has increased its deposit position by 54.7% to ₹1,629,466 million while also improving the LCR well in excess of the minimum regulatory thresholds.

Given the capital raise, reinforced capital buffers, strong growth in deposit base, the Banks' compliance with regulatory ratios and expanding customer & branch network, the audit report for FY 2020-21 is not modified

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.

Due to outbreak of the COVID-19 pandemic, the country had witnessed lockdowns across India, imposed by the Indian government from March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The current second wave of Covid-19 pandemic, where the number of new cases has increased significantly in India, has resulted in re-imposition of localised/regional lockdown measures in various parts of the country. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on ongoing as well as future developments, which are highly uncertain. However, 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 COVID

The SARS-CoV-2 virus responsible for COVID-19 started spreading across the globe and India in March 2020, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. Due to outbreak of the COVID-19 pandemic, the country had witnessed lockdowns across India, imposed by the Indian government from March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The current second wave of Covid-19 pandemic, where the number of new cases has increased significantly in India, has resulted in re-imposition of localised/regional lockdown measures in various parts of the country.

RBI issued guidelines on COVID-19 Regulatory Packages under which, the Bank granted a moratorium of three months (further extended by three months) on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and August

FINANCIAL STATEMENTS

for the year ended March 31, 2021

31, 2020. For all such accounts where the moratorium was granted, the asset classification remained stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) and the same had been retained based on the overdue status as at February 29, 2020.

The Supreme Court, in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), through its interim order dated September 3, 2020 had directed that accounts which were not declared as NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Bank did not classify relevant account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020. The Bank had made contingency provision of ₹2,683 crore till December 31, 2020. The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. Further in accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has classified such borrower accounts as per the extant IRAC norms with effect from September 1, 2020 and utilised the above contingency provisions towards provision on these accounts.

During the FY 2020-21, the Bank in line with extant regulatory guidelines has offered the below:

- » **Loan moratorium:** Offered to all customer (whether opt-in or otherwise) on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and August 31, 2020.
- » **COVID – 19 Restructuring:** As per Resolution Framework for COVID-19 related stress (RBI circular no. RBI/2020-21/16 DOR. No.BP.BC./3/21.04.048/2020-21 dated August 6, 2020) and Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances (RBI circular no. RBI/2020-21/17 DOR.NO.BP.BC/4/21.04.048/2020-21 dated August 6, 2020), the Bank has provided restructuring facility to eligible borrower in line with above mentioned RBI circulars.
- » **NPA classification:** Based on direction issued by the Hon'ble Supreme Court of India, Bank has not declared relevant borrower accounts as NPA till nine months ended December 31, 2020. Hon'ble Supreme Court of India has vacated the order and Bank has initiated reporting of NPA from Q4 FY 2020-21.
- » **Interest on interest for loans upto ₹2 crores:** As per direction issued by Government of India, the Bank has reversed eligible interest amount and credited to customers and

subsequently submitted claim to Government. The refund claim from the Government has been received by the Bank.

Interest on interest for loans above ₹2 crores: Based on direction issued by Hon'ble Supreme Court of India and further guidance from IBA, the Bank has reversed eligible penal interest / interest on interest charged to borrower during moratorium period i.e March 1, 2020 to August 31, 2020. Same will be appropriately refunded to the borrower.

18.5.2 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 as per the prudential norms of the RBI. Penal Interest for covenant breach is recognized upon certainty of its realization.
- » Dividend income is recognized when the right to receive payment is established.
- » Commission on Guarantees and Letters of Credit (LC) issued by the Bank is recognized as income over the period of the Guarantee and LC respectively.
- » 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 (PTC), 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.
- » Facility fees and loan processing fees are recognised when due and realizable.
- » Other fees and commission are accounted for as and when they became due.

18.5.3 Investments

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015.

Accounting and Classification

The Bank follows settlement date accounting for Investments. In compliance with RBI guidelines, all investments, are categorized as "Held for trading" ('HFT'), "Available for sale"

FINANCIAL STATEMENTS

for the year ended March 31, 2021

('AFS') or "Held to maturity" ('HTM') at the time of its purchase. For the purpose of disclosure in the balance sheet, investments are classified as disclosed in Schedule 8 ('Investments') under six groups (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others.

a) Cost of acquisition

Costs such as brokerage pertaining to investments, paid at the time of acquisition and broken period interest are charged to the profit and loss account as per the RBI guidelines.

b) Basis of classification

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

c) Transfer between categories

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

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

d) Valuation

Investments categorized under AFS and HFT categories are marked to market (MTM) on 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 scheme 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. Depreciation on equity shares acquired and held by the Bank under restructuring scheme is provided as per RBI guidelines.

Investments classified under the HTM category are carried at their acquisition cost and any premium over the face value, paid on acquisition, is amortised on a straight line basis over the remaining period to maturity. Amortization expense of premia on investments in the HTM category is deducted from interest income in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. Where in the opinion of management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made. Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve.

Equity investments in subsidiaries/joint ventures are classified under 'Held to Maturity'. The Bank assesses these investments for any permanent diminution in value and appropriate provisions are made.

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

Pass Through Certificates purchased for priority sector lending requirements are valued at Book Value in accordance with RBI guidelines.

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 Financial Benchmarks India Pvt. Ltd.(FBIL).

The market/ fair value of unquoted government securities included in the AFS and HFT category is determined as per the prices published by FBIL. Further, in the case of unquoted bonds, debentures, pass through certificates (other than priority sector) 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/FBIL.

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on

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for the year ended March 31, 2021

sale which is categorized under HFT category and is netted in the Investment schedule. The short position is marked to market and loss, if any, is charged to the Profit and Loss account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss account.

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 break-up 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. In case of investment in Security Receipts on or after April 01, 2017 which are backed by more than 50% of the stressed assets sold by the bank or 10% of the stressed asset sold by the bank post April 01, 2018, provision for depreciation in value is made at higher of - provisioning rate required in terms of net assets value declared by Reconstruction Company(RC)/Securitization Company(SC) or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continue in the books of the Bank. All other investments in the Security Receipts are valued as per the NAV obtained from issuing RC/SC.

Investments in quoted Mutual Fund (MF) Units are valued at the latest repurchase price/net asset value declared by the mutual fund. 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.

Investment in listed instruments of Real Estate Investment Trust (REIT)/Infrastructure Investment Trust (INVT) is valued at closing price on a recognized stock exchange with the higher volumes. In case the instruments were not traded on any stock exchange

within 15 days prior to date of valuation, valuation is done based on the latest NAV (not older than 1 year) submitted by the valuer.

Sovereign foreign currency bonds are valued using Composite Bloomberg Bond Trader (CBBT) price or Bloomberg Valuation Service (BVAL) price or on Treasury curve in the chronological order based on availability.

Non- Sovereign foreign currency Bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price, Bloomberg Generic price (BGN), Last available CBBT pricing for the instrument or Proxy Bond Pricing from Bloomberg in the chronological order based on availability.

Masala bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price or as per FIMMDA guided valuation methodology for unquoted bonds in the chronological order based on availability.

Special bonds such as oil bonds, fertilizer bonds, UDAY bonds etc. which are directly issued by Government of India ('GOI') is valued based on FBIL valuation.

Equity shares in the Banks demat account, acquired through exercise of pledge, is not accounted as investments. Upon sale of the pledged shares, the proceeds are utilized to offset the borrower's liability

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. Based on management assessment of impairment, the Bank additionally creates provision over and above the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss account until received in cash.

e) 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.

f) Accounting for repos / reverse repos/targeted long-term repo operations (TLTRO)

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

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in accordance with RBI master circular No. DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. The first leg of the repo transaction is contracted at the prevailing market rates. The difference between consideration amounts of first and second (reversal of first) leg reflects interest and is recognized as interest income/expense over the period of transaction.

Bank also undertakes Repo and Reverse repo transactions from IFSC Banking Unit in GIFT City in Foreign currency Sovereign Securities and accounting is similar to the domestic repo transactions.

g) Investment fluctuation reserve

With a view to building up of adequate reserves to protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

Transfer to IFR will be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations; until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

18.5.4 Advances

Accounting and classification

Advances are classified as performing and non-performing based on the relevant RBI guidelines. Advances are stated net of specific provisions, interest in suspense, inter-bank participation certificates issued, direct assignment and bills rediscounted.

Asset classification

Provisioning

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. The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific provisions in respect of non-performing advances are charged to the Profit and Loss account and included under Provisions and Contingencies.

- » RBI issued guidelines on COVID-19 Regulatory Packages, under which, the Bank granted a moratorium of three months (further extended by three months) on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and August 31, 2020. For all such accounts where the moratorium was granted, the asset classification

shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) and the same has been retained based on the overdue status as at February 29, 2020. Subsequently, based on direction issued by the Hon'ble Supreme Court of India, Bank has not declared relevant borrower account as NPA till nine months ended December 31, 2020. Hon'ble Supreme Court of India has vacated the order and the Bank has initiated reporting of NPA from Q4 FY 2020-21.

As per the RBI guidelines a general provision is made on all standard advances, including provision for borrowers having unhedged foreign currency exposure and for credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts. These also include provision for stressed sector exposures and provision for incremental exposure of the banking system to a specified borrower beyond Normally Permitted Lending Limit (NPLL) in proportion to bank's funded exposure to specified borrower. Further, provision requirement under various Restructure scheme of RBI also forms part of general provision. Such 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.

As per requirement of RBI guideline, any interest accrued and due if converted into a loan (i.e. Funded Interest Term Loan) then such income will be reversed and will be recognised on cash basis.

Accounts are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss account and included under other income.

In case of loans sold to asset reconstruction company, if consideration is more than net book value, the Bank records the security receipts as investment at Net Book Value as per RBI guidelines.

The Bank has in place a Country Risk management policy as part of its Board approved Credit policy, which is based on extant regulatory guidelines and addresses the identification, measurement, monitoring and reporting of country risk. Countries are categorized into seven risk categories, viz. Insignificant, Low Risk, Moderately Low Risk, Moderate Risk, Moderately Risk, High Risk and Very High Risk. The Bank calculates direct and indirect country risk in line with the policy requirements. Indirect exposure is reckoned at 50%

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of the exposure in case of countries where the net funded exposure exceeds 1% of the Bank's total assets. Further, if the net funded exposure of the Bank in respect of each country exceeds 1% of the Bank's total assets, provisioning is required to be made on exposure to such countries. Depending on the risk category of the country, provisioning is done on a graded scale ranging from 0.25% to 100%.

18.5.5 Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations are translated at the daily average closing rates and of non-integral foreign operations (foreign branches) at the monthly average closing rates.

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.

Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). Foreign exchange contracts are stated at net present value using LIBOR/SWAP curves of the respective currencies with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis.

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.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until the disposal of the net investment in the non-integral foreign operations.

In accordance with the RBI clarification, the Bank does not recognise in the profit and loss account the proportionate exchange gains or losses held in the foreign currency translation reserve on repatriation of profits from overseas operations.

Currency future contracts are marked to market daily using settlement price on a trading day, which is the closing price of the respective future contracts on that day. While the daily

settlement prices is computed on the basis of weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the future contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss is daily set.

18.5.6 Earnings per share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20, "Earnings per Share" notified under section 133 of the Companies Act 2013. 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 options outstanding during the period except where the results are anti-dilutive.

18.5.7 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 monthly 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.

Cross currency interest rate swaps which are used by the Bank to hedge its foreign currency borrowings have been designated as cash flow hedges and are measured at fair value. The corresponding gain or loss is recognised as cash flow hedge reserve. Further to match profit/loss on account of revaluation of foreign currency borrowing, the corresponding amount is recycled from cash flow hedge reserve to Profit and Loss account.

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'.

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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'.

Valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

The requirement for collateral and credit risk mitigation on derivative contracts is assessed based on internal credit policy. Overdue 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.

The Bilateral Netting of Qualified Financial Contracts Act, 2020 (the Act), has been notified by the Government of India and subsequent to this the RBI through circular dated March 30, 2021 allowed netting of the Qualified Financial Contracts (QFC). The Bank shall work progressively on classification of multiple permissible transactions into a netting set which may result in reduction in capital requirement due to these transactions over the period

18.5.8 Fixed assets

Fixed assets are stated at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit /functioning capability from / of such assets.

18.5.9 Depreciation

Depreciation on fixed assets is provided on straight-line method, over estimated useful lives, as determined by the management, at the rates mentioned below-

Class of asset	Useful life of Assets as per Companies Act, 2013	Useful life of Assets as per Bank's Accounting Policy
Owned Premises	60 years	60 years
Office equipment	5 years	5 years
Computer hardware ¹	6 years	3 years
Computer software*	6 years	4 years

Class of asset	Useful life of Assets as per Companies Act, 2013	Useful life of Assets as per Bank's Accounting Policy
Vehicles ¹	8 years	5 years
Furniture and Fixtures	10 years	10 years
Automated Teller Machines ('ATMs') ¹	15 years	10 years
Leasehold improvements to premises	-	Over the lease period or 9 years whichever is less.

*As per RBI Guidelines.

¹Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

- » Assets costing up to ₹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.
- » Improvements to leasehold assets are depreciated over the remaining period of lease
- » Reimbursement, if any, is recognised on receipt and is adjusted to the book value of asset and depreciated over the balance life of the asset
- » Whenever there is a revision in the estimated useful life of the asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset
- » The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

18.5.10 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the recoverable amount of the assets.

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18.5.11 Employee benefits

Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within specified periods.

Measurement of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI) and SEBI (Share Based Employee Benefits) Regulations, 2014. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

Compensated absence

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 provides for leave encashment / compensated absences based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

Gratuity

The Bank provides for gratuity, for all employees. The Gratuity is payable to an employee as per Payment of Gratuity Act. The Bank accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation.

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15, Employee Benefits, to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Profit and Loss account.

Provident fund

All employees of the Bank are covered under the Employees Provident Fund, a defined contribution plan in which both the employee and the Bank contribute monthly. Contribution to provident fund are recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its annual contribution.

National Pension System (NPS)

The NPS is a defined contribution retirement plan. The primary objective is enabling systematic savings and to provide retirees with an option to achieve financial stability. Pension contributions are invested in the pension fund schemes. The Bank has no liability for future fund benefits other than the voluntary contribution made by employees who agree to contribute to the scheme.

18.5.12 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 in accordance with Accounting Standard -19, Leases.

18.5.13 Income taxes

Tax expense comprises current and deferred tax. Current tax comprises of the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under. Deferred income taxes reflects the impact of timing differences between taxable income and accounting income for the current year and reversal of timing differences of earlier years and carry forward losses. 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. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets in case of unabsorbed depreciation/ losses are recognized only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits. Deferred tax assets are recognized and reassessed at each balance sheet date based upon management's judgement and appropriately adjusted to reflect the amount that is reasonably certain to be realized.

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18.5.14 Provisions and contingent assets/liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or a present obligation that arises from past events that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The Bank does not recognize a contingent liability but discloses its existence in the financial statements.

In accordance with AS 29, Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

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

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

18.5.15 Cash and Cash equivalents

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

18.5.16 Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss account.

18.5.17 Debit and credit cards reward points

The Bank estimates the probable redemption of debit and credit card reward points and cost per point using actuarial valuation method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends.

Provisions for liabilities on said reward points are made based on the actuarial valuation report as furnished by the said independent actuary and included in other liabilities.

18.5.18 Bullion

The Bank imports bullion (gold and silver bars) on a consignment basis for selling to its customers. The imports are typically based on a request of the client and are settled based on a back to back price fixing with supplier and client. The Bank earns a fee on such bullion transactions. The fee is classified in other income. The Bank also deals in gold borrowing and lending and the interest paid/received thereon is classified as interest expense / income respectively.

18.5.19 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

18.5.20 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

18.5.21 Priority Sector Lending Certificates (PSLC)

The Bank, in accordance with RBI circular FIDD.CO.Plan.BC.23/ 04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

18.5.22 Related Party Transactions

The Bank has formulated a policy on dealing with Related Party Transactions in terms of the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of LODR Regulations, and the same is placed on the Banks website.

18.6 Capital

18.6.1 Equity Issue

FY 2020-21

On July 23, 2020, the Bank issued 12,504,433,750 equity shares of face value of ₹2 each for cash pursuant to FPO aggregating to ₹14,872 crore (Accreted ₹12,371 crores as share premium net of share issue expenses). The Issue was made through book building process in accordance with regulation 129(1) of the SEBI ICDR Regulations.

Movement in Share Capital

(₹ in million)

Share Capital	As at March 31, 2021	As at March 31, 2020
Opening Share Capital	25,100.94	4,630.07
Addition due to exercise of Stock Option	-	8.76
Addition due to shares issued for QIP/FPO	25,008.87	462.11
Addition due to shares issued under Reconstruction scheme	-	20,000.00
Closing Share Capital	50,109.81	25,100.94

During FY 2020-21, the Bank has issued 'Nil' shares pursuant to the exercise of stock options (Previous year 4,384,174 shares issued aggregating to ₹284.53 million).

FY 2019-20

During the financial year ended March 31, 2020, the Bank has issued 231,055,018 equity shares of ₹2 each for cash pursuant to a Qualified Institutions Placement (QIP) at ₹83.55 aggregating to ₹19,304.64 million.

On March 13, 2020, the Government of India notified the "Yes Bank Ltd. Reconstruction Scheme, 2020" (Scheme). As per the Scheme, authorized capital has been increased from ₹11,000 million to ₹62,000 million. The State Bank of India (SBI) and other investors invested in the Bank at a price of ₹10 per equity share of the Bank (₹2 face value with a ₹8 premium). As per the scheme, SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in YES Bank are also subject to a lock in for 75% of their holding as per this Scheme. Further, as per final reconstruction scheme of the Bank, Bank has issued 10,000 million equity shares at ₹10 each aggregating to ₹100,000.00 million and accreted ₹79,550.00 million (net of share issue expenses of ₹375.00 million) as premium.

The share allotment under reconstruction scheme is given below:

Sr No.	Name of Investor	Subscription Amount ₹ in million	Number of Equity Shares Allotted in million
1	State Bank of India	60,500	6,050
2	Housing Development Finance Corporation Limited	10,000	1,000
3	ICICI Bank Limited	10,000	1,000
4	Axis Bank Limited	6,000	600
5	Kotak Mahindra Bank Limited	5,000	500
6	The Federal Bank Ltd	3,000	300
7	Bandhan Bank Limited	3,000	300
8	IDFC First Bank Limited	2,500	250
TOTAL		100,000	10,000

18.6.2 Proposed Dividend

The RBI through circular dated April 22, 2021 allowed banks to pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio prescribed in the RBI guidelines. However, during FY 2020-21, the Bank has reported loss and as consequence to that the Bank has not declared any dividend.

The Reserve Bank of India (RBI), vide notification dated December 4, 2020, stated that in view of the ongoing stress and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020.

18.6.3 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 ₹4,969.76 million (net of applicable taxes only) (previous year: ₹6,655.51 million) was transferred to Capital Reserve.

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18.6.4 Investment Reserve

The Bank has transferred ₹153.70 million to Investment Reserve (Previous year: ₹147.23 million) (net of applicable taxes and transfer to statutory reserve requirements) on provisions for depreciation on investments credited to Profit and Loss Account.

18.6.5 Cash Flow Hedge Reserve

The Bank has credited ₹32.84 million to Cash Flow Hedge Reserve (Previous year: debited ₹15.53 million) on cross currency interest rate swaps which are used by the Bank to hedge its foreign currency borrowings and have been designated as cash flow hedges and are measured at fair value.

18.6.6 Investment Fluctuation Reserve (IFR)

The Bank has reported loss during the year ended March 31, 2021, and hence the Bank has transferred 'Nil' in IFR (Previous year: ₹ 'Nil').

18.6.7 Capital Adequacy Ratio

Capital Adequacy Ratio as per RBI guidelines as at March 31, 2021 is given below:

Basel - III	(₹ in million)	
	As at March 31, 2021	As at March 31, 2020
Common Equity Tier I	257,330.42	151,738.68
Additional Tier I Capital	2,800.00	3,414.00
Tier-1 capital	260,130.42	155,152.68
Tier-2 capital	143,075.29	152,940.48
Total capital	403,205.71	308,093.16
Credit Risk – Risk Weighted Assets (RWA)	1,956,588.71	2,036,091.58
Market Risk – RWA	124,161.16	137,164.65
Operational Risk – RWA	226,742.47	228,985.67
Total risk weighted assets	2,307,492.34	2,402,241.90
Common Equity capital adequacy ratio (%)	11.2%	6.3%
Tier-1 capital adequacy ratio (%)	11.3%	6.5%
Tier-2 capital adequacy ratio (%)	6.2%	2.0%(*)
Total capital adequacy ratio (%)	17.5%	8.5%
Amount raised during the year by issue of IPDI	-	-
Amount raised during the year by issue of Tier II Capital	-	-

* Tier I ratio of the Bank was below the regulatory minimum requirements and hence as per RBI guidelines Tier II ratio is restricted to 2%

18.6.8 Tier I and Tier II Capital

During the financial year ended March 31, 2021 and March 31, 2020, the Bank has not issued Tier I or Tier II instruments.

Write Down of AT1 Bonds

In March 2020, YES Bank Limited ("the Bank") was reconstructed pursuant to the provisions of Section 45 of the Banking Regulation Act, 1949 under the "YES Bank Reconstruction Scheme, 2020". As a consequence of the reconstruction, the Bank was deemed to be non-viable or approaching non-viability and both "the pre-specified trigger" and "the trigger at the point of non-viability" were activated. Accordingly, the Bank was constrained to write down Additional Tier 1 Bonds ("AT 1 Bonds") on March 14, 2020. The Axis Trustee Services Limited (Trustee on behalf of the bondholders of AT 1 Bonds) and other bondholders have filed various writ petition(s) and consumer complaint(s) across India challenging the decision of the Bank to write down AT 1 Bonds. A Transfer Petition has been preferred by the Bank to transfer all pending litigation(s) to Mumbai as per the jurisdictional clause in the Information Memorandum(s) for the issuance of AT 1 Bonds. The Bank, based on the legal opinion of its external independent legal counsel is of the view that the Bank's decision to write down the AT 1 Bonds is in accordance with the contractual terms for issuance of AT 1 Bonds.

Separately, on October 26, 2020, Securities and Exchange Board of India ("SEBI") issued a Show Cause Notice, inter alia, alleging mis-selling of AT-1 Bonds. Though the Bank filed its objections, SEBI vide its Adjudication Order No. Order/SM/MG/2021-22/11306-11309 dated April 12, 2021 ("the Order") has imposed a penalty of ₹25 Crore against the Bank under Section 15 HA of SEBI Act, 1992 for the alleged mis-selling of AT-1 Bonds in the secondary market. The Bank is in the process of filing an appeal before the Hon'ble Securities Appellate Tribunal against the Order." Interest on Additional Tier I Capital (Unsecured, Non-Convertible, Tier I Subordinated Perpetual Bonds in the nature of Promissory Notes issued under Basel II guidelines) amounting to ₹84.0 million which was not cumulative was not paid by Bank during FY 2019-20 as the regulatory Capital Adequacy ratio of the Bank were lower than the minimum prudential requirement. However post capital raise (FPO), the Bank exercised the call option with approval of RBI and repaid the Bonds along with interest for FY 2020-21.

18.6.9 Investments**I) Value of Investments**

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Gross value of Investments	503,013.75	514,465.51
- In India	495,669.67	509,999.97
- Outside India	7,344.08	4,465.54
Provision for depreciation*	69,822.27	75,317.25
- In India	67,086.29	72,363.27
- Outside India	2,735.98	2,953.98
Net Value of Investments	433,191.48	439,148.26
- In India	428,583.38	437,636.70
- Outside India	4,608.10	1,511.56

* Includes a provision of ₹60,667.17 million (previous year ₹68,254.23 million) held for non performing investments

II) Movement of provisions held towards depreciation on investments

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	75,317.25	10,498.18
Add: Provision made during the year	22,081.34	64,819.07
Less: Write off / write back of provision during the year	27,576.32	-
Closing Balance	69,822.27	75,317.25

Sales and transfers of securities to/from Held to Maturity (HTM) category

During the year ended March 31, 2021, the Bank has sold and transferred securities from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM. The book value of HTM investment sold during the year ended March 31, 2021 was ₹87,170.72 million

(March 31, 2020 ₹241,592.9 million). The market value of investments (excluding investments in subsidiaries) under HTM category was ₹300,195.82 million (March 31, 2020 ₹316,942.3 million) and was higher than the book value thereof as at March 31, 2021.

18.6.10 Repo Transactions

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2021:

(₹ in million)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at 31-Mar- 21
Securities sold under repos				
i) Government Securities	-	82,236.96	8,737.85	-
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	-	10,239.12	796.01	-
ii) Corporate debt securities	-	-	-	-

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2020:

(₹ in million)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at 31-Mar- 20
Securities sold under repos				
i) Government Securities	-	250,626.15	75,718.15	4,000.00
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	-	104,176.27	12,596.33	-
ii) Corporate debt securities	-	-	-	-

The above table represents the book value of securities sold and purchased under repos, triparty repos (TREPS) and reverse repos with interbank counterparties. It does not include securities sold and purchased under Liquidity Adjusted Facility (LAF) with RBI.

Non-SLR Investment Portfolio

i. Issuer composition of Non SLR investments

Issuer composition of Non SLR investments as at March 31, 2021 is given below:

(₹ in million)

Sr No	Issuer	Amount	Extent of private placement (a)	Extent of 'below investment grade' securities (b)	Extent of 'unrated' securities # (c)	Extent of 'unlisted' securities* (d)
i)	PSUs	4,000.00	4,000.00	-	-	-
ii)	Financial Institutions	94,030.67	85,022.25	52,321.77	3,180.07	9,366.34
iii)	Banks	-	-	-	-	-
iv)	Private Corporates	31,227.73	30,435.73	20,162.95	1,952.52	6,248.86
v)	Subsidiaries/ Joint ventures	2,593.00	2,593.00	-	-	2,593.00
vi)	Others	36,222.24	33,297.89	-	-	34,722.31
vii)	Provision held towards depreciation**	(69,619.79)	-	-	-	-
Total		98,453.85	155,348.87	72,484.72	5,132.59	52,930.51

*Investments amounting to ₹49,380.51 million are exempted from applicability of RBI prudential limit for Unlisted Non-SLR securities

excludes investment in equity shares and units, non -Indian government securities of IBU and non SLR government of India securities

** Includes a provision of ₹60,667.17 million held for non performing investments

Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.

Issuer composition of Non SLR investments as at March 31, 2020 is given below:

(₹ in million)

Sr No	Issuer	Amount	Extent of private placement (a)	Extent of 'below investment grade' securities (b)	Extent of 'unrated' securities # (c)	Extent of 'unlisted' securities* (d)
i)	PSUs	-	-	-	-	-
ii)	Financial Institutions	115,898.28	79,892.87	79,318.77	3,065.10	9,236.96
iii)	Banks	-	-	-	-	-
iv)	Private Corporates	31,286.71	30,894.21	19,950.00	525.61	5,907.34
v)	Subsidiaries/ Joint ventures	2,390.00	2,390.00	-	-	2,390.00
vi)	Others	35,678.82	35,442.14	-	-	35,442.14
vii)	Provision held towards depreciation**	(75,174.71)	-	-	-	-
Total		110,079.10	148,619.22	99,268.77	3,590.71	52,976.44

*Investments amounting to ₹49,426.43 million are exempted from applicability of RBI prudential limit for Unlisted Non-SLR securities

#excludes investment in equity shares and units, non -Indian government securities of IBU and non SLR government of India securities

**Includes a provision of ₹68,254.23 million held for non performing investments

Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.

ii. Non-Performing Investments

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	92,223.76	1,154.08
Additions during the year	1,331.23	91,069.68
Reductions during the year	27,695.32	-
Closing Balance	65,859.67	92,223.76
Total Provision Held	60,667.17	68,254.23

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18.6.11 Derivatives

Forward Rate Agreement/ Interest Rate Swap

The details of Forward Rate Agreements / Interest Rate Swaps outstanding as at March 31, 2021 is given below:

(₹ in million)

Sr No	Items	As at March 31, 2021	As at March 31, 2020
i)	The notional principal of swap agreements	1,574,827.70	1,866,270.43
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements ¹	3,034.62	4,408.91
iii)	Collateral required by the bank upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps [Percentage Exposure to Banks] ¹	15.48%	11.02%
	[Percentage Exposure to PSUs] ¹	28.06%	27.25%
v)	The fair value of the swap book ²	(459.64)	(741.28)
	- INBMK	(1,023.45)	(696.49)
	- MIBOR	10.52	(380.88)
	- MIFOR	(538.35)	(993.94)
	- FCY IRS	1,091.64	1,330.02

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

²Fair values represent mark-to-market including accrued interest.

The nature and terms of the Rupee IRS as on March 31, 2021 are set out below:

(₹ in million)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	6	9,000.00	INBMK	Fixed Payable V/S Floating Receivable
Trading	422	159,139.69	MIBOR	Fixed Payable V/S Floating Receivable
Trading	410	149,363.23	MIBOR	Fixed Receivable V/S Floating Payable
Trading	205	76,882.40	MIFOR	Fixed Payable V/S Floating Receivable
Trading	153	59,011.00	MIFOR	Fixed Receivable V/S Floating Payable

The nature and terms of the FCY IRS as on March 31, 2021 are set out below:

(₹ in million)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	31,071.75	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	727	407,866.87	USD LIBOR	Fixed Payable V/S Floating Receivable
Trading	693	406,046.23	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	154	231,059.04	USD LIBOR	Floating Payable V/S Floating Receivable
Trading	27	3,128.26	EURIBOR	Fixed Payable V/S Floating Receivable
Trading	52	4,588.46	EURIBOR	Fixed Receivable V/S Floating Payable
Trading	1	6,304.60	SGD SOR	Fixed Payable V/S Floating Receivable
Trading	14	12,714.97	GBP LIBOR	Fixed Payable V/S Floating Receivable
Trading	15	18,569.69	GBP LIBOR	Fixed Receivable V/S Floating Payable
Trading	1	81.52	AUD LIBOR	Fixed Receivable V/S Floating Payable

The nature and terms of the Rupee IRS as on March 31, 2020 are set out below:

(₹ in million)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	10	12,000.00	INBMK	Fixed Payable V/S Floating Receivable
Trading	1	1,000.00	INBMK	Fixed Receivable V/S Floating Payable
Trading	743	290,287.95	MIBOR	Fixed Payable V/S Floating Receivable
Trading	741	278,097.10	MIBOR	Fixed Receivable V/S Floating Payable
Trading	249	93,574.20	MIFOR	Fixed Payable V/S Floating Receivable
Trading	178	69,019.80	MIFOR	Fixed Receivable V/S Floating Payable

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The nature and terms of the FCY IRS as on March 31, 2020 are set out below:

(₹ in million)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	36,103.25	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	744	404,022.83	USD LIBOR	Fixed Payable V/S Floating Receivable
Trading	718	407,992.62	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	191	245,277.18	USD LIBOR	Floating Payable V/S Floating Receivable
Trading	35	4,562.73	EURIBOR	Fixed Payable V/S Floating Receivable
Trading	53	5,265.57	EURIBOR	Fixed Receivable V/S Floating Payable
Trading	1	139.26	JPY LIBOR	Fixed Payable V/S Floating Receivable
Trading	13	9,181.95	GBP LIBOR	Fixed Payable V/S Floating Receivable
Trading	13	9,659.74	GBP LIBOR	Fixed Receivable V/S Floating Payable
Trading	1	86.25	AUD LIBOR	Fixed Receivable V/S Floating Payable

18.6.12 Un-hedged / uncovered foreign currency exposure of the Bank

The Bank's foreign currency exposures as at March 31, 2021 that are not hedged/covered by either derivative instruments or otherwise are within the Net Overnight Open Position limit (NOOP) and the Aggregate Gap limit, as approved by the RBI. NOOP is ₹2,743.24 million as at March 31, 2021 (March 31, 2020 ₹5,561.32 million).

18.6.13 Exchange Traded Interest Rate Derivatives

The following table sets forth, for the period indicated, the details of exchange traded interest rate derivatives:

(₹ in million)

Sr No	Particulars	As at March 31, 2021	As at March 31, 2020
1	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year :		
	-7.17% Government Securities 2028	-	66,193.40
	-6.68% Government Securities 2031	-	750.00
	-7.26% Government Securities 2029	-	207,328.40
	-7.27% Government Securities 2026	-	4,000.00
	-7.57% Government Securities 2033	2,100.00	5,050.00
	-6.45% Government Securities 2029	21,113.00	51,647.20
	-5.77% Government Securities 2030	19,392.00	-
	-5.85% Government Securities 2030	2,900.00	-
	-7.95% Government Securities 2032	1,250.00	-
2	Notional Principal amount of exchange traded interest rate derivatives outstanding-		
	-7.95% Government Securities 2032	750.00	-
	-7.57% Government Securities 2033	700.00	-
	-6.45% Government Securities 2029	-	50.00
3	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	NA	NA
4	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective"	NA	NA

18.6.14 Currency Futures

The Bank had dealt in exchange traded currency forwards (Futures) during the financial year ended March 31, 2021 and March 31, 2020. As at March 31, 2021 and March 31, 2020 the open contracts on the exchange were 'Nil'.

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18.6.15 Disclosures on risk exposure in derivatives

As per RBI Master circular DBR.BP.BC.No.23/21.04.018/2015-16 dated July 1, 2015, the following disclosures are being made with respect to risk exposure in derivatives of the Bank:

- a) Purpose: The Bank uses Derivatives including Forwards & swaps for various purposes including 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 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, Greeks, Stop loss & credit limits for derivative transactions including suitability and appropriateness framework. The Bank has an internal reporting mechanism providing regular reports to the RMC as well as to the management of the Bank. Such a structure helps the Bank to monitor and mitigate market risk across FX and interest rates.
- d) The Bank has an independent Middle Office and Market Risk functions, which are responsible for monitoring, measurement, and analysis of derivative related risks, among others. The Bank has a Credit Risk Management unit which is responsible for setting up counterparty limits and also a treasury operation unit which is responsible for managing operational aspects of derivatives including settlement of transactions. The Bank is subject to a concurrent audit for all treasury transactions, including derivatives transactions, 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 transaction and contain the risks.
- f) The Bilateral Netting of Qualified Financial Contracts has been notified by the RBI through circular dated March 30, 2021. The Bank has computed capital adequacy as well as

exposure on account of these contracts as per Current Exposure method considering each transaction as separate netting set on conservative basis. The Bank shall work progressively over the period on classification of multiple permissible transactions into a netting set which may result in reduction in capital requirement and exposure due to these transactions.

- g) 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.
- h) For derivative contracts in the banking book designated as hedge, the Bank documents at the inception of the relationship between the hedging instrument and the underlying exposure, the risk management objective for undertaking the hedge and the 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.

The details of derivative transactions as at March 31, 2021 and March 31, 2020 are given below:

		(₹ in million)			
Sr No	Particulars	Currency derivatives ¹		Interest rate derivatives ⁴	
		As at March 31,2021	As at March 31,2020	As at March 31,2021	As at March 31,2020
i)	Derivatives (Notional Principal Amount)				
	a) For hedging	2,340.00	5,642.15	31,071.75	36,103.25
	b) For trading	351,224.31	542,581.81	1,545,319.42	1,830,218.15
ii)	Marked to market positions ²				
	a) Asset (+)	10,861.02	19,535.19	22,406.46	30,747.24
	b) Liability (-)	11,350.40	23,096.02	24,342.95	33,599.65
iii)	Credit exposure ³	37,537.03	58,076.46	38,418.71	47,601.51
iv)	Likely impact of one percentage change in interest rate (100*PV01) (Refer Note 1&2 below)				
	a) on hedging derivatives	18.15	71.75	487.98	941.23
	b) on trading derivatives	458.31	725.32	958.62	1,425.50

(₹ in million)

Sr No	Particulars	Currency derivatives ¹		Interest rate derivatives ⁴	
		As at March 31,2021	As at March 31,2020	As at March 31,2021	As at March 31,2020
v)	Maximum and minimum of 100*PV01 observed during the year (Refer Note 1&2 below)				
	a) on hedging				
	Maximum	70.90	339.25	1,047.67	1,209.84
	Minimum	17.85	71.40	483.69	848.67
	b) on trading				
	Maximum	948.03	1,455.90	1,434.48	2,362.83
	Minimum	449.68	670.30	701.02	1,200.15

¹Currency derivatives includes options purchased and sold, cross currency interest rate swaps and currency futures.

²Trading portfolio including accrued interest.

³Mark to Market for credit exposure includes accrued interest.

⁴Interest 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, 2021 amounted to ₹2,004,598.80 million (previous year: ₹1,496,207.26 million). For these trading contracts, as on March 31, 2021, marked to market position was asset of ₹10,075.82 million (Previous year: ₹34,541.65 million) and liability of ₹10,163.47 million (Previous Year: ₹33,551.58 million). The notional principal amount of foreign exchange contracts classified as hedging at March 31, 2021 amounted to ₹16,792.97 million (previous year: ₹23,260.15 million). Credit exposure on forward exchange contracts at March 31, 2021 was ₹58,733.82 million (Previous Year: ₹57,079.44 million) of which exposure on CCL is ₹40,822.85 million (Previous Year: ₹28,336.86 million)

Asset Quality

18.6.16 Non-Performing Advances

The details of movement of gross NPAs, net NPAs and provisions during the year ended March 31, 2021 and the year ended March 31, 2020 are given below :

(₹ in million)

Sr No	Particulars	March 31, 2021	March 31, 2020
(i)	Net NPA to Net Advances	5.88%	5.03%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	328,775.89	78,825.60
	(b) Additions (Fresh NPAs during the year)	120,347.89	372,724.86
	Subtotal (A)	449,123.78	451,550.46
	Less:		
	(i) Up-gradations	7,773.10	25,593.93
	(ii) Recoveries	32,853.93	28,760.66
	(iii) Write-offs (including Technical Write Off)	122,401.44	68,419.98
	Sub-total (B)	163,028.47	122,774.57
	Gross NPAs (closing balance) (A-B)	286,095.31	328,775.89
(iii)	Movement of Net NPAs		
	(a) Opening Balance	86,237.80	44,848.50
	(b) Additions during the year	39,744.03	85,296.67
	(c) Reductions during the year	27,848.24	43,907.37
	(d) Closing balance	98,133.59	86,237.80
(iv)	Movement of provisions for NPAs (excluding provision on standard assets)		
	(a) Opening balance	242,538.09	33,977.10
	(b) Additions during the year	80,603.85	287,428.19
	(c) write off / write back of excess provision	135,180.23	78,867.20
	(d) Closing balance	187,961.71	242,538.09

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During the financial year ended March 31, 2021 and March 31, 2020, the Bank had written off certain NPA as a technical write off as below:

Particulars	₹ in million	
	March 31, 2021	March 31, 2020
Opening balance of Technical Write off as at April 01	63,580.60	-
Add: Technical Write off during the financial year	108,503.70	63,580.60
Less: Recoveries made from previously Technical Written off Accounts in previous financial year.	138.83	-
Closing balance of Technical Write off as at March 31	171,945.47	63,580.60

18.6.17 Provision coverage Ratio (PCR)

The provision coverage ratio of the Bank as at March 31, 2021 computed as per the RBI guidelines is 65.70% (previous year 73.77%). PCR considering technical write off is 78.58% (previous year 78.02%)

18.6.18 Divergence in Asset Classification and Provisioning for NPAs

FY 2020-21

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019 banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period. Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for FY 2019-20.

FY 2019-20

As part of the Risk Based Supervision (RBS) exercise for FY 2018-19 concluded in November 2019, the RBI has pointed out certain retrospective divergence in the Bank's asset classification and provisioning as on March 31, 2019. In conformity with the above mentioned RBI circular, the below table outlines divergences in asset classification and provisioning.

Sr No	Particulars	₹ in million
1	Gross NPAs as on March 31, 2019 as reported by the Bank	78,825.59
2	Gross NPAs as on March 31, 2019 as assessed by RBI	111,595.59
3	Divergence in Gross NPAs (2-1)	32,770.00
4	Net NPAs as on March 31, 2019 as reported by the Bank	44,848.49
5	Net NPAs as on March 31, 2019 as assessed by RBI	67,838.49
6	Divergence in Net NPAs (5-4)	22,990.00
7	Provision for NPAs as on March 31, 2019 as reported by the Bank	33,977.10
8	Provision for NPAs as on March 31, 2019 as assessed by RBI	43,757.10
9	Divergence in provisioning (8-7)	9,780.00
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2019	17,202.79
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning	10,840.31

18.6.19 Disclosure as per requirement of Prudential Framework for Resolution of Stressed Assets

As per requirement of RBI circular on Prudential Framework for Resolution of Stressed Assets dated June 7, 2019, below mentioned are details as of March 31, 2021.

Sr No	Description of Resolution Plan (RP)	No of cases	Aggregate Loan Outstanding (₹ in million)
1	Payment of Overdues by the borrower	116	115,085.36
2	Restructuring / change in ownership outside IBC	3	895.85
3	Resolution pursued under IBC	10	-
4	Assignment of debt / recovery proceedings	2	61.96

18.6.20 Concentration of NPAs

Exposure (Funded + Non Funded) of the Bank to top four NPA is ₹71,350.62 million as at March 31, 2021 (previous year ₹85,314.08 million).

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18.6.21 Sector-wise Advances and NPA

The details of Sector-wise Gross Advances and Gross NPAs as at March 31, 2021 and March 31, 2020 are given below:

(₹ in million)

Sector	As at March 31, 2021			As at March 31, 2020		
	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
Priority Sector						
Agriculture and Allied activities	84,669.33	9,693.95	11.45%	79,647.00	4,673.54	5.87%
Advances to industries sector eligible as priority sector lending	130,440.08	3,101.48	2.38%	105,102.24	1,773.45	1.69%
<i>Gems and Jewellery</i>	25,426.07	536.96	2.11%	20,304.04	24.28	0.12%
<i>Textile</i>	15,765.32	258.27	1.64%	13,420.26	100.57	0.75%
Services	265,142.66	11,540.36	4.35%	263,133.75	4,407.02	1.67%
Personal Loans	-	-	-	-	-	-
Others	37,180.68	1,881.73	5.06%	30,672.76	567.39	1.85%
Sub-Total (A)	517,432.75	26,217.52	5.07%	478,555.75	11,421.40	2.39%

(₹ in million)

Sector	As at March 31, 2021			As at March 31, 2020		
	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
Non Priority Sector						
Agriculture and Allied activities	5,813.05	596.51	10.26%	10,433.92	-	-
Industry	663,000.05	132,654.60	20.01%	791,414.54	197,295.10	24.93%
Construction	79,968.66	56,354.22	70.47%	100,392.51	68,998.41	68.73%
<i>Electricity (generation-transmission and distribution)</i>	64,036.29	5,918.33	9.24%	91,443.87	25,943.61	28.37%
Services	393,257.26	119,645.98	30.42%	496,107.12	117,654.36	23.77%
<i>Commercial Real Estate</i>	156,118.60	68,138.98	43.65%	232,582.40	73,512.82	31.76%
<i>Tourism, Hotel and Restaurants</i>	78,567.03	16,650.24	21.19%	74,510.02	0.01	0.00%
Personal Loans	59,389.78	1,192.19	2.01%	50,645.71	678.96	1.34%
Others	217,998.75	5,788.51	2.66%	129,813.99	1,726.07	1.33%
Sub-Total (B)	1,339,458.89	259,877.79	19.40%	1,478,415.28	317,354.49	21.47%
Total (A+B)	1,856,891.64	286,095.31	15.41%	1,956,971.03	328,775.89	16.80%

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18.6.22 Restructured Accounts

The details of accounts Restructured during the year ended March 31, 2021 are given below:

(₹ in million)

No.	Type of Restructuring	Restructured Accounts as on April 1 of the FY (opening figures)			Fresh restructuring during the year			Down gradations of restructured accounts during the FY			Upgradations to restructured standard category during the FY			Write-offs/Sale/Recovery of restructured accounts during the FY			Restructured Accounts as on March 31 of the FY		
		Asset Classification	No. of borrowers	Amount outstanding as at March 31, 2020	Provision thereon as at March 31, 2020	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding as at March 31, 2021
1	CDR																		
	Standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Loss	2.00	242.97	242.97	-	-	-	-	-	-	-	-	-	(1.00)	(176.34)	(176.34)	1.00	66.63	66.63
	Total	2.00	242.97	242.97	-	-	-	-	-	-	-	-	-	(1.00)	(176.34)	(176.34)	1.00	66.63	66.63
2	Others																		
	Standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Doubtful	2.00	416.79	416.79	-	-	-	-	-	-	-	-	-	(1.00)	(359.30)	(359.30)	1.00	57.49	57.49
	Loss	2.00	265.10	265.10	-	-	-	-	-	-	-	-	-	-	(12.50)	(12.50)	2.00	252.60	252.60
	Total	4.00	681.90	681.90	-	-	-	-	-	-	-	-	-	(1.00)	(371.80)	(371.80)	3.00	310.10	310.10
3	Grand Total																		
	Standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Doubtful	2.00	416.79	416.79	-	-	-	-	-	-	-	-	-	(1.00)	(359.30)	(359.30)	1.00	57.49	57.49
	Loss	4.00	508.07	508.07	-	-	-	-	-	-	-	-	-	(1.00)	(188.84)	(188.84)	3.00	319.23	319.23
	Total	6.00	924.87	924.87	-	-	-	-	-	-	-	-	-	(2.00)	(548.14)	(548.14)	4.00	376.73	376.73

Notes:-

- There are no SME cases which have been restructured during the year ended March 31, 2021
- There have been no accounts upgraded from restructured advances during the year ended March 31, 2021
- The outstanding amount and number of borrowers as at March 31, 2021 is after considering recoveries and sale of assets during the year.
- The above table pertains to advances and does not include investment in shares which are fully provided for.
- The provision in the above table includes Non Performing Advances Provision held on the restructured advances.
- Additional facilities availed by borrowers in existing restructured accounts are disclosed under "Fresh restructuring during the year" and partial repayments in existing restructured accounts are disclosed under "Write-offs/sale/recovery of restructured accounts", however, for the purpose of arithmetical accuracy, the number of existing borrowers availing additional facility or partial repayments have been ignored for presentation purpose.
- For the purpose of arithmetical accuracy as required by Para 3.4.2. (xii) of RBI circular no DBR.BP.BC.No.23/21.04.018/2015-16 movement in provisions in the existing restructured account as compared to opening balance, is disclosed under column fresh restructuring(for increase in provision) and write-off/sale/recovery(for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

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The details of accounts Restructured during the year ended March 31, 2020 are given below:

(₹ in million)

No.	Type of Restructuring	Restructured Accounts as on April 1 of the FY (opening figures)			Fresh restructuring during the year			Down gradations of restructured accounts during the FY			Upgradations to restructured standard category during the FY			Write-offs/Sale/Recovery of restructured accounts during the FY			Restructured Accounts as on March 31 of the FY		
		Asset Classification	No. of borrowers	Amount outstanding as at March 31, 2019	Provision thereon as at March 31, 2019	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding as at March 31, 2020
1	CDR																		
	Standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	-	(0.00)	(0.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Doubtful	2.00	242.97	242.97	-	-	-	(2.00)	(242.97)	(242.97)	-	-	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	2.00	242.97	242.97	-	-	-	-	-	-	2.00	242.97	242.97
	Total	2.00	242.97	242.97	-	-	-	-	-	-	-	-	-	-	-	-	2.00	242.97	242.97
2	Others																		
	Standard	-	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	1.00	22.74	3.41	-	-	-	(1.00)	(22.74)	(3.41)	-	-	-	-	-	-	-	-	-
	Doubtful	4.00	950.06	852.47	-	-	-	(1.00)	(243.97)	(146.38)	-	-	-	(1.00)	(289.29)	(289.29)	2.00	416.79	416.79
	Loss	-	-	-	-	-	-	2.00	266.71	149.79	-	-	-	-	(1.61)	115.30	2.00	265.11	265.11
	Total	5.00	972.80	855.88	-	-	-	-	-	-	-	-	-	(1.00)	(290.90)	(173.99)	4.00	681.90	681.90
3	Grand Total																		
	Standard	-	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	1.00	22.74	3.41	-	-	-	(1.00)	(22.74)	(3.41)	-	-	-	-	-	-	-	-	-
	Doubtful	6.00	1,193.03	1,095.44	-	-	-	(3.00)	(486.94)	(389.35)	-	-	-	(1.00)	(289.29)	(289.29)	2.00	416.79	416.79
	Loss	-	-	-	-	-	-	4.00	509.68	392.76	-	-	-	-	(1.61)	115.30	4.00	508.08	508.08
	Total	7.00	1,215.77	1,098.85	-	-	-	-	-	-	-	-	-	(1.00)	(290.90)	(173.99)	6.00	924.87	924.87

Notes:-

- There are no SME cases which have been restructured during the year ended March 31, 2020.
- Divergence identified for the financial year ended March 31, 2019 on account of non compliance with RBI guidelines on restructuring are disclosed in Divergence Note (Note no. 18.6.18).
- There have been no accounts upgraded from restructured advances during the year ended March 31, 2020
- The outstanding amount and number of borrowers as at March 31, 2020 is after considering recoveries and sale of assets during the year.
- The above table pertains to advances and does not include investment in shares which are fully provided for.
- The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
- Additional facilities availed by borrowers in existing restructured accounts are disclosed under "Fresh restructuring during the year" and partial repayments in existing restructured accounts are disclosed under "Write-offs/sale/recovery of restructured accounts", however, for the purpose of arithmetical accuracy, the number of existing borrowers availing additional facility or partial repayments have been ignored for presentation purpose.
- For the purpose of arithmetical accuracy as required by Para 3.4.2. (xii) of RBI circular no DBR.BP.BC.No.23/21.04.018/2015-16 movement in provisions in the existing restructured account as compared to opening balance, is disclosed under column fresh restructuring(for increase in provision) and write-off/sale/recovery(for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

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18.6.23 Restructuring of Advances - Micro Small and Medium Enterprises.

During the year ended March 31, 2021, the Bank has restructured advances amounting to ₹1,202.68 million (previous year ₹369.24) to Micro Small and Medium Enterprises.

18.6.24 Disclosure under COVID19 Regulatory Package

As per requirement of RBI circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on COVID19 Regulatory Package - Asset Classification and Provisioning, below mentioned are details of where moratorium / deferment was extended as of March 31, 2020 and corresponding position as of March 31, 2021 as per above circular.

RBI issued guidelines on COVID-19 Regulatory Packages under which, the Bank granted a moratorium of three months (further extended by three months) on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and August 31, 2020. For all such accounts where the moratorium was granted, the asset classification remained stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) and the same had been retained based on the overdue status as at February 29, 2020.

The disclosures as required under RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 is given below:

FY 2020-21

Particulars	(₹ in million)
Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of above mentioned circular*;	150,105.54
Respective amount where asset classification benefits is extended**.	-
Cumulative provisions made in terms of paragraph 5 of above mentioned circular;	26,829.47
Provisions adjusted during the respective accounting periods against slippages	26,829.47
Residual provisions in terms of paragraph 6 of above mentioned circular	-

* Borrowers with overdue status as of February 29, 2020 and continue to be in overdue as of March 31, 2020. Reported amount is position as of March 31, 2020.

**Borrowers with overdue status as of February 29, 2020 and not cleared dues pertaining to February 29, 2020 or before have been appropriately reported as NPA

FY 2019-20

Particulars	(₹ in million)
Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of above mentioned circular*;	150,105.54
Respective amount where asset classification benefits is extended.	27,129.45
Provisions made during the Q4 FY 2019-20 terms of paragraph 5 of above mentioned circular;	2,378.42
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of above mentioned circular	Not Applicable

* Borrowers with overdue status as of February 29, 2020 and continue to be in overdue as of March 31, 2020. Reported amount is position as of March 31, 2020..

Resolution Framework for COVID-19-related Stress

(₹ in million, except number of Account)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	169	135.10	-	-	13.51
Corporate persons*	352	9,401.06	-	-	90.27
Of which, MSMEs	351	902.70	-	-	90.27
Others	3,631	1,585.98	-	-	158.60
Total	4,152	11,122.14	-	-	262.38

*Includes Non Fund Based Exposure amounting to ₹8,498.36 million.

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RBI circular DOR. No.BP.BC.62/21.04.048/2019-20 dated April 17, 2020 requires disclosure of the number of accounts and the amount involved in those accounts where the resolution period was extended. Details of these accounts is mentioned below:

Sr No	Particulars	(₹ in million)
(i)	No. of accounts in which resolution period was extended*	12
(ii)	Fund Based Amount*	20,334.50

*Of these two accounts amounting to ₹15,804.68 million has been classified as Non Performing Advances

Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package:

In accordance with the instructions in the RBI circular DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021, the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies. The Bank based on the instructions/methodology from IBA, recognised a charge of ₹1,444.6 million in its Profit and Loss Account for the year ended March 31, 2021.

18.6.25 Financial assets sold to Securitization Company /Reconstruction Company for Asset Reconstruction

a) Details of Financial assets sold to Securitization/Reconstruction Company during the year ended March 31, 2021 are as follows-

		(₹ in million)	
Sr No	Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(i)	No. of accounts	-	1
(ii)	Aggregate principal value (net of specific provisions) of accounts sold to SC / RC	-	1,233.55
(iii)	Aggregate consideration received in Cash	-	1,114.00
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / (loss) over net book value*	-	(119.55)

*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). If the sale value is lower than the net book value, the entire loss has been written off in the year of sale.

b) Details of Investments held as Security Receipts received by sale of NPA to Securitization/ Reconstruction Company as at March 31, 2021 and March 31, 2020 are as follows-

Particulars	Backed by NPAs* sold by the Bank as underlying		Backed by NPAs* sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Net Book value of investments in security receipts	14,207.87	15,532.65	-	-	14,207.87	15,532.65

*Includes all Security Receipts received by Bank on sale of assets as permitted under RBI circular DBOD.BP.BC.No. 98/21.04.132/2013-14 dated February 26, 2014.

c) Details of ageing of Investments held as Security Receipts as at March 31, 2021 are as follows-

Particulars	(₹ in million)		
	SRs issued within Past 5 Years	SRs issued more than 5 years ago but within past 8 years	SRs more than 8 years ago
(i) Book Value of SRs backed by NPAs* sold by the Bank as underlying	20,662.38	871.68	-
Provision held against (i)	6,876.15	450.04	-
(ii) Book value of SRs backed by NPAs* sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	141.99
Provision held against (ii)	-	-	141.99
Total (i) + (ii)	20,662.38	871.68	141.99

*Includes all Security Receipts received by Bank on sale of assets as permitted under RBI circular DBOD.BP.BC.No. 98/21.04.132/2013-14 dated February 26, 2014.

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- d) Details of ageing of Investments held as Security Receipts as at March 31, 2020 are as follows-

Particulars	(₹ in million)		
	SRs issued within Past 5 Years	SRs issued more than 5 years ago but within past 8 years	SRs more than 8 years ago
(i) Book Value of SRs backed by NPAs* sold by the Bank as underlying	20,734.54	871.68	-
Provision held against (i)	5,633.31	440.27	-
(ii) Book value of SRs backed by NPAs* sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	141.99
Provision held against (ii)	-	-	141.99
Total (i) + (ii)	20,734.54	871.68	141.99

*Includes all Security Receipts received by Bank on sale of assets as permitted under RBI circular DBOD.BP.BC.No. 98/21.04.132/2013-14 dated February 26, 2014.

18.6.26 Non-performing financial assets purchased/ sold from/ to other bank

The Bank has not purchased/sold any non performing financial assets from/to another bank during the year ended March 31, 2021 and March 31, 2020.

18.6.27 Provisions for Standard Assets

Provision on standard advances for the year FY 2020-21 was ₹19,492.54 million.

Provision on standard advances for the year FY 2019-20 was ₹12,597.18 million. As per requirement of RBI circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019- 20 dated April 17, 2020 on COVID19 Regulatory Package - Asset Classification and Provisioning, the Bank has created provision amounting to ₹2,378.42 million in FY 2019-20.

18.6.28 Business ratios

Business Ratios	As at March 31, 2021	As at March 31, 2020
i) Interest income as a percentage to working funds ¹	8.25%	8.56%
ii) Non interest income as a percentage to working funds ¹	1.38%	3.89%
iii) Operating profit as a percentage to working funds ¹	2.05%	3.92%
iv) Return on assets ¹	(1.43)%	(5.39)%
v) Business (deposits + net advances) per employee ² (₹ in million)	136.00	119.51
vi) Profit per employee ² (₹ in million)	(1.51)	(7.34)

¹Working funds represents the average of total assets as reported in Return Form X to RBI under Section 27 of the Banking Regulation Act, 1949.

²For the purpose of computation of business per employee (deposits plus advances), interbank deposits have been excluded and average employees have been considered.

18.6.29 Asset Liability Management

The following table sets forth the maturity pattern of assets and liabilities of the Bank as on March 31, 2021

Maturity Buckets	(₹ in million)					
	Loans & Advances	Investment Securities	Deposits	Borrowings	FCY Assets	FCY Liabilities
1 Day	6,920.72	35,147.33	8,011.45	294.06	47,500.44	192.57
2-7 days	12,605.78	8,842.95	57,515.15	-	1,617.97	690.50
8-14 Days	13,787.77	14,135.01	35,883.23	-	1,647.69	1,383.97
15-30 Days	35,525.02	27,553.48	68,811.71	4,647.00	6,995.28	1,301.72
1-2 Months	43,095.28	11,554.99	80,743.98	-	8,755.67	1,441.53
2-3 Months	53,897.84	11,151.96	78,457.61	7,030.40	12,029.91	1,293.97
3-6 Months	53,832.75	42,325.14	2,69,859.74	37,407.08	11,542.60	3,331.05
6-12 Months	78,678.81	47,838.63	2,53,028.46	89,522.96	10,347.29	53,121.12
1-3 Years	6,86,288.86	1,21,176.77	3,92,853.88	2,97,228.83	39,824.73	73,522.85
3-5 Years	3,38,887.62	75,752.56	3,75,090.12	57,030.38	30,837.53	16,863.45
5+ Years	3,45,409.49	37,712.66	9,211.09	1,46,330.14	22,592.12	19,462.25
TOTAL	16,68,929.94	4,33,191.48	16,29,466.42	6,39,490.85	1,93,691.23	172,604.98

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The following table sets forth the maturity pattern of assets and liabilities of the Bank as on March 31, 2020

(₹ in million)

Maturity Buckets	Loans & Advances	Investment Securities	Deposits	Borrowings	FCY Assets	FCY Liabilities
1 day	8,025.33	71,789.61	8,441.02	-	8,979.71	68.99
2 days to 7 days	9,708.54	6,371.23	30,023.25	30,674.28	1,079.07	1,843.81
8 days to 14 days	4,915.97	12,327.99	25,286.98	10,000.00	1,727.93	1,512.93
15 days to 30 days	13,982.47	22,911.60	58,617.11	10,514.33	7,007.66	14,250.90
1-2 Months	18,841.10	6,655.15	60,540.55	5,526.27	15,982.49	23,244.12
2-3 Months	27,924.66	68,869.55	53,676.95	5,22,566.50	7,942.29	9,385.51
3-6 Months	88,869.66	29,080.88	2,18,193.16	30,823.89	23,900.57	27,626.33
6-12 Months	2,10,239.94	39,658.60	2,01,121.17	69,532.14	29,603.21	40,786.90
1-3 Years	6,15,287.44	45,538.60	1,10,073.90	1,03,259.49	52,635.38	74,307.17
3-5 Years	3,69,496.19	86,511.33	2,80,739.70	1,62,949.70	36,761.05	13,316.29
5+ Years	3,47,141.64	49,433.72	6,925.64	1,92,058.43	32,499.01	38,763.73
TOTAL	1,714,432.94	439,148.26	1,053,639.43	1,137,905.03	218,118.37	245,106.68

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.

Maturity profile of foreign currency assets and liabilities is excluding Off Balance Sheet item

18.6.30 Exposures

The Bank has lending to sectors, which are sensitive to asset price fluctuations. Such sectors include capital market and real estate.

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 million)

Sr No	Particulars	As at March 31, 2021	As at March 31, 2020
i)	Direct exposure		
	Residential Mortgages	81,623.15	68,518.37
	Commercial Real Estate*	204,767.75	274,390.37
	Of total Commercial real estate - exposure to residential real estate projects	130,657.98	179,976.26
	Of total Commercial Real Estate - outstanding as advances	183,392.04	234,579.57
	Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
	- Residential	2,247.45	2,782.25
	- Commercial Real Estate	-	-
ii)	Indirect exposure		
	Fund based and non fund based exposures on National Housing Board and Housing Finance Companies	63,096.41	87,231.42
	TOTAL	351,734.76	432,922.41

*Commercial real estate exposure classification is based on RBI circular DBOD.BP.BC.No. 42/08.12.015/2009-10 dated September 9, 2009.

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 million)

Sr No	Particulars	As at March 31, 2021	As at March 31, 2020
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;	59.41	285.73
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;	6,060.73	4,633.02

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Sr No	Particulars	(₹ in million)	
		As at March 31, 2021	As at March 31, 2020
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	8,966.02	6,333.69
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;*	6,484.58	10,462.61
vi)	Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	10,429.38	10,555.53
vii)	Financing for acquisition of equity in overseas companies /financing for acquisition of equity in Indian companies	4,136.25	19,215.80
viii)	Bridge loans to companies against expected equity flows / issues;	-	-
ix)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
x)	Financing to stockbrokers for margin trading	-	-
xi)	All exposures to Venture Capital Funds (both registered and unregistered)	205.82	200.42
Total Exposure to Capital Market		36,342.19	51,686.80

Capital market exposure is reported in line with Para 2.3 of RBI's Master Circular on Exposure Norms dated July 1, 2015 (DBR.No.Dir.BC.12/13.03.00/2015-16).

* Exposure of Stock Broker comprises Fund-based & Non-fund based portfolio and the Consolidated Exposure is inclusive of YES Securities Ltd'

* Out of the above ₹1,544.09 million is exposure to YES Securities (India) Limited, which is a subsidiary of the Bank

18.6.31 Risk Category wise Country Exposure

As per the extant RBI guidelines, the country exposure (direct and indirect) of the Bank is categorised into various risk categories listed in the following table. As at March 31, 2021, the funded country exposure (net) of the Bank as a percentage of total funded assets for Singapore was 1.01% (March 31, 2020: 0.94%) (March 31, 2020: Mauritius was 1.07%). As the net funded exposure to Singapore exceeded 1.0% of total funded assets, the Bank held a provision of ₹69.40 million on country exposure at March 31, 2021 (March 31, 2020: ₹68.97 million) based on RBI guidelines.

Risk Category	(₹ in million)			
	Exposure (net) as at March 31, 2021	Provision held as at March 31, 2021	Exposure (net) as at March 31, 2020	Provision held as at March 31, 2020
Insignificant	147,054.3	69.40	149,504.65	-
Low	49,104.1	-	60,475.34	68.97
Moderately Low	5,184.2	-	-	-
Moderate	134.0	-	4,148.74	-
Moderate High	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
TOTAL	201,476.6	69.40	214,128.73	68.97

18.6.32 Details of factoring exposure

The factoring exposure of the Bank outstanding as on March 31, 2021 is ₹385.62 million (previous year: ₹2,251.50 million)

Miscellaneous

18.6.33 Income Taxes

Provisions made for Income Tax during the year

Particulars	(₹ in million)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Current income tax expense	-	13,401.93
Deferred income tax credit	(12,728.47)	(57,480.82)
TOTAL	(12,728.47)	(44,078.89)

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18.6.34 Disclosure of penalties imposed by RBI

During the financial year ended March 31, 2021, there were no penalties imposed on the Bank by RBI.

Penalties imposed by RBI during FY 2019-20 is given below:

Particulars	(₹ in million)
	For the year ended March 31, 2020
Deficiency (Note Sorting Machines were not installed) observed during incognito visit of a YES Bank Branch	0.01
Penalties on account of Soiled/ Mutilate/ Counterfeit Notes deposited by currency chest	0.00
TOTAL	0.01

*Based on communication received from the RBI vide letter dated April 22, 2019.

18.6.35 Fees/ Remuneration received from bancassurance

Bank has earned ₹1301.96 million from bancassurance business during year ended March 31, 2021 (previous year: ₹836.40 million).

The following table sets forth, for the periods indicated, the break-up of income derived from bancassurance business:

Particulars	(₹ in million)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from selling life insurance policies	1,146.70	730.11
Income from selling non-life insurance policies	155.26	106.29
TOTAL	1,301.96	836.40

18.6.36 Concentration of Deposits

As at March 31, 2021, the deposits of top 20 depositors aggregated to ₹285,237.23 million (previous year: ₹130,699.58 million) (excluding certificate of deposits, which are tradable instruments), representing 18.28% (previous year: 13.28%) of the total deposit base.

18.6.37 Concentration of Advances

As at March 31, 2021 the top 20 advances aggregated to ₹381,576.76 million (previous year ₹439,799.02 million), representing 11.77% (previous year 11.62%) of the total advances. For this purpose, advance is computed as per definition of Credit Exposure in RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

18.6.38 Concentration of Exposures

As at March 31, 2021 the top 20 exposures aggregated to ₹418,476.21 million (previous year ₹497,206.14 million), representing 12.27% (previous year 12.56%) of the total exposures. Exposure is computed as per definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

18.6.39 Earnings Per Share ('EPS')

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard (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	(₹ in million)	
	Year ended March 31, 2021	Year ended March 31, 2020
Basic (annualised)		
Weighted average no. of equity shares outstanding	21,183,670,327	2,928,382,648
Net profit / (loss) (₹)	(34,622.27)	(164,180.31)
Basic earnings per share (₹)	(1.63)	(56.07)
Diluted (annualised)		
Weighted average no. of equity shares outstanding	21,186,000,617	2,928,411,435
Net profit / (loss) (₹)	(34,622.27)	(164,180.31)
Diluted earnings per share (₹)	(1.63)	(56.07)
Nominal value per share (₹)	2	2

The difference between weighted average number of equity shares outstanding between basic and diluted in the above mentioned disclosure is on account of outstanding ESOPs.

Basic earnings per equity share has been computed by dividing net profit / (loss) for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share has been computed by dividing

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the net profit / (loss) for the year attributable to the equity shareholders by the weighted average number of equity shares and dilutive potential equity shares options outstanding during the year, except where the results are anti-dilutive. The dilutive impact is on account of stock options granted to employees by the Bank. There is no impact of dilution on the profits in the current year and previous year.

18.6.40 Overseas Assets, NPAs and Revenue

The below table shows total assets, NPAs and revenue for the overseas branches (IBU) of the Bank

Particulars	(₹ in million)	
	Year ended March 31, 2021	Year ended March 31, 2020
Total assets	130,299.26	176,562.78
Total NPAs	10,331.29	7,995.64
Total revenue	4,985.72	10,935.62

18.6.41 Repatriation of profits

The Bank has not repatriated any profit from overseas branch during the FY 2020-21 and FY 2019-20 .

18.6.42 Sponsored SPVs

The Bank has not sponsored any SPV and hence there is no consolidation due to SPVs in Bank's books.

18.6.43 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2021 (previous year: 'Nil').

18.6.44 Credit / Debit card reward points

Provision for credit card and debit card reward points for the year ended March 31, 2021
(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening provision	342.86	233.67
Provision made during the year	144.35	166.98
Utilised/Write-back of provision	(35.22)	(57.79)
Closing provision	451.99	342.86

The valuation of credit card and debit card reward points is based on actuarial valuation method obtained from an independent actuary.

18.6.45 Corporate Social Responsibility (CSR)

- Amount required to be spent by the Bank on CSR during the year was 'Nil' (previous year ₹831.9 million).
- Amount spent towards CSR during the year and recognised as expense in the Profit and Loss account on CSR related activities is 'Nil' (previous year ₹405.52 million), which comprise of following –

Particulars	March 31, 2021			March, 31 2020		
	In cash	Amt unpaid / provision	Total	In cash	Amt unpaid / provision	Total
i. Construction/ acquisition of any asset	-	-	-	-	-	-
ii. On purposes other than (i) above	-	-	-	211.12	194.30	405.42

18.6.46 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, 2021 and March 31, 2020 which is as per AS-15 Employee Benefits (Revised):

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a) Changes in present value of Obligations

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Present Value of Obligation at the beginning of the year	1,553.76	1,440.46
Interest Cost	93.16	101.77
Current Service Cost	303.68	366.86
Past Service Cost	-	-
Benefits Paid	(164.10)	(153.87)
Actuarial (gain)/loss on Obligation	(137.06)	(201.46)
Present Value of Obligation at the end of the year	1,649.44	1,553.76

b) Changes in the fair value of plan assets:

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Fair value of plan assets at the beginning of the year	1,215.46	1,117.87
Adjustment to Opening Balance	-	-
Expected return on plan assets	72.88	78.42
Contributions	300.50	200.00
Benefits paid	(164.10)	(153.87)
Actuarial gain/(loss) on plan assets	30.21	(26.96)
Fair value of plan assets at the end of the period	1,454.95	1,215.46

The Bank has entire contribution of Gratuity Fund as Investments with Insurance Companies which are invested primarily in debt instruments as approved by IRDA.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations.

Net gratuity cost for the year ended March 31, 2021 and March 31, 2020 comprises the following components:

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Service Cost	303.68	366.86
Interest Cost	93.17	101.77
Expected Return on plan assets	(72.88)	(78.42)
Net Actuarial gain recognized in the year	(167.27)	(174.50)
Past Service Cost	-	-
Expenses recognized	156.70	215.71

Experience History:

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
(Gain)/Loss on obligation due to change in assumption	-	(249.13)	63.57	(70.88)	46.39
Experience (Gain)/ Loss on obligation	(137.06)	47.68	(29.59)	113.80	30.12
Actuarial Gain/(Loss) on plan assets	30.21	(26.95)	(26.25)	(5.21)	6.96

The assumptions used in accounting for the gratuity plan are set out below:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount Rate	6.00%	6.00%
Expected Return on Plan Assets	6.00%	6.00%
Mortality	IALM (2012-14) Ult	IALM (2012-14) Ult
Future Salary Increases	9.00%	9.00%
Disability		
Attrition	13%-25%	13%-25%
Retirement	60 yrs	60 yrs

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

Position of plan asset / liability

Particulars	(₹ in million)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Fair value of plan assets at the end of the period	1,454.95	1,215.46
Present Value of Obligation at the end of the year	1,649.44	1,553.76
Plan asset / (liability)	(194.49)	(338.30)

The Bank is yet to determine future contribution to Gratuity fund for Financial Year 2021-22

National Pension Scheme

The Bank has contributed ₹29.76 million for the year ended March 31, 2021 (March 31, 2020: ₹24.36 million) to NPS for employees who had opted for the scheme. The Bank has no liability for future fund benefits other than its annual contribution for the employees who agree to contribute to the scheme.

Provident Fund (PF)

The Bank has recognised in the profit and loss account ₹933.66 million for the year ended March 31, 2021 (March 31, 2020: ₹1,039.82 million) towards contribution to the provident fund.

Compensated absence

The Bank has recognised ₹17.72 million in the profit and loss account for the year ended March 31, 2021 (March 31, 2020: ₹169.54 million) towards compensated absences.

18.6.47 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, 2021 are set out below:

Business Segments	(₹ in million)				
	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	118,488.54	123,920.95	58,677.74	2,486.03	303,573.26
Less: Inter-segment					(69,747.70)
Revenue net of inter-segment					233,825.56
Result	43,945.50	(53,900.85)	(25,222.88)	1,264.77	(33,913.46)
Unallocated Expenses					(13,437.27)
Operating Profit					(47,350.73)
Income Taxes					(12,728.47)
Extra-ordinary Profit/ (Loss)					-
Net Profit					(34,622.26)
Other Information:					
Segment assets	908,331.40	1,050,155.79	662,044.76	432.45	2,620,964.40
Unallocated assets					114,463.25
Total assets					2,735,427.65
Segment liabilities	766,327.76	867,469.99	757,132.49	682.00	2,391,612.24
Unallocated liabilities					343,815.41
Total liabilities					2,735,427.65

Other banking operations includes income from bancassurance business ₹1,301.96 million during year ended March 31, 2021.

Segmental results for the year ended March 31, 2020 are set out below:

Business Segments	(₹ in million)				
	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	118,905.25	170,550.01	59,161.77	1,982.64	350,599.67
Less: Inter-segment					(55,518.69)
Revenue net of inter-segment					295,080.98
Result	(15,056.16)	(244,768.03)	(10,469.90)	(36.46)	(270,330.55)
Unallocated Expenses					(22,078.64)
Operating Profit					(292,409.19)
Income Taxes					(65,259.44)
Extra-ordinary Profit/(Loss)					62,969.44
Net Profit					(164,180.31)
Other Information:					
Segment assets	718,647.95	1,258,879.95	503,345.05	232.44	2,481,105.39
Unallocated assets					97,163.84
Total assets					2,578,269.23
Segment liabilities	1,317,079.06	479,468.85	547,960.41	970.66	2,345,478.98
Unallocated liabilities					232,790.24
Total liabilities					2,578,269.22

Other banking operations includes income from bancassurance business ₹836.40 million during year ended March 31, 2020.

Notes for segment reporting:

1. The business of the Bank is concentrated largely in India. Accordingly, geographical segment results have not been reported in accordance with AS-17 (Segment Reporting).
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. The unallocated assets includes tax paid in advance/tax deducted at source and deferred tax asset.
5. The unallocated liabilities include Share Capital, Reserves & Surplus and Tier 1 bond borrowings.
6. Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

18.6.48 Related Party Disclosures

The Bank has transactions with its related parties comprising of subsidiary, key management personnel and the relative of key management personnel

As per AS 18 "Related Party Disclosures", notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, the Bank's related parties for the year ended March 31, 2021 are disclosed below:

Subsidiary

- » Yes Securities (India) Limited
- » Yes Asset Management (India) Limited
- » Yes Trustee Limited

Individuals having significant influence:

- » Mr. Prashant Kumar, Managing Director & CEO

Investing Company

Investing party - State Bank of India Limited (SBI)

Key Management Personnel ('KMP') (Whole time Director)

- » Mr. Prashant Kumar, Managing Director & CEO

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The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2021:

Items / Related Party Category	Investing party ¹	Maximum Balance during the year	Subsidiaries ^{2,3}	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	Enterprise where relative of whole time director having significant influence
Deposits*	#	#	1,020.46	2,028.69	#	#			
Advances (Overdraft)*			881.33	237.50					
Investment*	#	#	2,593.00	2,593.00					
Interest received	#		25.53						
Interest paid	#		23.01		#				
Reimbursement of Cost incurred			23.89						
Receiving of services			0.80						
Payable	#		6.96						
Receivable	#		10.42						
Sale of Assets			10.94						
Funded/Non Funded Exposure	#		2,000.00						
Remuneration paid					#				

*As per RBI Circular, where there is only one entity in any category of related party, banks need not disclose any details pertaining to that related party other than the relationship with that related party

*Represents outstanding as of March 31, 2021

¹As per Accounting Standard 18 - Related Party Disclosure, State Bank of India Limited (SBI) is an investing company for YES Bank Limited and YES BANK is associate of SBI

²During the year, Bank has made investment in YES Asset Management (India) Limited for ₹200 million and ₹0.30 million in Yes Trustee Limited

³As per the RBI master circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks, the Bank has provided ₹437.8 million for impairment of investment in subsidiaries.

⁴The Bank has entered into a definitive agreement to sell its entire stake in YES Asset Management (India) Limited and YES Trustee Limited to GPL Finance and Investments Limited. The transaction is subject to requisite regulatory approvals.

During the year ended March 31, 2021, the Bank has contributed ₹ 'Nil' (previous year ₹405.42 million) to YES Foundation. YES Foundation is an independent public charitable trust which undertakes social charitable activities. YES Foundation does not qualify as Related Party, as defined under the Accounting Standard 18 - Related Party Disclosure and RBI guidelines.

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The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2020:

Items / Related Party Category	Investing party ¹	Maximum Balance during the year	Subsidiaries ^{2,3}	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	Enterprise where relative of whole time director having significant influence
Deposits	#	#	600.98*	1,437.63	-	12.65	-	-	-
Advances (Overdraft)			102.05*	2,039.12					
Investment	#	#	2,390.00*	2,390.00					
Interest received	#		145.87						
Interest paid	#		33.38		0.31				
Reimbursement of Cost incurred			54.06						
Receiving of services			0.93						
Payable	#		1.33						
Receivable	#		34.29						
Sale of Assets									
Funded/Non Funded Exposure taken	#		1,375.00						
Dividend paid									

*Represents outstanding as of March 31, 2020

[#]As per RBI Circular, where there is only one entity in any category of related party, disclosure pertaining to that related party other than the relationship with that related party.

¹As per Accounting Standard 18 - Related Party Disclosure, State Bank of India Limited (SBI) is an investing company for YES Bank Limited and YES BANK is associate of SBI

²During the year, Bank has made investment in YES Asset Management (India) Limited for ₹150 million.

³As per the RBI master circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks, the Bank has provided ₹403.0 million for impairment of investment in subsidiaries.

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18.6.49 Operating Leases

Lease payments recognized in the profit and loss account for the year ended March 31, 2021 was ₹3,892.44 million (Previous year: ₹3,900.61 million). During the year ended March 31, 2021, the Bank paid minimum lease payment ₹3,903.91 million (Previous year: ₹3,782.51 million).

The following table sets forth, for the period indicated, the details of future rentals payment on operating leases:

Lease Obligations	(₹ in million)	
	As at March 31, 2021	As at March 31, 2020
Not later than one year	3,347.63	3,337.42
Later than one year and not later than five years	10,250.40	10,090.09
Later than five years	12,661.96	13,749.82
TOTAL	26,259.99	27,177.33

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.

18.6.50 ESOP disclosures

Statutory Disclosures Regarding Joining Stock Option Scheme:

The Bank has Six Employee Stock Option Schemes viz.

- » Joining Employee Stock Option Plan I (JESOP I),
- » Joining Employee Stock Option Plan II (JESOP II),
- » Joining Employee Stock Option Plan III (JESOP III),
- » YBL ESOP (consisting of two sub schemes JESOP IV/PESOP I)
- » YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/ PESOP II/PESOP II -2010)
- » YBL Employee Stock Option Scheme, 2018 (YBL ESOS 2018) [Consisting of YBL Joining Employee Stock Option Plan, 2018 (JESOP 2018); YBL Performance Employee Stock Option Plan, 2018 (PESOP 2018), PESOP 2019, PESOP 2020, YBL MD&CEO (New) Stock Option Plan, 2019 (MD&CEO Plan 2019) and YBL MD&CEO Stock Option Plan, 2020 (MD&CEO Plan 2020)]

While amending/varying the employee stock option scheme of the bank i.e. YBL ESOS – 2018 which was approved in 14th Annual General Meeting of the Bank held on June 12, 2018. Effective September 10, 2020 nomenclature of the scheme from YBL ESOS – 2018 to YBL ESOS -2020 and all the plans under the said scheme would continue to be valid. All new options have been granted under the YBL ESOS 2020 (which inter-alia consists of JESOP 2018, PESOP 2018, PESOP 2020, MD & CEO Plan 2019 and MD & CEO Plan 2020). The YBL ESOS 2020 and plans formulated thereunder are in compliance with the SEBI (Share Based Employees Benefits) Regulations, 2014 as amended from time to time. Source of shares are primary in nature, since the Bank has been issuing new equity shares upon exercise of options.

JESOP II and JESOP III were in force for employees joining the Bank up to March 31, 2006 and March 31, 2007 respectively. Grants under PESOP II had been discontinued after January 1, 2010. Grants under JESOP IV/PESOP I and JESOP V/ PESOP II -2010 had been discontinued w.e.f. June 12, 2018 pursuant to coming into effect of YBL ESOS 2018. However, any options already granted under the above mentioned plans would be valid in accordance with the terms & conditions mentioned in the plans

In accordance with the various Employee Stock Option Plans/ Schemes of the Bank as mentioned above, the Employees can exercise the options granted to them from time to time:

JESOP/PESOP	ESOP Scheme	Exercise period
JESOP	JESOP II	50% after 3 years and balance after 5 years from the Grant date
	JESOP III	50% after 3 years and balance after 5 years from the Grant date
	JESOP IV	50% after 3 years and balance after 5 years from the Grant date
	JESOP V	50% after 3 years and balance after 5 years from the Grant date
	MD&CEO Plan 2019	20%, 30% 50% each year, from end of 1 st year from Grant date
	JESOP 2018	50% after 3 years and balance after 5 years from the Grant date

JESOP/PESOP	ESOP Scheme	Exercise period
	PESOP I	25% each year, from the end of 1 st year from Grant date
	PESOP II	30%, 30% & 40% after each year from the Grant date
	PESOP II - 2010	30%, 30% 40% each year, from end of 3 rd year from Grant date
PESOP	PESOP 2018	30%, 30% 40% each year, from end of 3 rd year from Grant date
	PESOP 2019	30%, 30% 40% each year, from end of 3 rd year from Grant date
	PESOP 2020	25% will vest at end of 12, 24, 36,42 Months from Grant date
	MD&CEO Plan 2020	25% will vest at end of 12, 24, 36,42 Months from Grant date

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, 2021 and March 31, 2020 is set out below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	PESOP	JESOP	PESOP	JESOP
Options outstanding at the beginning of the year	36,696,790	14,514,052	35,019,115	18,254,826
Granted during the year	34,663,500	42,500	18,032,000	2,025,000
Exercised during the year	-	-	4,037,675	346,499
Forfeited / lapsed during the year	16,642,550	4,768,875	12,316,650	5,419,275
Options outstanding at the end of the year	54,717,740	9,787,677	36,696,790	14,514,052
Options exercisable	12,952,555	6,318,927	16,388,915	6,650,302
Weighted average exercise price (₹)	-	-	63.56	80.52
Weighted average remaining contractual life of outstanding option (yrs)	1.95	1.60	2.39	1.77

The Bank has charged 'Nil' amount, being the intrinsic value of the stock options granted for the year ended March 31, 2021 and March 31, 2020. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net loss after tax would have been higher by ₹338.86 million (Previous year: ₹505.40 million), the basic earnings per share would have been ₹(1.65) (Previous year: ₹(56.24)) per share instead of ₹(1.63) (Previous year: ₹(56.07)) per share; and diluted earnings per share would have been ₹(1.66) (Previous year: ₹(56.24)) per share instead of ₹(1.65) (Previous year: ₹(56.06)) per share.

The following assumptions have been made for computation of the fair value of ESOP granted for the year ended March 31, 2021 and March 31, 2020.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Risk free interest rate	3.73%-6.21%	6.29%-9.23%
Expected life	1.5 yrs - 7.5 yrs	1.5 yrs - 7.5 yrs
Expected volatility	43.18%-77.70%	25.01%-48.72%
Expected dividends	1.10%	1.10%

In computing the above information, certain estimates and assumptions have been made by the Management.

18.6.51 Deferred Taxation

The deferred tax asset of ₹95,538.43 million as at March 31, 2021 and ₹82,809.96 million as at March 31, 2020, 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 million)	
	As at 31-Mar-21	As at 31-Mar-20
Deferred tax asset		
Depreciation	569.12	585.78
Provision for gratuity and unutilized leave	367.57	322.73
Provision for Non-Performing Assets	47,645.19	60,164.53
Amortization of premium on HTM securities	126.01	132.39

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Particulars	(₹ in million)	
	As at 31-Mar-21	As at 31-Mar-20
Business Loss	23,947.84	-
Unabsorbed Depreciation	914.39	-
Provision for standard advances	4,858.57	3,123.15
Other Provisions	17,109.74	18,481.38
Deferred tax asset	95,538.43	82,809.96

The Bank has a total deferred tax asset of ₹95,538.43 million as at March 31, 2021. During the year ended March 31, 2021, the Bank has reported net loss of ₹34,622.27 million. The Bank continues to carry such deferred tax asset in its Balance Sheet, as basis financial projections approved by the Board of Directors, there is reasonable certainty of having sufficient taxable income to enable realization of the said deferred tax asset as specified in Accounting Standard 22 (Accounting for Taxes on Income). The bank has opted to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank has recognised Provision for Income Tax basis the rate prescribed in the aforesaid section.

18.6.52 Provisions and Contingencies

The breakup of provisions of the Bank for the year ended March 31, 2021 and March 31, 2020 are given below:

Particulars	(₹ in million)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Provision for taxation	(12,728.47)	(44,078.89)
Provision for investments	16,165.44	64,819.07
Provision for standard advances	6,895.36	(19,410.78)
Provision made/write off for non performing advances	71,158.19	278,060.36
Others Provisions*	2,904.83	4,115.69
TOTAL	84,395.35	283,505.45

* Other Provisions includes provision made against other assets.

Other Disclosures

18.6.53 Disclosure on Remuneration

a. Composition of the N&RC of the Bank as on March 31, 2021 is as follows:

Mr. Mahesh Krishnamurti	Non-Executive Director (Chairman)
Mr. Sunil Mehta	Non-Executive Director
Mr. Atul Bheda	Non-Executive Director
Mr. Ravindra Pandey	Director nominated by State Bank of India

The roles and responsibilities of the N&RC are as under-

- 1) To review the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval;
- 2) To examine the qualification, knowledge, skill sets and experience of each director vis-a- vis the Bank's requirements and their effectiveness to the Board on a yearly basis and accordingly recommend to the Board for the induction of new Directors;
- 3) To review:
 - (a) 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.
 - (b) Review the Terms of Reference of the Board Level Committees and recommend the changes therein, if any, to the Board;
- 4) To scrutinize nominations for Independent/Non-Executive Directors with reference to their qualifications and experience and making recommendations to the Board for appointment/filling of vacancies;
- 5) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- 6) To Formulate criteria for evaluation of performance of independent directors and the board of directors;
- 7) To carry out evaluation of every director's performance;
- 8) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

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- 9) To validate 'fit and proper' status of all Directors on the Board of the Bank in terms of the Guidelines issued by the RBI or other regulatory authorities;
- 10) To develop and recommend to the Board Corporate Governance guidelines applicable to the Bank for incorporating best practices;
- 11) To implement policies and processes relating to Corporate Governance principles;
- 12) To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- 13) To devise a Policy on Board diversity;
- 14) To recommend to the Board a policy relating to, the remuneration for the directors, key managerial personnel and other employees including performance/ achievement bonus, perquisites, retinals, sitting fee, etc.;
- 15) 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;
- 16) To ensure the following while formulating the policy on the aforesaid matters:
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to Whole time directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long- term performance objectives appropriate to the working of the company and its goals.
 - d. Recommend to the board all remuneration, in whatever form, payable to senior management
- 17) To consider grant of Stock Options to employees including employees of subsidiaries and administer and supervise the Employee Stock Option Plans;
- 18) To function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 and is authorized to allot shares pursuant to exercise of Stock Options by employees;
- 19) To review the Human Capital Capacity Planning on annual basis;
- 20) To review the list of risk takers on annual basis;
- 21) To review the Succession Planning;
- 22) To review the HCM Policies and provide suitable guidance for additions/ modification/ deletions, if any;
- 23) To perform any other functions or duties 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.
 - (a) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy-

The design and structure of remuneration process for MD & CEO/ WTDs/ MRTs is in line with the guidelines stated in the RBI circular dated 04 November 2019 (Ref. RBI/2019-20/89, DOR.APPT. BC. No. 23/29.67.001/2019-20). The remuneration for MD & CEO/WTDs/MRTs is 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 is consistent with the risk alignment taking into account the adherence to statutory requirements and industry practices.

The Compensation components comprise the following:
 - i. Fixed Pay and perquisites: Fixed Compensation includes components as Basic Salary, Supplementary Allowance, Dearness allowance, Superannuation/ retinals and the perquisites including monetary value of reimbursements which have a monetary ceiling
 - ii. Variable Pay: The Variable Pay for MD & CEO/WTDs/MRTs shall comprise Performance Bonus and Share linked instrument. The proportion of Variable pay to the remuneration, the composition of variable pay between Performance Bonus and Share Linked Instruments, and the deferral arrangements for payment are in line with the RBI Guidelines.

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An overview of the key features and objectives of remuneration policy –

The Bank's Human Capital philosophy focuses on acquiring top quality Human Capital and empowering them to push their boundaries beyond their comfort zones, inculcating the right mind-set based on a deep sense of organizational commitment and ownership. This promotes a deepening of the mind share of stakeholders through superior outcomes which in turn enhances the market share and drives sustainable growth.

In line with the above, the "Total Rewards Policy" of the Bank has the following objectives:

- » Attracting and retaining top class talent
- » Creating and reinforcing a strong meritocracy-based performance culture
- » Reinforcing employee behaviors aligned with organizational values, which include adherence to the best Governance practices, prudent risk taking and delivering superior outcomes to stakeholders.

- (b) 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.

Our current remuneration process/ Policy considers the current and future risks in the following steps

1. Defined Performance measures of each employee in accordance with overall budget of their operating units which is determined basis the stated risk appetite of the Bank and reflects the applicable Risk profile and tolerance
2. Defined Key Performance Indicators (KPI) which comprise factors such as Risk Management, Superior & Consistent customer service, Cost Management, Strengthening Systems, controls & Processes, Human capital and thus, the performance assessment is an outcome of measuring the performance holistically
3. A significant portion of remuneration for Senior Executives of the Bank is

the Variable Pay and it is dependent on the performance of Bank, Business Unit and the individual. Bank's Variable Pay Program rewards employees on both short term and long-term basis. There is a direct correlation between the quantum of Variable Pay and level of risk exposure and level and role of an employee in the organization

4. To assess and incorporate the future risk, deferral arrangements have been incorporated for the payout of Variable Pay, where a certain proportion of Variable Pay (Cash and Non Cash) is deferred over a period of time for the Senior Executives of the Bank. The Bank assess through the Business Unit Head/Risk/Finance function for any adverse outcomes in the case of organizational or business unit or individual level prior to the payment of the deferred portion
 5. In the event of a negative contribution, deferred compensation is subject to appropriate malus/claw back arrangements as decided by the Board Remuneration Committee
- (c) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.

The Bank's performance management process and compensation philosophies are structured to support the achievement of the Bank's Key Strategic Objectives (KSO). The Bank follows a "Pay for Performance" approach and has a comprehensive process towards defining Key Result Areas (KRAs) / measurable Key Performance Indicators (KPIs) for MD & CEO/WTDs/MRTs, which are set against the financial and non-financial KSO of the Bank, and the goals framed for the performance year have a linkage with these KSOs. The targets for these are determined at the Bank, Business Unit and Individual level. Achievement of targets is assessed during the Annual Performance Review, which has an impact on the remuneration.

- (d) 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 variable remuneration (cash and non-cash), above certain threshold, for the Senior Executives of the Bank is subject to a deferral arrangement as per guidelines given by RBI. An assessment of individual/ Business Unit/

Bank performance as well as identification of cases with negative or adverse outcomes is done prior to payout of the deferred component. The payment of the same is subject to malus or claw back clauses defined in the Bank's Total Rewards Policy.

- (e) Description of the different forms of variable remuneration (i.e., cash and types of share-linked instruments) that the bank utilizes and the rationale for using these different forms.

In line with the guidelines in the RBI circular, Variable Remuneration for MD & CEO/WTDs/MRTs at YES BANK comprise Performance Bonus Plan and Share linked instruments as prescribed in the guidelines.

For Senior and Top management employees (other than MRTs) at Bank, the variable remuneration includes Performance Bonus and Share Linked Instruments.

For the rest of employees at Bank, the variable remuneration includes, Performance Bonus or Sales Incentives.

There were 8 meetings of the N&RC held during the year ended March 31, 2021. The Bank had paid a remuneration of ₹1.45 million to the members of the N&RC for attending the meetings of the N&RC.,

(₹ in million except No. of employees)

	No of employees	For the year ended March 31, 2021	No of employees	For the year ended March 31, 2020
a. (i) Number of employees having received a variable remuneration award during the financial year.	4	19.54	10	40.29
(ii) Number and total amount of sign-on awards made during the financial year.	-	-	1	5.00
(iii) Details of severance pay, in addition to accrued benefits, if any.	-	-	-	-

(₹ in million except No. of employees)

	No of employees	For the year ended March 31, 2021	No of employees	For the year ended March 31, 2020
b. (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	1	0.90	1	2.45
(ii) Total amount of deferred remuneration paid out in the financial year.	1	0.58	2	3.78
c. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred				
Total remuneration award	7	159.45	12	397.45
Of which Fixed Component	7	139.91	12	341.28
Of which Variable Component	4	19.54	10	56.17
Deferred	4	8.67	10	19.67
Non-deferred	4	10.87	10	36.50
d. (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	4	9.57	1	2.45
(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	-	-	-	-

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(₹ in million except No. of employees)

	No of employees	For the year ended March 31, 2021	No of employees	For the year ended March 31, 2020
(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	-	-	-	-
e. Number of Key Risk Takers identified	7	-	12	-
f. (i) Number of cases where malus has been exercised.	1	-	-	-
(ii) Number of cases where clawback has been exercised.	-	-	-	-
(ii) Number of cases where clawback has been exercised.	-	-	-	-
(iii) Number of cases where both malus and clawback have been exercised.	-	-	-	-
g. The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	-	-	-	-

Note:

1. Amounts disclosed represent variable pay paid during the year ended March 31, 2021 and March 31, 2020 for services rendered by the risk takers during the year March 31, 2020 and March 31, 2019 respectively. As the bonus pool for the year ended March 31, 2021 has not yet been allocated and accordingly, the deferred component for the risk takers is yet to be determined.
2. 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.
3. For the Financial Year ended March 31, 2021, 1,200,000 ESOP were issued to 5 risk takers (previous year 2,995,000 ESOPs to 11 risktaker)

18.6.54 Movement in Floating Provisions

The Bank has not created or utilized any floating provisions during the financial year ended March 31, 2021 and financial year ended March 31, 2020.

18.6.55 Drawdown from Reserves

During the financial year ended March 31, 2021, the Bank has not drawn down any reserve. (Previous year: ₹ 'Nil').

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18.6.56 Liquidity Coverage Ratio (LCR)

The following table sets forth, the daily average of unweighted and weighted values for all the quarters in FY2020-21

(₹ in million)

Particulars	Quarter ended March 31, 2021		Quarter ended December 31, 2020		Quarter ended September 30, 2020		Quarter ended June 30, 2020	
	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		391,772.49		380,516.00		351,087.47		297,809.51
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	612,396.62	58,700.56	558,740.70	51,703.02	512,818.85	46,781.36	479,077.19	44,322.80
(i) Stable deposits	50,782.05	2,539.10	83,421.00	4,171.05	90,010.56	4,500.53	71,698.33	3,584.92
(ii) Less stable deposits	561,614.57	56,161.46	475,319.70	47,531.97	422,808.29	42,280.83	407,378.86	40,737.88
3 Unsecured wholesale funding, of which:	574,309.20	276,417.67	532,657.58	249,384.42	464,589.16	218,940.90	317,214.78	150,550.72
(i) Operational deposits (all counterparties)	51,276.07	12,819.02	41,813.52	10,453.38	34,472.37	8,618.09	29,464.86	7,366.22
(ii) Non-operational deposits (all counterparties)	523,033.13	263,598.65	490,844.06	238,931.04	430,116.79	210,322.81	287,749.92	143,184.50
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding	12,439.25	-	12,764.85	-	15,568.73	-	35,068.49	-
5 Additional requirements, of which	17,409.46	15,804.36	17,264.88	15,722.37	21,243.13	19,476.36	34,282.35	25,916.96
(i) Outflows related to derivative exposures and other collateral requirements	15,414.90	15,414.90	15,300.98	15,300.98	19,276.43	19,276.43	24,804.32	24,804.32
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	1,994.56	389.46	1,963.90	421.39	1,966.70	199.93	9,478.03	1,112.64
6 Other contractual funding obligations	41,387.14	41,387.14	36,664.67	36,664.67	86,755.48	86,755.48	462,988.09	462,988.09
7 Other contingent funding obligations	907,746.34	33,469.44	947,783.84	35,620.43	981,509.23	37,509.57	1,061,479.95	40,295.72
8 Total Cash Outflows	2,165,688.01	425,779.17	2,105,876.52	389,094.91	2,082,484.58	409,463.67	2,390,110.85	724,074.29
Cash Inflows								
9 Secured lending (e.g. reverse repos)	110,590.14	-	126,509.09	-	77,226.42	-	28,641.79	-
10 Inflows from fully performing exposures	74,407.65	60,482.52	34,711.40	21,362.97	36,992.04	30,127.26	(15,663.18)	(15,663.18)
11 Other cash inflows	21,445.20	21,445.20	25,450.67	25,450.67	27,056.74	27,056.72	33,595.86	33,595.86
12 Total Cash Inflows	206,442.99	81,927.72	186,671.16	46,813.64	141,275.18	57,183.98	46,574.47	17,932.68
13 TOTAL HQLA		391,772.49		380,516.00		351,087.47		297,809.51
14 Total Net Cash Outflows		343,851.45		342,281.27		352,279.69		706,141.61
15 Liquidity Coverage Ratio (%)		113.9%		111.2%		99.7%		42.17%

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The following table sets forth, the daily average of unweighted and weighted values for all the quarters in FY2019-20.

(₹ in million)

Particulars	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		197,052.73		310,855.05		536,598.92		589,102.55
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	612,338.09	58,687.66	673,981.30	64,779.68	808,350.86	78,114.89	811,455.15	78,594.99
(i) Stable deposits	50,922.98	2,546.15	52,368.91	2,618.44	54,404.02	2,720.21	51,010.43	2,550.52
(ii) Less stable deposits	561,415.11	56,141.51	621,612.39	62,161.24	753,946.84	75,394.68	760,444.72	76,044.47
3 Unsecured wholesale funding, of which:	537,278.73	255,617.70	638,242.08	288,380.46	855,505.17	391,361.04	935,232.42	425,537.90
(i) Operational deposits (all counterparties)	54,954.39	13,738.60	62,633.98	15,658.50	81,535.53	20,383.88	87,194.53	21,798.63
(ii) Non-operational deposits (all counterparties)	482,324.34	241,879.10	575,608.10	272,721.96	773,969.64	370,977.16	848,037.89	403,739.27
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding	147,470.36	-	150,267.90	-	17,871.00	-	19,029.67	-
5 Additional requirements, of which	30,728.06	20,356.46	24,316.89	20,672.59	24,058.11	22,360.83	23,728.58	21,894.41
(i) Outflows related to derivative exposures and other collateral requirements	18,791.97	18,791.97	20,267.67	20,267.67	22,032.49	22,032.49	21,098.30	21,098.30
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	11,936.09	1,564.49	4,049.22	404.92	2,025.62	328.34	2,630.28	796.11
6 Other contractual funding obligations	189,338.31	189,338.31	131,648.28	131,648.28	65,249.28	65,249.28	60,707.53	60,707.53
7 Other contingent funding obligations	1,321,202.23	50,913.41	1,473,027.23	56,771.11	1,563,980.18	59,941.45	1,593,489.66	60,991.41
8 Total Cash Outflows	2,838,355.78	574,913.54	3,091,483.68	562,252.12	3,335,014.60	617,027.49	3,443,643.01	647,726.25
Cash Inflows								
9 Secured lending (e.g. reverse repos)	11,285.53	-	10,547.72	-	39,742.11	-	49,205.38	-
10 Inflows from fully performing exposures	52,957.89	16,145.54	87,552.10	45,041.05	134,279.13	78,506.19	159,323.36	97,121.11
11 Other cash inflows	66,080.48	66,080.48	100,555.64	100,555.64	67,129.37	67,129.37	48,348.73	48,348.73
12 Total Cash Inflows	130,323.90	82,226.02	198,655.46	145,596.69	241,150.61	145,635.56	256,877.47	145,469.84
13 TOTAL HQLA		197,052.73		310,855.05		536,598.92		589,102.55
14 Total Net Cash Outflows		492,687.52		416,655.43		471,391.93		502,256.41
15 Liquidity Coverage Ratio (%)		40.0%		74.6%		113.8%		117.3%

For all the quarters in the current and previous year, the average weighted and unweighted amounts are calculated taking simple average of daily positions.

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Qualitative Disclosure:

The Bank measures and monitors the LCR in line with the Reserve Bank of India's circular dated June 09, 2014 and November 28, 2014 on "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards" as amended for "Prudential Guidelines on Capital Adequacy and Liquidity Standards" dated March 31, 2015. The LCR guidelines aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Banks are required to maintain High Quality Liquid Assets of a minimum of 90% of its Net Cash Outflows as prescribed by regulator.

- » The Bank endeavors to meet the LCR requirement on an ongoing basis. The adequacy in the LCR maintenance remains a conscious strategy of the Bank towards complying with LCR mandate.
- » The Board of Directors of the Bank have empowered ALCO (Top Management Executive Committee) to monitor and strategize the Balance Sheet profile of the Bank. In line with the business strategy, ALCO forms an Interest Rate/Liquidity view for the bank with the help of the economic analysis provided by the in-house economic research team of the bank. ALCO of the Bank channelizes various business segments of the Bank to target good quality asset and liability profile to meet the Bank's profitability as well as Liquidity requirements with the help of robust MIS and Risk Limit architecture of the Bank.
- » Funding strategies are formulated by the ALCO of the Bank. The objective of the funding strategy is to achieve an optimal funding mix which is consistent with prudent liquidity, diversity of sources and servicing costs. Accordingly, BSMG (Balance Sheet Management Group) of the Bank estimates daily liquidity requirement of the various business segments and manages the same on consolidated basis under ALCO guidance. With the help of Liquidity Statement prepared by the Bank, BSMG evaluates liquidity requirement and takes necessary action. Periodical reports are also placed before the ALCO for perusal and review.
- » The Bank's HQLA comprises of Excess CRR, Excess SLR, eligible foreign sovereign investments, Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) as permitted under prudential guidance and eligible Level

2 investments. The Bank has a very limited exposure to liquidity risk on account of its Derivatives portfolio. Further, the Bank believes that all inflows and outflows which might have a material impact under the liquidity stress scenario have been considered for the purpose of LCR. Further, SLR investments as well as Corporate Bond portfolio of the Bank considered for HQLA is also well diversified across various instruments and Liquid Asset Type Mix and should provide the Bank with adequate and timely liquidity.

- » The daily average LCR for quarter ending March 31, 2021 is 113.9% which is well above the prudential requirement of 90%.
- » The Bank has been in compliance with prudential requirement for Liquidity Coverage Ratio for the FY 2020-21 on all days, starting from from Jun 15, 2020 onwards except for 4 days (Aug 26, 2020 and from Aug 31, 2020 to Sep 2, 2020) due to repayment of Special Liquidity facility availed from RBI. Since Sept 3, 2020 Bank was in compliance with LCR prudential requirements.

18.6.57 Intra-Group Exposures to Subsidiaries

The Bank has three subsidiary viz. "YES Securities (India) Limited, Yes Asset Management (India) Limited and Yes Trustee Limited ". Below mentioned are details of Intra-Group Exposure as of March 31, 2021 and March 31, 2020.

Particulars	(₹ in million)	
	As of March 31, 2021	As of March 31, 2020
Total amount of intra-group exposures	2,000	1,375
Total amount of top-20 intra-group exposures	2,000	1,375
Percentage of intra-group exposures to total exposure of the bank on borrowers / customers (%)	0.06%	0.03%

During the year ended March 31, 2021 and March 31, 2020, the intra-group exposures were within the limits specified by RBI.

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18.6.58 Transfers to Depositor Education and Awareness Fund (DEAF)

Particulars	(₹ in million)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance of the amount transferred to DEAF	53.68	32.83
Add: Amounts transferred to DEAF during the year	26.52	24.46
Less: Amounts reimbursed by DEAF towards claims	2.45	3.61
Closing balance of amounts transferred to DEAF	77.75	53.68

18.6.59 Investor Education and Protection Fund

The unclaimed dividend amount due to be transferred to the Investor Education and Protection Fund (IEPF) during the year ended March 31, 2021 and year ended March 31, 2020 has been transferred without any delay.

18.6.60 Unhedged Foreign Currency Exposure of Bank's Customer

The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency product portfolio and encouraging them to hedge the unhedged portion. In line with the policy, assessment of unhedged foreign currency exposure is a part of assessment of borrowers and is undertaken while proposing limits or at the review stage. Additionally, at the time of sanctioning limits for all clients, the Bank stipulates a limit on the unhedged foreign currency exposure of the client (as a % of total foreign currency exposure sanctioned by the Bank) after considering factors such as internal rating of the borrower, size, possibility of natural hedging, sophistication of borrower and maturity of borrower's financial systems, relative size of unhedged foreign currency exposure with respect to total borrowings of the client, etc. Further, the Bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank also maintains incremental provision and capital towards the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines.

The Bank has maintained provision of ₹736.55 million (previous year of ₹777.93 million) and additional capital of ₹1,945.24 million (previous year of ₹2,304.16 million) on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2021.

18.6.61 Provisioning pertaining to Fraud Accounts

The Bank has reported 383 cases of fraud in the financial year ended March 31, 2021 amounting to ₹1,29,215.25 million (Previous Year: 75 cases amounting to ₹65,931.87 million). The Bank has expensed off/ provided for the expected loss arising from these frauds and does not have any unamortized provision.

18.6.62 Disclosure of complaints

A. Summary information on complaints received by the bank from customers and from the OBOs

Sr. No	Particulars	FY 2020-21	FY 2019-20
Complaints received by the bank from its customers			
1	Number of complaints pending at beginning of the year	2,593	3,271
2	Number of complaints received during the year	63,035	111,764
3	Number of complaints disposed during the year	64,274	112,442
3.1	Of which, number of complaints rejected by the bank	2,113	549
4	Number of complaints pending at the end of the year	1,354	2,593
Maintainable complaints received by the bank from OBOs			
5	Number of maintainable complaints received by the bank from OBOs	3,303	2,047
5.1	Of 5, number of complaints resolved in favour of the bank by BOs	2,579	1,747
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	724	300
5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	1	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered within the ambit of the Scheme.

Auditors have relied upon the information presented by management as above.

B. Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year					
ATM Cash withdrawal related (Non YBL ATM)	58	10,853	-64%	160	1
Yes Pay Related Transaction	774	9,600	10%	160	0
Related (UPI)	363	8,514	14%	188	60
Unauthorized Transactions (Debit Card)	1,045	6,383	-49%	381	100
Cash Deposit (BNA / Cash recycler related)	53	4,627	-72%	66	0
Others	300	23,058	-37%	399	7
Total	2,593	63,035	-44%	1,354	168
Previous Year					
ATM Cash withdrawal related (Non YBL ATM)	510	30,187	1%	58	2
Cash Deposit (BNA / Cash recycler related)	95	16,481	479%	53	0
Unauthorized Transactions (Debit Card)	1,288	12,437	58%	1,045	717
Yes Pay Related	883	8,730	-76%	774	3
POS Related	96	7,497	64%	28	0
Others	399	36,432	25%	635	20
Total	3,271	111,764	1%	2,593	742

The above is based on the information available with the Bank which has been relied upon by the auditors.

18.6.63 Dues to Micro and Small Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been ₹570.14 million (previous year ₹655.70 million) worth bills which were paid with delays to micro and small enterprises. There have been ₹35.73 million worth bills remained unpaid as at March 31, 2021. There have been no demand of interest on these payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

18.6.64 Securitization Transactions

The Bank has not done any securitization transactions during the year ended March 31, 2021 and March 31, 2020. The Bank had assigned retail loans amounting to ₹27,511.49 million (90% of portfolio) during the financial year ended March 31, 2020.

18.6.65 Letter of comfort

The Bank has not issued any letter of comfort which is not recorded as contingent liability during the year ended March 31, 2021 and March 31, 2020.

18.6.66 Software Capitalized under Fixed Assets

The Bank has capitalized software under Fixed Asset amounting to ₹2,022.21 million and ₹951.56 million during the financial year ended March 31, 2021 and March 31, 2020 respectively.

Particulars	(₹ in million)	
	As at March 31, 2021	As at March 31, 2020
At cost at March 31 st of preceding year	6,248.33	5,296.77
Additions during the year	2,022.21	951.56
Deductions during the year	(17.67)	-
Depreciation to date	(5,479.94)	(4,148.74)
Net block	2,772.93	2,099.59

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for the year ended March 31, 2021

18.6.67 Provision for Long Term contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

18.6.68 PSLCs sold and purchased during the year ended March 31, 2021

(₹ in million)

Particulars	2020-21		2019-20	
	Purchased	Sold	Purchased	Sold
PSLC – Agriculture	-	-	-	-
PSLC - SF/MF	-	-	105,000.00	-
PSLC - Micro Enterprises	-	-	-	-
PSLC – General	-	-	-	-

18.6.69 Disclosure on Complaints-

The Bank became aware in September 2018 through communications from stock exchanges of anonymous whistleblower complaints alleging irregularities in the Bank's operations, potential conflict of interest of the founder / former MD & CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which was carried out by management and supervised by the Board of Directors. The enquiry resulted in a report that was reviewed by the Board in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm

to independently examine the matter. In April 2019, the Bank had received the phase 1 report from the external firm and based on further review/ deliberations had directed a phase 2 investigation from the said firm. In February 2020, the Bank has received the final phase 2 report from the said external firm. The Bank has taken this report to the Audit Committee. As advised by the Audit Committee, the Bank has reviewed and carried out remediation actions across areas of process, design, policy and control related issues highlighted in the report including conducting forensic audits for few of the identified borrower accounts. The forensic audits for remaining accounts are in the process. Basis guidance from the ACB during the year, further action has been taken and a comprehensive note was put up to the Board on January 15, 2021 for closure of the report. The Board expressed satisfaction with the review carried out and approved the closure of the review of the anonymous complaints received by the Bank in September / December 2018. Exposure to such borrower accounts are recognized as NPA and commensurately provided.

Further, the Bank received forensic audit reports on certain borrower groups commissioned by other consortium bankers, which gave more information regarding the above mentioned allegations and has filed complaints with the law enforcement agencies. Also, Law Enforcement Agencies (LEAs) - the Enforcement Directorate (ED), the Central Bureau of Investigations (CBI) and the Serious Fraud Investigation Office (SFIO) have launched investigations into some aspects of transactions of the founder / former MD & CEO, and alleged links with certain borrower groups. LEAs are investigating allegations of money laundering, fraud and nexus between the founder / former MD & CEO and certain loan transactions. The investigation continues to be carried out by the various law enforcement agencies. There are no claims made by any whistleblower or other parties against the Bank in this matter. The Bank does not foresee any substantial financial impact on the Bank arising out of these investigations.

FINANCIAL STATEMENTS

for the year ended March 31, 2021

18.6.70 Description of contingent liabilities

Sr. No	Contingent Liabilities	Brief
1.	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts.	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the Bank is contingently liable	Purchase of securities pending settlement, capital commitments, amount deposited with RBI under Depositor Education Awareness Fund (DEAF), bill re-discounting, Foreign Exchange Contracts (Tom & Spot)
<i>Refer Schedule 12 for amounts relating to contingent liability</i>		

Prior period comparatives

Previous year's figures have been regrouped where necessary to conform to current year classification.

For **M P Chitale & Co**
Chartered Accountants
Firm's Registration No: 101851W

Ashutosh Pednekar
Partner
Membership No: 041037

Mumbai
April 30, 2021

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

Prashant Kumar
Managing Director & CEO
(DIN:07562475)

V. S. Radhakrishnan
Director
(DIN: 08064705)

Sunil Mehta
Chairman
(DIN: 00065343)

Niranjan Banodkar
Group Chief Financial Officer

Atul Bheda
Director
(DIN: 03502424)

Shivanand R. Shettigar
Group Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of
YES BANK Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of YES BANK Limited (hereinafter referred to as the 'Bank' or 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group'), which comprise the consolidated Balance Sheet as at March 31, 2021, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'Consolidated Financial Statements'), in which the following are incorporated

- i. Audited accounts of YES BANK Limited, audited by us, vide our audit report dated April 30, 2021.
- ii. Audited accounts of 3 subsidiaries of which 2 subsidiaries are audited by us and 1 is audited by other auditor.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of the other auditor on separate financial statements of one subsidiary as were audited by the other auditor, the aforesaid consolidated financial statements give the information required by the section 29 of the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the 'Act') and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rules made thereunder, of the consolidated state of affairs of the Bank as at March 31, 2021, and its consolidated loss, and its consolidated cash flows for the year ended on that date.

Basis of opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act, and the Rules thereunder, and

we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of matter

- a) We draw attention to Note 18.19 which describes the state of affairs pertaining to the whistle blower complaints received in prior years and the subsequent actions including the corrective steps initiated by the Bank. The Management has made provisions in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification and provisioning and does not expect any further substantial impact on the financial position of the Bank. Our opinion is not modified of this matter.
- b) We draw attention to Note 18.6.1 which describes the business uncertainties due to the outbreak of SARS-CoV-2 virus (COVID-19). In view of these uncertainties, the impact on the Bank's financial statements is significantly dependent on future developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	Auditor's Response
Recognition and Measurement of Deferred Tax Asset	
<p>The Bank has recognised a net deferred tax asset of ₹95,538,433 (in '000) as on March 31, 2021, including net increase of ₹12,728,473 (in '000) during the year.</p> <p>Besides objective estimation, recognition and measurement of deferred tax asset is based on the judgment and numerous estimates regarding the availability and visibility of profits in the future and also considering probable impact of Covid-19 pandemic.</p> <p>The amount of deferred tax assets recognised presumes availability and forecasting of profits over an extended period of time thus increasing uncertainty and the inherent risk of inappropriate recognition of the said asset.</p>	<p>Our audit procedures involved gaining an understanding of the applicable tax laws and relevant regulations applicable to the Bank. We performed the following audit procedures as part of our controls testing including:</p> <ul style="list-style-type: none"> » evaluation of the policies used for recognition and measurement of deferred tax assets in accordance with AS 22 Accounting for Taxes on Income; » assessed the probability of the availability of future taxable profits based on assumptions and other parameters used by the Management including the probable impact of Covid-19 pandemic against which the Bank will be able to use this deferred tax asset in the future with reference to forecast as noted by the Board of Directors while adopting the consolidated financial statements. » assessed the method for determining the Deferred Tax Asset with reference to applicable tax rates and tested the arithmetical accuracy.
Income Recognition and Asset Classification of Advances (IRAC) and Provisioning as per regulatory norms	
<p>Please refer to Schedule 8 and 9 of the consolidated Balance Sheet on Investments and Advances respectively both stated net of provisions for non performing Investments and Advances, respectively</p> <p>Compliance of relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of income recognition, asset classification and provisioning pertaining to advances as well as those pertaining to investments is a key audit matter due to materiality involved and the current processes at the Bank which are not fully automated, management estimates and judgement.</p>	<p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances and investments. In particular:</p> <ul style="list-style-type: none"> » we have evaluated and understood the Bank's internal control system in adhering to the relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances and investments; » we have tested key IT systems/ applications used and their design and implementation as well as operational effectiveness of relevant controls, including involvement of manual process and manual controls in relation to income recognition, asset classification and provisioning pertaining to advances and investments;

Key Audit Matters	Auditor's Response
	<ul style="list-style-type: none"> » we have test checked advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets, and compliance with income recognition, asset classification and provisioning pertaining to advances in terms of applicable RBI guidelines; » we have evaluated the past trends of management judgement, governance process and review controls over impairment provision calculations and discussed the provisions made with the top and senior management of the Bank.
IT Systems and Controls over financial reporting	
<p>The Bank's key financial accounting and reporting processes are highly dependent on Core Banking and Treasury Solutions and other supporting software and hardware controls such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Appropriate IT controls are required to ensure that the IT applications perform as planned and the changes made are properly controlled. Such controls contribute to risk mitigation of erroneous output data. The audit outcome is dependent on the extent of IT controls and systems.</p>	<ul style="list-style-type: none"> » We have planned, designed and carried out the desired audit procedures and sample checks, taking into consideration the IT systems of the Bank. The procedures adopted by us are, in our opinion, adequate to provide reasonable assurance on the adequacy of IT controls in place. Towards this end, we obtained an understanding of Bank's IT environment. » In addition, we have also relied on IS audit conducted by internal audit department, and also the audit of Internal Financial Control over Financial Reporting conducted by the Operational Risk Management department of the Bank. We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.

INDEPENDENT AUDITOR'S REPORT

Information other than the consolidated financial statements and Auditor's Report thereon

The Bank's management and Board of Directors are responsible for the Other Information. The other information comprises the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report (collectively called as "Other Information") but does not include the consolidated financial statements and our auditor's report thereon and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures). The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Director's Responsibility for the Consolidated Financial Statements

The Bank's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation 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 Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls

that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid

In preparing the consolidated financial statements, the Management and Board of Directors included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors included in the Group are responsible for overseeing the Bank's financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial statements made by the Management and Board of Directors.
- » Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- » Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entity included in the Consolidated Financial Statements, which has been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

- » We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements

We communicate with those charged with governance of the Bank and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹59.16 crores as at March 31, 2021, total revenues of ₹4.00 crores and net cash inflows amounting to ₹45.9 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by another auditor whose report has been furnished to us by the Management and our opinion on the Consolidated Financial Statements, insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

INDEPENDENT AUDITOR'S REPORT

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statement certified by the management.

- b) The Consolidated Financial Statements of the Bank for the previous year ended March 31, 2020 were audited by the predecessor auditors. The auditors have expressed Qualified opinion vide their report dated May 6, 2020 on such financial statements.

Report on other legal and regulatory requirements

The consolidated balance sheet and the consolidated profit and loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act.

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept by the Bank so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) the consolidated balance sheet, the consolidated profit and loss account, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
 - (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

- (e) on the basis of the written representations received from the directors of the Bank as on March 31, 2021, taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary companies, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) with respect to the adequacy of the internal financial controls over financial reporting with reference to consolidated financial statements of the Holding Company and its subsidiary companies and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.

- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements of the subsidiary as noted in the 'Other Matters' paragraph:

- (a) the Consolidated Financial Statements disclose the impact of pending litigations as at March 31, 2021 on the consolidated financial position of the Group - Refer Note 18.24 to the consolidated financial statements;
- (b) provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 18.18 to the consolidated financial statements;
- (c) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies during the year ended March 31, 2021 - Refer Note 18.23 to the consolidated financial statements.

- C. With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, requirements with respect to the matter to be included in the Auditor's Report under section 197(16) are not applicable to banking companies.

INDEPENDENT AUDITOR'S REPORT

Based on the reports of the statutory auditor of the subsidiary company which was not audited by us and our reports on the subsidiaries audited by us, the remuneration paid during the current year by the subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the subsidiary companies is not in excess of the limit laid down under Section 197 of the Act.

For **M. P. Chitale & Co.**
Chartered Accountants
ICAI Firm Registration. No.: 101851W

Ashutosh Pednekar
Partner
ICAI Membership No.: 041037
UDIN : 21041037AAAACG9700

Place : **Mumbai**
Date : April 30, 2021

ANNEXURE A

to the Independent Auditor's Report of even date on the consolidated financial statements of YES BANK Limited for the year ended March 31, 2021

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to consolidated financial statements of YES BANK Limited ("the Bank") as of March 31, 2021 in conjunction with our audit of the consolidated financial statements of the Bank for the year ended on that date.

Management's responsibility for internal financial controls

The respective company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial

statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the relevant subsidiary company, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of internal financial controls with reference to financial statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statement includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent limitations of internal financial controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion the Holding Company and its subsidiaries have maintained, in all material respects, an adequate internal financial control system with reference to consolidated financial statements and such internal financial controls with reference to the consolidated financial statements were operating effectively as at March 31, 2021, based on internal control over financial reporting criteria established by the bank considering the essential components of internal control stated in the Guidance Note.

Other matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company, is based on the corresponding report of the auditor of this company

For **M. P. Chitale & Co.**
Chartered Accountants
ICAI FRN: 101851W

Ashutosh Pednekar
Partner
ICAI M. No.: 041037
UDIN : 21041037AAAACG9700

Place : **Mumbai**
Date : April 30, 2021

CONSOLIDATED BALANCE SHEET

as at March 31 2021

(₹ in thousands)

	Schedule	As at March 31, 2021	As at March 31, 2020
CAPITAL AND LIABILITIES			
Capital	1	50,109,812	25,100,944
Reserves and surplus	2	281,273,123	191,848,655
Deposits	3	1,628,459,313	1,053,111,680
Borrowings	4	639,490,848	1,137,905,026
Other liabilities and provisions	5	136,601,325	170,355,332
TOTAL		2,735,934,421	2,578,321,637
ASSETS			
Cash and balances with Reserve Bank of India	6	68,127,898	59,436,550
Balances with banks and money at call and short notice	7	225,124,617	24,867,028
Investments	8	431,146,483	437,478,034
Advances	9	1,668,048,605	1,714,330,897
Fixed assets	10	21,583,785	10,233,842
Other assets	11	321,903,033	331,975,286
TOTAL		2,735,934,421	2,578,321,637
Contingent liabilities	12	4,596,422,894	4,585,275,340
Bills for collection		22,140,477	51,201,926
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		

As per our report of even date attached.

For **M P Chitale & Co**
Chartered Accountants
Firm's Registration No: 101851W

Ashutosh Pednekar
Partner
Membership No: 041037

Mumbai
April 30, 2021

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

Prashant Kumar
Managing Director & CEO
(DIN:07562475)

V. S. Radhakrishnan
Director
(DIN: 08064705)

Sunil Mehta
Chairman
(DIN: 00065343)

Niranjan Banodkar
Group Chief Financial Officer

Atul Bheda
Director
(DIN: 03502424)

Shivanand R. Shettigar
Group Company Secretary

CONSOLIDATED PROFIT & LOSS

for the period ended March 31, 2021

(₹ in thousands)

	Schedule	For the year ended March 31, 2021	For the year ended Mar 31, 2020
I. INCOME			
Interest earned	13	200,392,826	260,520,173
Other income	14	34,361,069	119,560,986
TOTAL		234,753,895	380,081,159
II. EXPENDITURE			
Interest expended	15	126,109,333	192,580,598
Operating expenses	16	59,173,029	68,701,459
Provisions and contingencies	17	84,360,812	283,124,906
TOTAL		269,643,174	544,406,963
III. PROFIT			
Net profit for the year		(34,889,279)	(164,325,804)
Profit brought forward		(69,287,215)	107,427,755
TOTAL		(104,176,494)	(56,898,049)
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		-	-
Transfer to Capital Reserve		4,969,760	6,655,507
Transfer to Investment Reserve		153,699	147,226
Transfer to Investment Fluctuation Reserve		-	-
Dividend paid for previous year		-	4,633,917
Tax on Dividend paid for previous year		-	952,516
Balance carried over to balance sheet		(109,299,953)	(69,287,215)
TOTAL		(104,176,494)	(56,898,049)

CONSOLIDATED PROFIT & LOSS

for the period ended March 31, 2021

(₹ in thousands)

	Schedule	For the year ended March 31, 2021	For the year ended Mar 31, 2020
Significant Accounting Policies and Notes to Accounts forming part of financial statements	18		
Earning per share (Refer Sch. 18.13)			
Basic (₹)		(1.65)	(56.11)
Diluted (₹)		(1.65)	(56.11)
(Face Value of Equity Share is ₹2/-)			

As per our report of even date attached.

For **M P Chitale & Co**
Chartered Accountants
Firm's Registration No: 101851W

Ashutosh Pednekar
Partner
Membership No: 041037

Mumbai
April 30, 2021

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

Prashant Kumar
Managing Director & CEO
(DIN:07562475)

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Group Chief Financial Officer

Atul Bheda
Director
(DIN: 03502424)

Shivanand R. Shettigar
Group Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2021

(₹ in thousands)

	Year ended 31-mar-21	Year ended 31-mar-20
Cash flow from operating activities		
Net profit before taxes	(47,617,752)	(208,381,933)
Adjustment for		
Depreciation for the year	3,600,318	3,419,327
Amortization of premium on investments	1,785,855	2,459,276
Provision for investments	16,130,913	64,415,773
Provision for standard advances	6,895,356	(19,410,781)
Provision/write off of non performing advances	71,158,190	278,060,357
Other provisions	2,904,826	4,115,686
AT1 Write-down	-	(84,150,000)
(Profit)/Loss on sale of land, building and other assets	34,601	(3,282)
	54,892,307	40,524,423
Adjustments for :		
Increase / (Decrease) in Deposits	575,347,633	(1,222,467,347)
Increase/(Decrease) in Other Liabilities	(28,079,679)	54,388,418
(Increase)/Decrease in Investments	(70,814,304)	241,661,936
(Increase)/Decrease in Advances	(37,273,428)	421,580,597
(Increase)/Decrease in Other assets	15,181,410	(107,244,755)
	454,361,632	(612,081,151)
Payment of direct taxes	(8,013,982)	(5,655,486)
Net cash generated from / (used in) operating activities (A) (i+ii+iii)	501,239,957	(577,212,214)
Cash flow from investing activities		
Purchase of fixed assets	(2,696,005)	(5,416,951)
Proceeds from sale of fixed assets	108,671	65,960
(Increase) / Decrease in Held To Maturity (HTM) securities	59,229,087	147,270,308
Net cash generated / (used in) from investing activities (B)	56,641,753	141,919,317

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2021

(₹ in thousands)

	Year ended 31-mar-21	Year ended 31-mar-20
Cash flow from financing activities		
Increase in Borrowings	(483,088,553)	141,354,848
Innovative Perpetual Debt (paid)/raised	(3,070,000)	-
Tier II Debt repaid during the year	(12,064,000)	(4,024,500)
Proceeds from issuance of Equity Shares (net of share issue expense)	148,802,131	118,639,176
Dividend paid during the year	-	(4,633,917)
Tax on dividend paid	-	(952,516)
Net cash generated from / (used in) financing activities (C)	(349,420,422)	250,383,091
Effect of exchange fluctuation on translation reserve (D)	487,649	(635,925)
Net increase in cash and cash equivalents (A+B+C+D)	208,948,937	(185,545,729)
Cash and cash equivalents as at April 1 st	84,303,578	269,849,307
Cash and cash equivalents as at Mar 31 st	293,252,515	84,303,578
Notes to the Cash flow statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India	68,127,898	59,436,550
Balances with Banks and Money at Call and Short Notice	225,124,617	24,867,028
Cash and cash equivalents as at March 31st	293,252,515	84,303,578

As per our report of even date attached.

For **M P Chitale & Co**
Chartered Accountants
Firm's Registration No: 101851W

Ashutosh Pednekar
Partner
Membership No: 041037

Mumbai
April 30, 2021

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

Prashant Kumar
Managing Director & CEO
(DIN:07562475)

V. S. Radhakrishnan
Director
(DIN: 08064705)

Sunil Mehta
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Niranjan Banodkar
Group Chief Financial Officer

Atul Bheda
Director
(DIN: 03502424)

Shivanand R. Shettigar
Group Company Secretary

SCHEDULES

forming a part of Consolidated Balance Sheet

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 1 - CAPITAL		
Authorised Capital		
30,000,000,000 equity shares of ₹2/- each	60,000,000	60,000,000
20,000,000 preference shares of ₹100/- each	2,000,000	2,000,000
Issued, subscribed and paid-up capital (Refer Sch 18.7.1)		
25,054,905,981 equity shares of ₹2/- each (March 31, 2020 : 12,550,472,231 equity shares of ₹2/- each)	50,109,812	25,100,944
TOTAL	50,109,812	25,100,944

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening balance	48,934,100	48,934,100
Additions during the year	-	-
Deductions during the year	-	-
Closing balance	48,934,100	48,934,100
II. Share Premium		
Opening balance	199,155,977	100,987,679
Additions during the year (Refer Sch 18.7.1)	125,068,632	99,118,298
Deductions during the year	1,275,369	950,000
Closing balance	322,949,240	199,155,977
III. Capital Reserve		
Opening balance	12,190,084	5,534,577
Additions during the year	4,969,760	6,655,507
Deductions during the year	-	-
Closing balance	17,159,844	12,190,084

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
IV. Investment Reserve		
Opening balance	380,130	232,904
Additions during the year	153,699	147,226
Deductions during the year	-	-
Closing balance	533,829	380,130
V. Foreign Currency Translation Reserve		
Opening balance	(22,630)	613,295
Additions during the year	487,648	(635,925)
Deductions during the year	-	-
Closing balance	465,018	(22,630)
VI. Cash Flow Hedge Reserve		
Opening balance	(40,856)	(25,323)
Additions during the year	32,836	(15,533)
Deductions during the year	-	-
Closing balance	(8,020)	(40,856)
VII. Investment Fluctuation Reserve		
Opening balance	539,066	539,066
Additions during the year	-	-
Deductions during the year	-	-
Closing balance	539,066	539,066
VIII. Balance in Profit and Loss Account	(109,299,952)	(69,287,215)
TOTAL	281,273,123	191,848,655

SCHEDULES

forming a part of Consolidated Balance Sheet

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i) From Banks	13,696,165	7,932,044
ii) From Others	176,257,900	86,893,712
II. Savings Bank Deposit	235,898,654	185,635,246
III. Term Deposits		
i) From banks	164,737,144	86,786,217
ii) From others (incl. CD's issued)	1,037,869,450	685,864,461
TOTAL	1,628,459,313	1,053,111,680
B. I. Deposits of branches in India	1,628,021,051	1,052,773,191
II. Deposits of branches outside India	438,262	338,489
TOTAL	1,628,459,313	1,053,111,680

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 4 - BORROWINGS		
I. Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt		
A. Borrowing in India		
i) IPDI	2,800,000	5,870,000
ii) Tier II Borrowings	165,695,000	177,759,000
TOTAL (A)	168,495,000	183,629,000
B. Borrowings outside India		
i) IPDI	-	-
ii) Tier II Borrowings	5,483,250	5,674,875
TOTAL (B)	5,483,250	5,674,875
TOTAL (A+B)	173,978,250	189,303,875

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
II. Other Borrowings		
A. Borrowing in India		
i) Reserve Bank of India	54,150,000	520,380,000
ii) Other banks	21,752,150	18,350,000
iii) Other institutions and agencies	295,643,624	278,921,592
TOTAL (A)	371,545,774	817,651,592
B. Borrowings outside India	93,966,824	130,949,559
TOTAL (A+B)	465,512,598	948,601,151
TOTAL (I+II)	639,490,848	1,137,905,026

- (1) Secured borrowings are ₹54,150,000 thousands (March 31, 2020 : ₹524,379,868 thousands).
- (2) Including ₹257,843,624 thousands of refinance borrowing (March 31, 2020: ₹237,121,724 thousands), ₹16,450,000 thousands (March 31 2020: ₹16,450,000 thousands) of Green Infrastructure Bonds raised to fund 'Green Projects' and ₹21,350,000 thousands (March 31, 2020: ₹21,350,000 thousands) of Long Term Infrastructure Bonds raised to finance affordable housing and infrastructure projects.
- (3) Includes bonds of ₹34,839,972 thousands (March 31, 2020: ₹36,032,742 thousands) of Medium Term Notes issued from International Business Unit (IBU) in GIFT city Gujarat to fund its growth.

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	5,686,395	2,867,243
II. Inter-office adjustments (net)	-	-
III. Interest accrued	15,287,712	22,632,492
IV. Others (including provisions)		
- Provision for standard advances	19,492,544	12,597,187
- Country risk provision	69,400	69,000
- Others	96,065,274	129,355,762
- Income Tax Provision	-	2,833,648
TOTAL	136,601,325	170,355,332

SCHEDULES

forming a part of Consolidated Balance Sheet

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand	7,903,956	16,307,411
II. Balances with Reserve Bank of India		
- In current account	60,223,942	43,129,139
- In other account	-	-
TOTAL	68,127,898	59,436,550

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
Balances with banks-		
i) In current accounts	1,496,175	6,143,114
ii) In other deposit accounts	3,119,727	677,270
Money at call and short notice		
i) With Banks	-	-
ii) With other institutions	-	-
iii) Lending under reverse repo (RBI & Banks)	173,960,000	13,200,000
TOTAL (I)	178,575,902	20,020,384
II. Outside India		
i) In current account	45,159,625	4,532,634
ii) In other deposit account	-	-
iii) Money at call and short notice	1,389,090	314,010
TOTAL (II)	46,548,715	4,846,644
TOTAL (I+II)	225,124,617	24,867,028

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 8 - INVESTMENTS (Net of provisions)		
A. Investments in India		
i) Government Securities	334,737,624	329,069,163
ii) Other approved securities	-	-
iii) Shares	241,978	243,865
iv) Debentures and bonds	66,924,747	74,399,345
v) Subsidiaries and/or joint ventures	-	-
vi) Others (CPs, CDs, Security Receipts, Pass through certificates etc)	24,634,031	32,254,100
TOTAL (I)	426,538,380	435,966,473
B. Investments outside India		
i) Government Securities	2,924,350	-
ii) Shares	10,401	-
iii) Debentures and bonds	-	-
iv) Others (CPs, CDs, Security Receipts, Pass through certificates etc)	1,673,352	1,511,561
TOTAL (II)	4,608,103	1,511,561
TOTAL (I+II)	431,146,483	437,478,034

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 9 - ADVANCES		
A. i) Bills purchased and discounted	23,281,200	21,978,904
ii) Cash credit, overdrafts and loans payable on demand	338,485,372	331,582,359
iii) Term loans	1,306,282,033	1,360,769,634
TOTAL	1,668,048,605	1,714,330,897

SCHEDULES

forming a part of Consolidated Balance Sheet

	(₹ in thousands)	
	As at March 31, 2021	As at March 31, 2020
B. i) Secured by tangible assets (includes advances secured by fixed deposits and book debt)	1,318,455,918	1,300,993,862
ii) Covered by Bank/Government guarantees	14,232,450	2,720,758
iii) Unsecured ⁽¹⁾	335,360,237	410,616,277
TOTAL	1,668,048,605	1,714,330,897
¹ Includes advances of ₹80,805,626 thousands (March 31, 2020: ₹37,671,709 thousands) for which security documentation is either being obtained or being registered. As at March 31, 2021, advances amounting to ₹1,588,072 thousand (March 31, 2020 : ₹12,738,207 thousands) has been secured by intangible securities such as charge over the rights, licenses, authority, etc.		
C. I. Advances in India		
i) Priority sectors	500,119,882	470,973,962
ii) Public sector	234,014	488,829
iii) Banks	1,223,832	1,119,061
iv) Others	1,067,871,694	1,100,867,915
TOTAL (I)	1,569,449,422	1,573,449,767
II. Advances outside India		
i) Due from Banks	146,219	5,853
ii) (a) Bills purchased and discounted	-	-
(b) Syndicated loans	14,236,912	35,862,373
(c) others	84,216,052	105,012,904
TOTAL (II)	98,599,183	140,881,130
TOTAL (I+II)	1,668,048,605	1,714,330,897

	(₹ in thousands)	
	As at March 31, 2021	As at March 31, 2020
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost as on March 31 st of preceding year	378,031	378,031
Additions during the year	12,102,530	-
Deductions during the year	-	-
Accumulated depreciation to date	(41,583)	(21,006)
TOTAL (I)	12,438,978	357,025
II. Other Fixed Assets (including furniture and fixtures and software)		
At cost as on March 31 st of preceding year	20,987,202	18,305,440
Additions during the year	5,301,841	2,992,739
Deductions during the year	(495,896)	(310,977)
Accumulated depreciation to date	(17,276,138)	(14,049,021)
TOTAL (II)	8,517,009	6,938,181
TOTAL (I+II)	20,955,987	7,295,206
Capital work-in-progress	627,798	2,938,636
TOTAL	21,583,785	10,233,842

	(₹ in thousands)	
	As at March 31, 2021	As at March 31, 2020
SCHEDULE 11 - OTHER ASSETS		
I. Interest Accrued	15,062,231	22,516,878
II. Advance tax and tax deducted at source (net of provision)	5,123,088	-
III. Deferred tax asset (Refer Sch 18.15)	95,538,433	82,809,960
IV. Non-Banking assets acquired in satisfaction of claims	353,000	353,000
V. Others	205,826,281	226,295,448
TOTAL	321,903,033	331,975,286

SCHEDULES

forming a part of Consolidated Balance Sheet

(₹ in thousands)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	612,500	612,500
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	2,021,391,776	1,519,467,414
IV. Liability on account of outstanding derivative contracts		
- Single currency Interest Rate Swap	1,574,827,703	1,866,270,431
- Others	355,127,777	548,274,930
V. Guarantees given on behalf on constituents		
- In India	393,303,132	420,131,381
- Outside India	-	-
VI. Acceptances, endorsement and other obligations	131,798,720	198,799,106
VII. Other items for which the bank is contingently liable		
- Purchase of securities pending settlement	849,834	836,632
- Capital commitment	3,798,016	3,213,827
- Amount deposited with RBI under Depositor Education and Awareness Fund (DEAF)	77,756	53,681
- Foreign exchange contracts (Tom & Spot)	113,029,721	25,887,555
- Custody	1,605,959	1,727,883
- Bills Rediscounting	-	-
TOTAL	4,596,422,894	4,585,275,340

Contingent Liability on account of outstanding forward exchange contracts and single currency interest rate swap as on March 31, 2021 includes notional amount of ₹1,592,382,517 thousands and ₹3,18,138,617 thousands (Mar 31, 2020: ₹1,067,721,532 thousands and ₹543,032,121 thousands) guaranteed by CCIL representing 78.78% and 20.20% (Mar 31, 2020: 70.27% and 29.10%) of total outstanding forward exchange contracts and single currency interest rate swaps respectively.

SCHEDULES

forming a part of Consolidated Profit and Loss Account

	(₹ in thousands)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	166,394,185	212,466,013
II. Income on investments	26,800,743	42,609,208
III. Interest on balances with Reserve Bank of India and other inter-bank funds	3,320,253	2,103,677
IV. Others	3,877,645	3,341,275
TOTAL	200,392,826	260,520,173

	(₹ in thousands)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	12,352,338	15,259,280
II. Profit on the sale of investments (net)	11,080,030	11,134,575
III. Profit/(Loss) on the revaluation of investments (net)	-	-
IV. Profit/(Loss) on sale of land, building and other assets	(34,601)	3,282
V. Profit on exchange transactions (net)	5,333,538	3,731,959
VI. Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-	-
VII. Miscellaneous income	5,629,764	89,431,890
TOTAL	34,361,069	119,560,986

Miscellaneous income for the period ended March 31, 2020 includes extraordinary income on account of write down of Additional Tier I Bonds amounting to ₹84,150,000 thousands

	(₹ in thousands)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	76,639,394	120,019,406
II. Interest on Reserve Bank of India/inter-bank borrowings/Tier I and Tier II debt instruments	52,366,790	66,661,229
III. Others*	(2,896,851)	5,899,963
<i>*includes reversal of provision created in FY20 for penalty on SLR breach of ₹3,344,384 in thousands</i>		
TOTAL	126,109,333	192,580,598

	(₹ in thousands)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	25,172,549	26,913,246
II. Rent, taxes and lighting	4,462,970	4,540,763
III. Printing and stationery	300,412	407,322
IV. Advertisement and publicity	392,263	296,655
V. Depreciation on Group's property	3,600,318	3,419,327
VI. Directors' fees, allowances and expenses	32,776	57,867
VII. Auditors' fees and expenses	39,751	44,898
VIII. Law charges	190,286	151,949
IX. Postage, telegrams, telephones, etc.	461,281	643,777
X. Repairs and maintenance	326,760	357,857
XI. Insurance	1,358,723	2,162,391
XII. Other expenditure	22,834,940	29,705,407
TOTAL	59,173,029	68,701,459

	(₹ in thousands)	
	As at March 31, 2021	As at March 31, 2020
SCHEDULE 17 - PROVISIONS & CONTINGENCIES		
I. Provision for taxation (Refer Sch 18.8)	(12,728,473)	(44,056,129)
II. Provision for investments	16,130,913	64,415,773
III. Provision for standard advances	6,895,356	(19,410,781)
IV. Provision/write off for non performing advances	71,158,190	278,060,357
V. Other Provisions	2,904,826	4,115,686
TOTAL	84,360,812	283,124,906

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for the year ended March 31, 2021

18. Significant accounting policies and notes forming part of the accounts for the year ended March 31, 2021

18.1 Background

YES BANK is a publicly held bank engaged in providing a wide range of banking and financial services. YES BANK 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. Also the Bank has a branch at International Financial Services Centre ('IFSC') at GIFT City, Gujarat ('IBU'). The Bank classifies transactions undertaken by IBU as overseas operation.

The Bank has three wholly owned subsidiaries namely Yes Securities (India) Limited, YES Asset Management (India) Limited and YES Trustee Limited.

YES Securities (India) Limited ('the Company') was incorporated on March 14, 2013, as a wholly owned subsidiary of YES Bank Limited ('YBL' / 'Holding Company'). The Company is a securities broker registered with the Securities and Exchange Board of India since July 8, 2013. The Company also got SEBI registration as Category I Merchant Banker w.e.f. September 3, 2015 and as a Research Analyst w.e.f. November 30, 2015. The Company also got SEBI registration as Investment Adviser w.e.f. March 20, 2017. The Company offers, inter alia, trading / investment in equity, merchant banking and other financial products along with various value added services. The Company is member of the National Stock Exchange ('NSE') since May 2, 2013 and the Bombay Stock Exchange ('BSE') since June 11, 2013 and MCX since February 5, 2019, NCDEX since February 6, 2020.

YES Asset Management (India) Limited (the Company) was incorporated on April 21, 2017 as a wholly owned subsidiary of YES BANK Limited (YBL / Holding Company). The Company has entered into an investment management agreement with Yes Trustee Limited to act as the investment manager for any funds to be launched by YES Mutual fund. The company obtained registration from Securities and Exchange Board of India ('SEBI') to launch Mutual fund operations on July 3, 2018. Yes Mutual Fund launched its first Scheme YES Liquid Fund in January 2019. Subsequently in the FY 2019-20 Yes Mutual Fund launched two schemes namely YES Ultra Short Term Fund and YES Overnight Fund.

YES Trustee Limited (the 'Company') was incorporated under the provisions of the Companies Act, 2013 on 3 May 2017 having its registered office in Mumbai. The Company is a wholly owned subsidiary of YES Bank Limited. The Company is engaged in providing trusteeship services to YES Mutual Fund. YES Mutual Fund has launched its first Scheme YES Liquid Fund in January 2019. Subsequently in FY 2019-20, YES Mutual Fund has launched two schemes namely YES Ultra Short Term Fund and YES Overnight Fund.

The Bank has entered into a definitive agreement to sell its entire stake in YES Asset Management (India) Limited and YES Trustee Limited to GPL Finance and Investments Limited. The transaction is subject to requisite regulatory approvals

18.2 Assessment of Going Concern:

The audit report for the Financial Year ended March 2020 was qualified on account of material uncertainty related to Going Concern. The opinion was predicted on a significant decline in Bank's deposit base, credit downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating, breaches in liquidity ratios and RBI mandated Capital ratios.

During the current year, Bank has been able to address the concerns of erstwhile auditors, on the back of capital raise of ₹150,000 million through FPO in July-20. As a consequence, Bank's capital ratio stands at 17.5% as on Mar 31, 2021 as against a minimum requirement of 10.875%. Further, Bank has increased its deposit position by 54.7% to ₹1,629,466 million while also improving the LCR well in excess of the minimum regulatory thresholds.

Given the capital raise, reinforced capital buffers, strong growth in deposit base, the Banks' compliance with regulatory ratios and expanding customer & branch network, the audit report for FY 2020-21 is not modified.

18.3 Principles of Consolidation

The consolidated financial statements comprise the financial statements of YES Bank Limited, and its subsidiaries, YES Securities (India) Limited, YES Asset Management (India) Limited and YES Trustee Limited which together constitute the 'Group'.

The Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 issued by the Ministry of Corporate Affairs to the extent applicable on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure.

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18.4 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 Group used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India. The Group follows accrual method of accounting and the historical cost convention, unless otherwise stated by RBI guidelines.

18.5 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.

Due to outbreak of the COVID-19 pandemic, the country had witnessed lockdowns across India, imposed by the Indian government from March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The current second wave of Covid-19 pandemic, where the number of new cases has increased significantly in India, has resulted in re-imposition of localised/regional lockdown measures in various parts of the country. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on ongoing as well as future developments, which are highly uncertain. However, 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.

18.6 Significant accounting policies

18.6.1 COVID

The SARS-CoV-2 virus responsible for COVID-19 started spreading across the globe and India in March 2020, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities.

Due to outbreak of the COVID-19 pandemic, the country had witnessed lockdowns across India, imposed by the Indian government from March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The current second wave of Covid-19 pandemic, where the number of new cases has increased significantly in India, has resulted in re-imposition of localised/regional lockdown measures in various parts of the country.

RBI issued guidelines on COVID-19 Regulatory Packages under which, the Bank granted a moratorium of three months (further extended by three months) on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and August 31, 2020. For all such accounts where the moratorium was granted, the asset classification remained stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) and the same had been retained based on the overdue status as at February 29, 2020.

The Supreme Court, in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), through its interim order dated September 3, 2020 had directed that accounts which were not declared as NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Bank did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020. The Bank had made contingency provision of ₹ 2,683 crore till December 31, 2020. The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. Further in accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has classified such borrower accounts as per the extant IRAC norms with effect from September 1, 2020 and utilised the above contingency provisions towards provision on these accounts.

During the FY 2020-21, the Bank in line with extant regulatory guidelines has offered the below:

- » **Loan moratorium:** Offered to all customer (whether opt-in or otherwise) on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and August 31, 2020.
- » **COVID – 19 Restructuring:** As per Resolution Framework for COVID-19 related stress (RBI circular no. RBI/2020-21/16 DOR. No.BP.BC./3/21.04.048/2020-21 dated August 6, 2020) and Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

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(RBI circular no. RBI/2020-21/17 DOR.NO.BP.BC/4/21.04.048/2020-21 dated August 6, 2020), the Bank has provided restructuring facility to eligible borrowers in line with above mentioned RBI circulars.

- » **NPA classification:** Based on direction issued by the Hon'ble Supreme Court of India, Bank has not declared relevant borrower accounts as NPA till nine months ended December 31, 2020. Hon'ble Supreme Court of India has vacated the order and Bank has initiated reporting of NPA from Q4 FY 2020-21.
- » **Interest on interest for loans upto ₹2 crores:** As per direction issued by Government of India, the Bank has reversed eligible interest amount and credited to customers and subsequently submitted claim to Government. The refund claim from the Government has been received by the Bank.
- » **Interest on interest for loans above ₹2 crores:** Based on direction issued by Hon'ble Supreme Court of India and further guidance from IBA, the Bank has reversed eligible penal interest / interest on interest charged to borrower during moratorium period i.e March 1, 2020 to August 31, 2020. Same will be appropriately refunded to the borrower.

18.6.2 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 as per the prudential norms of the RBI. Penal Interest for covenant breach is recognized upon certainty of its realization.
- » Dividend income is recognized when the right to receive payment is established.
- » Commission on Guarantees and Letters of Credit ('LC') issued by the Bank is recognized as income over the period of the Guarantee and LC respectively.
- » 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 (PTC), 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.

- » Facility fees and loan processing fees are recognised when due and realizable.
- » Other fees and commission are accounted for as and when they became due.
- » Brokerage income is recognised as per contracted rate on execution of transaction on behalf of the customers on the trade date, GST and stock exchange expenses..
- » Fee income from Investment banking / Merchant banking services are recognised based on completion of milestone as per the engagement letter. Further Fee income in relation to public issues/ other securities is recognised based on mobilization and intimation received from clients / intermediaries.
- » Interest income, account opening income and other income is recognized on accrual basis..
- » Fee for subscription based services are recognised as earned on a pro rata basis over the term of the plan.
- » Management fees are accounted for on accrual basis in accordance with the investment management agreement and SEBI (Mutual Fund) Regulations, 1996.
- » Dividend income is recognized when the right to receive dividend is established.

18.6.3 Investments

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015.

Accounting and Classification

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

a) Cost of acquisition

Costs such as brokerage pertaining to investments, paid at the time of acquisition and broken period interest are charged to the profit and loss account as per the RBI guidelines.

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b) Basis of classification

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

c) Transfer between categories

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

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

d) Valuation

Investments categorized under AFS and HFT categories are marked to market (MTM) on relevant 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 scheme 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. Depreciation on equity shares acquired and held by the Group under restructuring scheme is provided as per RBI guidelines.

Investments classified under the HTM category are carried at their acquisition cost and any premium over the face value, paid on acquisition, is amortised on a straight line basis over the remaining period to maturity. Amortization expense of premia on investments in the HTM category is deducted from interest income in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. Where in the opinion of management, a diminution, other than temporary in the value of investments

classified under HTM has taken place, suitable provisions are made. Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve.

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

Pass Through Certificates purchased for priority sector lending requirements are valued at Book Value in accordance with RBI guidelines.

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 Financial Benchmarks India Pvt. Ltd.(FBIL).

The market/ fair value of unquoted government securities included in the AFS and HFT category is determined as per the prices published by FBIL. Further, in the case of unquoted bonds, debentures, pass through certificates (other than priority sector) 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/FBIL.

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale which is categorized under HFT category and is netted in the Investment schedule. The short position is marked to market and loss, if any, is charged to the Profit and Loss account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss account.

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 break-up value if the latest balance sheet is available, else, at ₹1 per company, as per relevant RBI guidelines.

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At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction company are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Group reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date. In case of investment in Security Receipts on or after April 01, 2017 which are backed by more than 50% of the stressed assets sold by the bank or 10% of the stressed asset sold by the bank post April 01, 2018, provision for depreciation in value is made at higher of - provisioning rate required in terms of net assets value declared by Reconstruction Company(RC)/Securitization Company(SC) or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continue in the books of the Bank. All other investments in the Security Receipts are valued as per the NAV obtained from issuing RC/SC.

Investments in quoted Mutual Fund (MF) Units are valued at the latest repurchase price/ net asset value declared by the mutual fund. 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.

Investment in listed instruments of Real Estate Investment Trust (REIT)/Infrastructure Investment Trust (INVIT) is valued at closing price on a recognized stock exchange with the higher volumes. In case the instruments were not traded on any stock exchange within 15 days prior to date of valuation, valuation is done based on the latest NAV (not older than 1 year) submitted by the valuer.

Sovereign foreign currency bonds are valued using Composite Bloomberg Bond Trader (CBBT) price or Bloomberg Valuation Service (BVAL) price or on Treasury curve in the chronological order based on availability.

Non- Sovereign foreign currency Bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price, Bloomberg Generic price (BGN), Last available CBBT pricing for the instrument or Proxy Bond Pricing from Bloomberg in the chronological order based on availability.

Masala bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price or as per FIMMDA guided valuation methodology for unquoted bonds in the chronological order based on availability.

Special bonds such as oil bonds, fertilizer bonds, UDAY bonds etc. which are directly issued by Government of India ('GOI') is valued based on FBIL valuation.

Equity shares in the Banks demat account, acquired through exercise of pledge, is not accounted as investments. Upon sale of the pledged shares, the proceeds are utilized to offset the borrower's liability

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. Based on management assessment of impairment, The Group additionally creates provision over and above the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss account until received in cash.

e) 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.

f) Accounting for repos / reverse repos/targeted long-term repo operations (TLTRO)

Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) including liquidity adjustment facility (LAF) with RBI are treated as collateralized borrowing and lending transactions respectively in accordance with RBI master circular No. DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. The first leg of the repo transaction is contracted at the prevailing market rates. The difference between consideration amounts of first and second (reversal of first) leg reflects interest and is recognized as interest income/expense over the period of transaction.

Group also undertakes Repo and Reverse repo transactions from IFSC Banking Unit in GIFT City in Foreign currency Sovereign Securities and accounting is similar to the domestic repo transactions.

g) Investment fluctuation reserve

With a view to building up of adequate reserves to protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

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Transfer to IFR will be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations; until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

18.6.4 Advances

Accounting and classification

Advances are classified as performing and non-performing based on the relevant RBI guidelines. Advances are stated net of specific provisions, interest in suspense, inter-bank participation certificates issued, direct assignment and bills rediscounted.

Asset classification

Provisioning

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. The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific provisions in respect of non-performing advances are charged to the Profit and Loss account and included under Provisions and Contingencies.

RBI issued guidelines on COVID-19 Regulatory Packages under which, the Bank granted a moratorium of three months (further extended by three months) on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and August 31, 2020. For all such accounts where the moratorium was granted, the asset classification remained stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) and the same had been retained based on the overdue status as at February 29, 2020. Subsequently, based on direction issued by the Hon'ble Supreme Court of India, Bank has not declared relevant borrower account as NPA till nine months ended December 31, 2020. Hon'ble Supreme Court of India has vacated the order and Bank has initiated reporting of NPA from Q4 FY 2020-21.

As per the RBI guidelines a general provision is made on all standard advances, including provision for borrowers having unhedged foreign currency exposure and for credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts. These also include provision for stressed sector exposures and provision for incremental exposure of the banking system to a specified borrower beyond Normally Permitted Lending Limit (NPLL) in proportion to bank's funded exposure

to specified borrower. Further, provision requirement under various Restructure scheme of RBI also forms part of general provision. Such 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.

As per requirement of RBI guideline, any interest accrued and due if converted into a loan (i.e. Funded Interest Term Loan) then such income will be reversed and will be recognised on cash basis.

Accounts are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss account and included under other income.

In case of loans sold to asset reconstruction company, if consideration is more than net book value, the Bank records the security receipts as investment at Net Book Value as per RBI guidelines.

The Bank has in place a Country Risk management policy as part of its Board approved Credit policy, which is based on extant regulatory guidelines and addresses the identification, measurement, monitoring and reporting of country risk. Countries are categorized into seven risk categories, viz. Insignificant, Low Risk, Moderately Low Risk, Moderate Risk, Moderately Risk, High Risk and Very High Risk. The Bank calculates direct and indirect country risk in line with the policy requirements. Indirect exposure is reckoned at 50% of the exposure in case of countries where the net funded exposure exceeds 1% of the Bank's total assets. Further, if the net funded exposure of the Bank in respect of each country exceeds 1% of the Bank's total assets, provisioning is required to be made on exposure to such countries. Depending on the risk category of the country, provisioning is done on a graded scale ranging from 0.25% to 100%.

18.6.5 Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations are translated at the daily average closing rates and of non-integral foreign operations (foreign branches) at the monthly average closing rates.

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.

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Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). Foreign exchange contracts are stated at net present value using LIBOR/SWAP curves of the respective currencies with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis.

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.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until the disposal of the net investment in the non-integral foreign operations.

In accordance with the RBI clarification, the Bank does not recognise in the profit and loss account the proportionate exchange gains or losses held in the foreign currency translation reserve on repatriation of profits from overseas operations.

Currency future contracts are marked to market daily using settlement price on a trading day, which is the closing price of the respective future contracts on that day. While the daily settlement prices is computed on the basis of weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the future contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss is daily set.

18.6.6 Earnings per share

The Group reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20, "Earnings per Share" notified under section 133 of the Companies Act 2013. 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 options outstanding during the period except where the results are anti -dilutive.

18.6.7 Accounting for derivative transactions

Derivative transactions comprises forward rate agreements, swaps and option contracts. The Group undertakes derivative transactions for market making/trading and hedging on-balance sheet assets and liabilities. All market making/trading transactions are marked to market on a monthly 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.

Cross currency interest rate swaps which are used by The Group to hedge its foreign currency borrowings have been designated as cash flow hedges and are measured at fair value. The corresponding gain or loss is recognised as cash flow hedge reserve. Further to match profit/loss on account of revaluation of foreign currency borrowing, the corresponding amount is recycled from cash flow hedge reserve to Profit and Loss account.

The Group 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'.

Valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

The requirement for collateral and credit risk mitigation on derivative contracts is assessed based on internal credit policy. Overdue 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.

The Bilateral Netting of Qualified Financial Contracts Act, 2020 (the Act), has been notified by the Government of India and subsequent to this the RBI through circular dated March

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30, 2021 allowed netting of the Qualified Financial Contracts (QFC). The Bank shall work progressively on classification of multiple permissible transactions into a netting set which may result in reduction in capital requirement due to these transactions over the period.

18.6.8 Fixed assets

Fixed assets are stated at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit /functioning capability from / of such assets.

18.6.9 Depreciation

Depreciation on fixed assets is provided on straight-line method, over estimated useful lives, as determined by the management, at the rates mentioned below-

Class of asset	Useful life of Assets as per Companies Act, 2013	Useful life of Assets as per Group's Accounting Policy
Owned Premises	60 years	60 years
Office equipment	5 years	5 years
Computer hardware ¹	6 years	3 years
Computer software *	6 years	4 years
Vehicles ¹	8 years	5 years
Furniture and Fixtures	10 years	10 years
Automated Teller Machines ('ATMs') ¹	15 years	10 years
Leasehold improvements to premises	-	Over the lease period or 9 years whichever is less.

*As per RBI Guidelines.

¹Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

- » Assets costing up to ₹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.
- » Improvements to leasehold assets are depreciated over the remaining period of lease
- » Reimbursement, if any, is recognised on receipt and is adjusted to the book value of asset and depreciated over the balance life of the asset

- » Whenever there is a revision in the estimated useful life of the asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset
- » The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

18.6.10 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the recoverable amount of the assets.

18.6.11 Employee benefits

Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of The Group to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within specified periods.

Measurement of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI) and SEBI (Share Based Employee Benefits) Regulations, 2014. The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the 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.

Compensated absence

The employees of the Group are entitled to carry forward a part of their unavailed/unutilized leave subject to a maximum limit. The employees cannot encash unavailed/unutilized leave. The Group provides for leave encashment / compensated absences based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

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Gratuity

The Group provides for gratuity, for all employees. The Gratuity is payable to an employee as per Payment of Gratuity Act. The Group accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation.

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15, Employee Benefits, to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Profit and Loss account.

Provident fund

All employees of the Group are covered under the Employees Provident Fund, a defined contribution plan in which both the employee and the Bank contribute monthly. Contribution to provident fund are recognized as expense as and when the services are rendered. The Group has no liability for future provident fund benefits other than its annual contribution.

18.6.12 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 in accordance with Accounting Standard -19, Leases.

18.6.13 Income taxes

Tax expense comprises current and deferred tax. Current tax comprises of the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under. Deferred income taxes reflects the impact of timing differences between taxable income and accounting income for the current year and reversal of timing differences of earlier years and carry forward losses. 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. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets in case of unabsorbed depreciation/ losses are recognized only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits. Deferred tax assets are recognized and reassessed at each balance sheet date based upon management's judgement and appropriately adjusted to reflect the amount that is reasonably certain to be realized.

18.6.14 Provisions and contingent assets/liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or a present obligation that arises from past events that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The Bank does not recognize a contingent liability but discloses its existence in the financial statements

In accordance with AS 29, Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

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

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

18.6.15 Cash and Cash equivalents

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

18.6.16 Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss account.

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18.6.17 Debit and credit cards reward points

The Bank estimates the probable redemption of debit and credit card reward points and cost per point using actuarial valuation method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends.

Provisions for liabilities on said reward points are made based on the actuarial valuation report as furnished by the said independent actuary and included in other liabilities.

18.6.18 Bullion

The Bank imports bullion (gold and silver bars) on a consignment basis for selling to its customers. The imports are typically based on a request of the client and are settled based on a back to back price fixing with supplier and client. The Bank earns a fee on such bullion transactions. The fee is classified in other income. The Bank also deals in gold borrowing and lending and the interest paid/received thereon is classified as interest expense / income respectively.

18.6.19 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

18.6.20 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

18.6.21 Priority Sector Lending Certificates (PSLC)

The Bank, in accordance with RBI circular FIDD.CO.Plan.BC.23/ 04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

18.6.22 Related Party Transactions

The Bank has formulated a policy on dealing with Related Party Transactions in terms of the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of LODR Regulations, and the same is placed on the Banks website.

18.7 Capital

18.7.1 Equity issue

FY 2020-21

On July 23, 2020, the Bank issued 12,504,433,750 equity shares of face value of ₹2 each for cash pursuant to FPO aggregating to ₹14,872 crore (Accreted ₹12,371 crores as share premium net of share issue expenses). The Issue was made through book building process in accordance with regulation 129(1) of the SEBI ICDR Regulations.

Movement in Share Capital

Share Capital	(₹ in million)	
	As at March 31, 2021	As at March 31, 2020
Opening Share Capital	25,100.94	4,630.07
Addition due to exercise of Stock Option	-	8.76
Addition due to shares issued for QIP/FPO	25,008.87	462.11
Addition due to shares issued under Reconstruction scheme	-	20,000.00
Closing Share Capital	50,109.81	25,100.94

During FY 2020-21, the Bank has issued 'Nil' shares pursuant to the exercise of stock options during the year (Previous year 4,384,174 shares issued aggregating to ₹284.53 million).

FY 2019-20

During the financial year ended March 31, 2020, the Bank has issued 231,055,018 equity shares of ₹2 each for cash pursuant to a Qualified Institutions Placement (QIP) at ₹83.55 aggregating to ₹19,304.64 million.

On March 13, 2020, the Government of India notified the "Yes Bank Ltd. Reconstruction Scheme, 2020" (Scheme). As per the Scheme, authorized capital has been increased from ₹11,000 million to ₹62,000 million. The State Bank of India (SBI) and other investors invested in the Bank at a price of ₹10 per equity share of the Bank (₹2 face value with a ₹8 premium). As per the scheme, SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in YES Bank are also subject to a lock in for 75% of their holding as per this Scheme. Further, as per final reconstruction scheme of the Bank, Bank has issued 10,000 million equity shares at ₹10 each aggregating to ₹100,000.00 million and accreted ₹79,550.00 million (net of share issue expenses of ₹375.00 million) as premium.

The share allotment under reconstruction scheme is given below:

Sr No.	Name of Investor	Subscription Amount (₹ in million)	Number of Equity Shares Allotted (in Million)
1	State Bank of India	60,500	6,050
2	Housing Development Finance Corporation Limited	10,000	1,000
3	ICICI Bank Limited	10,000	1,000
4	Axis Bank Limited	6,000	600
5	Kotak Mahindra Bank Limited	5,000	500
6	The Federal Bank Ltd	3,000	300
7	Bandhan Bank Limited	3,000	300
8	IDFC First Bank Limited	2,500	250
TOTAL		100,000	10,000

18.7.2 Proposed dividend:

The RBI through circular dated April 22, 2021 allowed banks to pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio prescribed in the RBI guidelines. However, during FY 2021, the Bank has reported loss and as consequence to that the Bank has not declared any dividend.

The Reserve Bank of India (RBI), vide notification dated December 4, 2020, stated that in view of the ongoing stress and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020.

18.8 Income Taxes

Provisions made for Income Tax during the year

	(₹ in million)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Current income tax expense	-	13,379.12
Deferred income tax credit	(12,728.47)	(57,435.25)
TOTAL	(12,728.47)	(44,056.13)

18.9 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, 2021 and March 31, 2020:

Changes in present value of Obligations

	(₹ in million)	
	As at March 31, 2021	As at March 31, 2020
Present Value of Obligation at the beginning of the year	1,584.20	1,464.09
Interest Cost	94.99	103.41
Current Service Cost	310.32	376.36
Past Service Cost	-	-
Benefits Paid	(165.05)	(154.86)
Actuarial (gain)/loss on Obligation	(143.39)	(204.80)
Present Value of Obligation at the end of the year	1,681.07	1,584.20

Changes in the fair value of plan assets:

	(₹ in million)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Fair value of plan assets at the beginning of the year	1,222.89	1,125.60
Expected return on plan assets	73.27	79.17
Contributions	300.50	200.00
Benefits paid	(165.05)	(154.86)
Actuarial gain/(loss) on plan assets	30.23	(27.02)
Fair value of plan assets at the end of the period	1,461.84	1,222.89

The Group has entire contribution of Gratuity Fund as Investments with Insurance Companies which are invested primarily in debt instruments as approved by IRDA.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations

Net gratuity cost for the year ended March 31, 2021 and March 31, 2020 comprises the following components

	(₹ in million)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Service Cost	310.32	376.36
Interest Cost	94.99	103.41
Expected Return on plan assets	(73.27)	(79.17)
Net Actuarial gain recognized in the year	(173.62)	(177.78)
Past Service Cost	-	-
Expenses recognized	158.42	222.82

Experience History:

	(₹ in million)				
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
(Gain)/Loss on obligation due to change in assumption	-	(252.08)	57.48	(70.88)	48.37
Experience (Gain)/Loss on obligation	(137.29)	47.97	(31.99)	113.80	32.76
Actuarial Gain/(Loss) on plan assets	30.23	(27.02)	(26.51)	(5.21)	8.46

The assumptions used in accounting for the gratuity plan are set out below:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount Rate	5.45%~6.00%	5.47%~6.60%
Expected Return on Plan Assets	6.00%~7.00%	8.00%
Mortality	IALM (2012-14) Ult	IALM (2012-14) Ult
Future Salary Increases	6.00%~9.00%	9.00%~10.00%
Disability		
Attrition	13%-38%	10%-34%
Retirement	60 yrs	60 yrs

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

Position of plan asset / liability

	(₹ in million)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Fair value of plan assets at the end of the period	1,461.84	1,222.89
Present Value of Obligation at the end of the year	1,681.07	1,584.20
Plan asset / (liability)	(219.23)	(361.31)

The Group is yet to determine future contribution to Gratuity fund for Financial Year 2021-22

National Pension Scheme

The Group has contributed ₹31.08 million for the year ended March 31, 2021 (March 31, 2020: ₹26.69 million) to NPS for employees who had opted for the scheme. The Group has no liability for future fund benefits other than its annual contribution for the employees who agree to contribute to the scheme.

Provident Fund (PF)

The Group has recognised in the profit and loss account ₹965.00 million for the year ended March 31, 2021 (March 31, 2020: ₹1,069.79 million) towards contribution to the provident fund.

Compensated absence

The Group has recognised ₹2.69 million in the profit and loss account for the year ended March 31, 2021 (March 31, 2020: ₹170.40 million) towards compensated absences.

18.10 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 Group'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, 2021 are set out below:

(₹ in million)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	1,18,488.54	1,23,895.42	58,677.74	3,433.42	3,04,495.12
Less: Inter-segment					(69,741.22)
Revenue net of inter-segment					2,34,753.90
Result	43,945.50	(53,903.38)	(25,222.88)	962.58	(34,218.18)
Unallocated Expenses					(13,399.57)
Operating Profit					(47,617.75)
Income Taxes					(12,728.47)
Extra-ordinary Profit/(Loss)					-
Net Profit					(34,889.28)
Other Information:					
Segment assets	9,08,441.58	10,48,233.58	6,62,044.76	4,736.88	26,23,456.80
Unallocated assets					1,12,477.62
Total assets					27,35,934.42
Segment liabilities	7,66,327.76	8,65,547.78	7,57,132.49	3,671.10	23,92,679.13
Unallocated liabilities					3,43,255.29
Total liabilities					27,35,934.42

Other banking operations includes income from bancassurance business ₹1,301.96 million during year ended March 31, 2021.

Segmental results for the year ended March 31, 2020 are set out below:

(₹ in million)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	118,905.25	170,401.49	59,161.77	2,977.87	351,446.36
Less: Inter-segment					(55,515.21)
Revenue net of inter-segment					295,931.16
Result	(15,056.17)	(244,883.17)	(10,469.90)	(451.32)	(270,860.56)
Unallocated Expenses					(21,671.86)
Operating Profit					(292,531.93)
Income Taxes					(65,236.68)
Extra-ordinary Profit/(Loss)					62,969.45
Net Profit					(164,325.80)
Other Information:					
Segment assets	718,964.42	1,258,777.91	503,345.05	1,773.60	2,482,860.98
Unallocated assets					95,460.66
Total assets					2,578,321.64
Segment liabilities	1,317,079.06	478,934.16	547,960.39	1,957.77	2,345,931.98
Unallocated liabilities					232,389.66
Total liabilities					2,578,321.64

Other banking operations includes income from bancassurance business ₹836.40 million during year ended March 31, 2020.

Notes for segment reporting:

1. The business of the Group is concentrated largely in India. Accordingly, geographical segment results have not been reported in accordance with AS-17 (Segment Reporting).
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. The unallocated assets includes tax paid in advance/tax deducted at source and deferred tax asset.
5. The unallocated liabilities include Share Capital, Reserves & Surplus and Tier 1 bond borrowings.
6. Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

18.11 Related Party Disclosures

The Group has transactions with its related parties comprising of subsidiary, key management personnel and the relative of key management personnel

As per AS 18 "Related Party Disclosures", notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, the Group's related parties for the year ended March 31, 2021 are disclosed below:

Individuals having significant influence:

- » Mr. Prashant Kumar, Managing Director & CEO

Investing Company

Investing party - State Bank of India Limited (SBI)

Key Management Personnel ('KMP') (Whole time Director)

- » Mr. Prashant Kumar, 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, 2021:

(₹ in million)

Items / Related Party Category	Investing Party	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	Enterprise where relative of whole time director having significant influence
Deposits	#	#	#	#			
Investment	#	#					
Interest received	#						
Interest paid	#		#				
Receiving of services			#				
Receivable	#						
Payable	#						
Funded/Non Funded Exposure taken	#						
Remuneration paid			#				

[#]As per RBI Circular, where there is only one entity in any category of related party, banks need not disclose any details pertaining to that related party other than the relationship with that related party

¹As per Accounting Standard 18 - Related Party Disclosure, State Bank of India Limited (SBI) is an investing company for YES Bank Limited and YES BANK is associate of SBI

During the year ended March 31, 2021, the Bank has contributed 'Nil' (previous year ₹405.42 millions) to YES Foundation. YES Foundation is an independent public charitable trust which undertakes social charitable activities. YES Foundation does not qualify as Related Party, as defined under the Accounting Standard 18 - Related Party Disclosure and RBI guidelines.

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, 2020:

(₹ in million)

Items / Related Party Category	Investing Party	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	Enterprise where relative of whole time director having significant influence
Deposits	#	#	-	12.65			
Investment	#	#					
Interest received	#						
Interest paid	#		0.31				
Receivable	#						
Payable	#						
Funded/Non Funded Exposure taken	#						

During the year ended March 31, 2020, the Bank has contributed ₹405.42 million (previous year ₹537.86 million) to YES Foundation. YES Foundation is an independent public charitable trust which undertakes social charitable activities. YES Foundation does not qualify as Related Party, as defined under the Accounting Standard 18 - Related Party Disclosure and RBI guidelines.

18.12 Operating Leases

Lease payments recognized in the profit and loss account for the year ended March 31, 2021 was ₹3,928.57 million (Previous year: ₹3,940.53 million). During the year ended March 31, 2021, the Group had paid minimum lease payment ₹3,940.04 million (Previous year: ₹3,819.65 million).

The following table sets forth, for the period indicated, the details of future rentals payment on operating leases:

Lease obligations	(₹ in million)	
	As at March 31, 2021	As at March 31, 2020
Not later than one year	3,379.33	3,370.46
Later than one year and not later than five years	10,285.96	10,123.52
Later than five years	12,661.96	13,749.82
TOTAL	26,327.25	27,243.80

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.

18.13 Earnings Per Share ('EPS')

The Group reports basic and diluted earnings per equity share in accordance with Accounting Standard (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	(₹ in million)	
	As at March 31, 2021	As at March 31, 2020
Basic (annualised)		
Weighted average no. of equity shares outstanding	21,183,670,327	2,928,382,648
Net profit / (loss) (₹)	(34,889.28)	(164,325.80)
Basic earnings per share (₹)	(1.65)	(56.11)
Diluted (annualised)		
Weighted average no. of equity shares outstanding	21,186,000,617	2,928,411,435
Net profit / (loss) (₹)	(34,889.28)	(164,325.80)
Diluted earnings per share (₹)	(1.65)	(56.11)
Nominal value per share (₹)	2	2

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The difference between weighted average number of equity shares outstanding between basic and diluted in the above mentioned disclosure is on account of outstanding ESOPs.

Basic earnings per equity share has been computed by dividing net profit for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share has been computed by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of equity shares and dilutive potential equity shares options outstanding during the year, except where the results are anti-dilutive. The dilutive impact is on account of stock options granted to employees by the Bank. There is no impact of dilution on the profits in the current year and previous year.

18.14 ESOP disclosures

Statutory Disclosures Regarding Joining Stock Option Scheme:

The Group has Six Employee Stock Option Schemes viz.

- » Joining Employee Stock Option Plan I (JESOP I),
- » Joining Employee Stock Option Plan II (JESOP II),
- » Joining Employee Stock Option Plan III (JESOP III),
- » YBL ESOP (consisting of two sub schemes JESOP IV/PESOP I)
- » YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/ PESOP II/PESOP II -2010).
- » YBL Employee Stock Option Scheme, 2018 (YBL ESOS 2018) [Consisting of YBL Joining Employee Stock Option Plan, 2018 (JESOP 2018); YBL Performance Employee Stock Option Plan, 2018 (PESOP 2018), PESOP 2019, PESOP 2020, YBL MD&CEO (New) Stock Option Plan, 2019 (MD&CEO Plan 2019) and YBL MD&CEO Stock Option Plan, 2020 (MD&CEO Plan 2020)]

While amending/varying the employee stock option scheme of the bank i.e. YBL ESOS – 2018 which was approved in 14th Annual General Meeting of the Bank held on June 12, 2018. Effective September 10,2020 nomenclature of the scheme from YBL ESOS – 2018 to YBL ESOS -2020 and all the plans under the said scheme would continue to be valid. All new options have been granted under the YBL ESOS 2020 (which inter-alia consists of JESOP 2018, PESOP 2018, PESOP 2020 MD & CEO Plan 2019 and MD & CEO Plan 2020). The YBL ESOS 2020 and plans formulated thereunder are in compliance with the SEBI (Share Based Employees Benefits) Regulations, 2014 as amended from time to time. Source of shares are primary in nature, since the Bank has been issuing new equity shares upon exercise of options.

JESOP II and JESOP III were in force for employees joining the Bank up to March 31, 2006 and March 31, 2007 respectively. Grants under PESOP II had been discontinued from January 1, 2010. Grants under JESOP IV/PESOP I and JESOP V/ PESOP II -2010 had been discontinued w.e.f. June 12, 2018 pursuant to coming into effect of YBL ESOS 2018. However, any options already granted under the abovementioned plans would be valid in accordance with the terms & conditions mentioned in the plans

In accordance with the various Employee Stock Option Plans/ Schemes of the Bank as mentioned above, the Employees can exercise the options granted to them from time to time:

JESOP/PESOP	ESOP Scheme	Exercise period
JESOP	JESOP II	50% after 3 years and balance after 5 years from the Grant date
	JESOP III	50% after 3 years and balance after 5 years from the Grant date
	JESOP IV	50% after 3 years and balance after 5 years from the Grant date
	JESOP V	50% after 3 years and balance after 5 years from the Grant date
	MD&CEO Plan 2019	20%, 30% 50% each year, from end of 1 st year from Grant date
	JESOP 2018	50% after 3 years and balance after 5 years from the Grant date
PESOP	PESOP I	25% each year, from the end of 1 st year from Grant date
	PESOP II	30%, 30% & 40% after each year from the Grant date
	PESOP II - 2010	30%, 30% 40% each year, from end of 3 rd year from Grant date
	PESOP 2018	30%, 30% 40% each year, from end of 3 rd year from Grant date
	PESOP 2019	30%, 30% 40% each year, from end of 3 rd year from Grant date
	PESOP 2020	25% will vest at end of 12, 24, 36,42 Months from Grant date
	MD&CEO Plan 2020	25% will vest at end of 12, 24, 36,42 Months from Grant date

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 group's stock option plans as on March 31, 2021 and March 31, 2020 is set out below:

	As at March 31, 2021		As at March 31, 2020	
	PESOP	JESOP	PESOP	JESOP
Options outstanding at the beginning of the year	36,696,790	14,514,052	35,019,115	18,254,826
Granted during the year	34,663,500	42,500	18,032,000	2,025,000
Exercised during the year	-	-	4,037,675	346,499
Forfeited / lapsed during the year	16,642,550	4,768,875	12,316,650	5,419,275
Options outstanding at the end of the year	54,717,740	9,787,677	36,696,790	14,514,052
Options exercisable	12,952,555	6,318,927	16,388,915	6,650,302
Weighted average exercise price (₹)	-	-	63.56	80.52
Weighted average remaining contractual life of outstanding option (yrs)	1.95	1.60	2.39	1.77

The group has charged 'Nil' amount, being the intrinsic value of the stock options granted for the year ended March 31, 2021 and March 31, 2020. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net loss would have been higher by ₹338.86 million (Previous year: ₹505.40 million), the basic earnings per share would have been ₹(1.66) (Previous year: ₹(56.29)) per share instead of ₹(1.65) (Previous year: ₹(56.11) ₹) per share; and diluted earnings per share would have been ₹(1.66) (Previous year: ₹(56.29)) per share instead of ₹(1.65) (Previous year: ₹(56.11) per share.

The following assumptions have been made for computation of the fair value of ESOP granted for the year ended March 31, 2021 and March 31, 2020.

	For the year ended March 31, 2021	For the year ended March 31, 2020
Risk free interest rate	3.73%-6.21%	6.29%-9.23%
Expected life	1.5 yrs - 7.5 yrs	1.5 yrs - 7.5 yrs
Expected volatility	43.18%-77.70%	25.01%-48.72%
Expected dividends	1.10%	1.10%

In computing the above information, certain estimates and assumptions have been made by the Management.

18.15 Deferred Taxation

The deferred tax asset of ₹95,538.43 million as at March 31, 2021 and ₹82,809.96 million as at March 31, 2020, 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 million)	
	As at March 31, 2021	As at March 31, 2020
Deferred tax asset		
Depreciation	569.12	585.78
Provision for gratuity and unutilized leave	367.57	322.73
Provision for Non-Performing Assets	47,645.19	60,164.53
Amortization of premium on HTM securities	126.01	132.39
Business Loss	23,947.84	-
Unabsorbed Depreciation	914.39	-
Provision for standard advances	4,858.57	3,123.15
Other Provisions	17,109.74	18,481.38
Deferred tax asset	95,538.43	82,809.96

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for the year ended March 31, 2021

The Group has a total deferred tax asset of ₹95,538.43 million as at March 31, 2021. During the year ended March 31, 2021, the Group has made loss of ₹34,889.28 million. Based on financial projections approved by the Board, the Group is expected to have sufficient future taxable income to utilise the said deferred tax assets. The Group as a result continues to carry such deferred tax asset in its Balance Sheet, as there is reasonable certainty of its realization as specified in Accounting Standard 22 (Accounting for Taxes on Income).

18.16 Provisions and Contingencies

The breakup of provisions of the Group for the year ended March 31, 2021 and March 31, 2020 are given below:

Particulars	(₹ in million)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Provision for taxation	(12,728.47)	(44,056.13)
Provision for investments	16,130.91	64,415.77
Provision for standard advances	6,895.36	(19,410.78)
Provision made/write off for non performing advances	71,158.19	278,060.36
Others Provisions*	2,904.82	4,115.69
TOTAL	84,360.81	283,124.91

*Other Provisions includes provision made against other assets.

18.17 Dues to Micro and Small Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been ₹570.14 million (previous year ₹655.70 million) worth bills which were paid with delays to micro and small enterprises. There have been ₹35.73 million worth bills remained unpaid as at March 31, 2021. There have been no demand of interest on these payments. The above is based on the information available with the Group which has been relied upon by the auditors.

18.18 Provision for Long Term contracts

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

18.19 Disclosure on Complaints-

The Bank became aware in September 2018 through communications from stock exchanges of anonymous whistleblower complaints alleging irregularities in the Bank's operations, potential conflict of interest of the founder / former MD & CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which was carried out by management and supervised by the Board of Directors. The enquiry resulted in a report that was reviewed by the Board in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. In April 2019, the Bank had received the phase 1 report from the external firm and based on further review/ deliberations had directed a phase 2 investigation from the said firm. In February 2020, the Bank has received the final phase 2 report from the said external firm. The Bank has taken this report to the Audit Committee. As advised by the Audit Committee, the Bank has reviewed and carried out remediation actions across areas of process, design, policy and control related issues highlighted in the report including conducting forensic audits for few of the identified borrower accounts. The forensic audits for remaining accounts are in the process. Basis guidance from the ACB during the year, further action has been taken and a comprehensive note was put up to the Board on January 15, 2021 for closure of the report. The Board expressed satisfaction with the review carried out and approved the closure of the review of the anonymous complaints received by the Bank in September / December 2018. Exposure to such borrower accounts are recognized as NPA and commensurately provided.

Further, the Bank received forensic audit reports on certain borrower groups commissioned by other consortium bankers, which gave more information regarding the above mentioned allegations and has filed complaints with the law enforcement agencies. Also, Law Enforcement Agencies (LEAs) - the Enforcement Directorate (ED), the Central Bureau of Investigations (CBI) and the Serious Fraud Investigation Office (SFIO) have launched investigations into some

aspects of transactions of the founder / former MD & CEO, and alleged links with certain borrower groups. LEAs are investigating allegations of money laundering, fraud and nexus between the founder / former MD & CEO and certain loan transactions. The investigation continues to be carried out by the various law enforcement agencies. There are no claims made by any whistleblower or other parties against the Bank in this matter. The Bank does not foresee any substantial financial impact on the Bank arising out of these investigations.

18.20 Credit / Debit card reward points

Provision for credit card and debit card reward points for the year ended March 31, 2021

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening provision	342.86	233.67
Provision made during the year	144.35	166.98
Utilised/Write-back of provision	(35.22)	(57.79)
Closing provision	451.99	342.86

The valuation of credit card and debit card reward points is based on actuarial valuation method obtained from an independent actuary.

18.21 Corporate Social Responsibility (CSR)

- Amount required to be spent by the Bank on CSR during the year 'Nil' (previous year ₹831.9 million).
- Amount spent towards CSR during the year and recognised as expense in the Profit and Loss account on CSR related activities is 'Nil' (previous year ₹405.42 million), which comprise of following –

(₹ in million)

	March 31, 2021			March, 31 2020		
	In cash	Amt unpaid / provision	Total	In cash	Amt unpaid / provision	Total
i. Construction/acquisition of any asset	-	-	-	-	-	-
ii. On purposes other than (i) above	-	-	-	211.12	194.30	405.42

18.22 Un-hedged / uncovered foreign currency exposure of the Group

The Group's foreign currency exposures as at March 31, 2021 that are not hedged/covered by either derivative instruments or otherwise are within the Net Overnight Open Position limit (NOOP) and the Aggregate Gap limit, as approved by the RBI. NOOP is ₹2,743.24 million as at March 31, 2021 (March 31, 2020 ₹5,561.32 million).

18.23 Investor Education and Protection Fund

The unclaimed dividend amount due to be transferred to the Investor Education and Protection Fund (IEPF) during the year ended March 31, 2021 and year ended March 31, 2020 has been transferred without any delay.

18.24 Description of contingent liabilities

Sr. No	Contingent Liabilities	Brief
1.	Claims against the Bank not acknowledged as debts	The Group is a party to various legal and tax proceedings in the normal course of business. The Group does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts.	The Group enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.

Sr. No	Contingent Liabilities	Brief
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the Group is contingently liable	Purchase of securities pending settlement, capital commitments, amount deposited with RBI under Depositor Education Awareness Fund (DEAF), bill re-discounting, Foreign Exchange Contracts (Tom & Spot)
<i>Refer Schedule 12 for amounts relating to contingent liability</i>		

18.25 Divergence in Asset Classification and Provisioning for NPAs

FY 2020-21

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019 banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period. Based

on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for FY2020.

FY 2019-20

As part of the Risk Based Supervision (RBS) exercise for FY 2018-19 concluded in November 2019, the RBI has pointed out certain retrospective divergence in the Bank's asset classification and provisioning as on March 31, 2019. In conformity with the above mentioned RBI circular, the below table outlines divergences in asset classification and provisioning.

Sr No	Particulars	(₹ in million)
1	Gross NPAs as on March 31, 2019 as reported by the Bank	78,825.59
2	Gross NPAs as on March 31, 2019 as assessed by RBI	111,595.59
3	Divergence in Gross NPAs (2-1)	32,770.00
4	Net NPAs as on March 31, 2019 as reported by the Bank	44,848.49
5	Net NPAs as on March 31, 2019 as assessed by RBI	67,838.49
6	Divergence in Net NPAs (5-4)	22,990.00
7	Provision for NPAs as on March 31, 2019 as reported by the Bank	33,977.10
8	Provision for NPAs as on March 31, 2019 as assessed by RBI	43,757.10
9	Divergence in provisioning (8-7)	9,780.00
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2019	17,202.79
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning	10,840.31

FINANCIAL STATEMENTS*for the year ended March 31, 2021***18.26 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.

Prior period comparatives

Previous year's figures have been regrouped where necessary to conform to current year classification.

For **M P Chitale & Co**
Chartered Accountants
Firm's Registration No: 101851W

Ashutosh Pednekar
Partner
Membership No: 041037

Mumbai
April 30, 2021

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

Prashant Kumar
Managing Director & CEO
(DIN:07562475)

V. S. Radhakrishnan
Director
(DIN: 08064705)

Sunil Mehta
Chairman
(DIN: 00065343)

Niranjan Banodkar
Group Chief Financial Officer

Atul Bheda
Director
(DIN: 03502424)

Shivanand R. Shettigar
Group Company Secretary

FORM **AOC-1**

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

	(amt in ₹ '000)	(amt in ₹ '000)	(amt in ₹ '000)
1 Sl. No.			
2 Name of the subsidiary	YES Securities (India) Limited	Yes Asset Management (India) Limited	Yes Trustee Limited
3 Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
4 Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA
5 Share capital	8,00,000	10,95,000	8,000
6 Reserves & surplus	2,00,290	(5,24,300)	(4,162)
7 Total assets	39,88,303	5,91,639	4,205
8 Total Liabilities	29,88,014	20,939	366
9 Investments	64,000	46,183	-
10 Turnover	10,00,521	144	301
11 Profit / (Loss) before taxation	(1,67,823)	(1,32,126)	(1,588)
12 Provision for taxation	-	-	-
13 Profit / (Loss) after taxation	(1,67,823)	(1,32,126)	(1,588)
14 Proposed Dividend	-	-	-
15 % of shareholding	100%	100%	100%

1. Names of subsidiaries which are yet to commence operations- Nil

2. Names of subsidiaries which have been liquidated or sold during the year- Nil

Part "B": Associates and Joint Ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Not Applicable

DISCLOSURES UNDER BASEL III CAPITAL REGULATIONS – PILLAR III

In accordance with RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on 'Basel III Capital Regulations' read together with RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated March 31, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards - Amendments' requires banks to make applicable Pillar 3 disclosures including leverage ratio and liquidity coverage ratio on a consolidated basis under Basel III Framework. The Pillar III disclosures have not been subjected to review or audit by the statutory auditors. The Bank has made these disclosures which are available on its website at the following link.
https://www.yesbank.in/pdf/basel_iii_disclosure_mar_31_2021.pdf

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Disclaimer:

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