

YBL/CS/2022-23/026

June 15, 2022

National Stock Exchange of India Limited

Exchange Plaza,
Plot no. C/1, G Block,
Bandra - Kurla Complex
Bandra (E), Mumbai - 400 051
NSE Symbol: YESBANK

BSE Limited

Corporate Relations Department
P.J. Towers, Dalal Street
Mumbai - 400 001
Tel.: 2272 8013/15/58/8307
BSE Scrip Code: 532648

Dear Sirs,

Sub.: 18th Annual Report of the Bank for the Financial Year 2021-22

In compliance with the provisions of Regulation 34(1)(a) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of the Bank for the year 2021-22.

The same is also made available on the website of the Bank at the following link:
<https://www.yesbank.in/about-us/investors-relation/financial-information/annual-reports>.

The Bank has commenced dispatch (by electronic means) of the Notice of 18th Annual General Meeting and the Annual Report for FY 2021-22 to the shareholders from today i.e. June 15, 2022.

We request you to take above on your record and disseminate to all concerned.

Thanking you,

Yours faithfully,

For **YES BANK LIMITED**

Shivanand R. Shettigar
Company Secretary



Embracing the New.
Shaping the **NEXT.**

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FY 2021-22 Key highlights

₹ 9,760 cr
Total Net Income

₹ 2,916 cr
Operating Profit

₹ 1,066 cr
Net Profit

₹ 70,000 cr
New Sanctions /
Disbursements

4.5%
Net NPA

17.4%
Capital Adequacy Ratio

31.1%
CASA ratio

60%
Share of Retail and
MSME in Total Advances

Embracing the new. Shaping the next.

YES BANK has emerged on the other side of its transformation journey with its market standing reinstated and is resolute and focused on its forward path. Our differentiated approach to growth aims at growing existing businesses and diversifying our loan profiles. Digitization has penetrated deep within our banking infrastructure, and our powerful digital frontend is helping to break open the market within the Retail, SME, Wholesale and Rural segments by extending both the ease and the reach of banking.

The last twelve months has seen the Bank return to full year net profitability of ₹1,066 crore, improved asset quality and successfully grown deposits. Likewise, we have consolidated our lead in the new-age digital payments space. YES BANK holds the highest market share in UPI transactions. Clients have renewed their confidence in us, and we have won back accounts and increased our share of wallet. Our stringent governance structures, oversight and accountability mechanisms and hard focus on recoveries have cumulatively helped to improve our GNPA ratios and led to more robust collateral coverage and credit evaluation for new loans. Thus, the strategic foundations that we have laid as a part of our reconstruction exercise are already bearing fruit.

Our technology transformation has significantly contributed to our revival and will power our future growth. Our API-first approach has already enhanced the microservices business architecture enabling faster integration with B2B customers and partners. Work is underway for a "Zero Operations" journey, with data-led decisions enabled by AI/ML overlays. Progressive cloud adoption will accelerate efficiency and flexibility while reducing risk.

We aggressively focus on talent management to fulfil our ambitious growth agenda. Keeping sight of our ESG commitments, we are leading the path to sustainability within the Indian banking industry. We are the first Indian Bank to measure, and report financed emissions of our electricity generation loan exposure. We have also launched the first green bond and green fixed deposit amongst the Indian banks.

Several aspects of our transformation are converging to build favourable traction on our growth journey while we continue to reimagine our business in view of the dynamic economic landscape.



AT A GLANCE

Milestones on the high-growth path

YES BANK is a full-service commercial bank which offers a complete range of products, services and technology-driven digital offerings to its Corporate, Retail and MSME customers. YES BANK operates its investment banking, merchant banking and brokerage businesses through YES Securities, a wholly-owned subsidiary of the Bank. Service-focused and knowledge-driven, the Bank goes beyond the traditional boundaries to offer financial solutions to the economy's sunrise sectors and underserved communities.

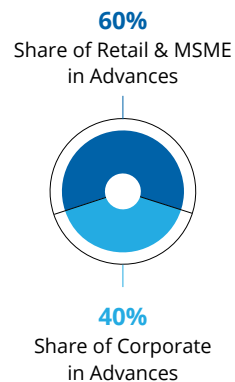
Headquartered in Mumbai, the Bank has a pan-India presence, including an IFSC Banking Unit at GIFT City, Gandhinagar, and a representative office in Abu Dhabi.

New Age Private sector bank



₹ 318,220 cr
Total Assets

₹ 181,052 cr
Advances



Market leader within payments



#1
in UPI P2M transactions with share of 43%

#1
NEFT outward debit transactions

AEPS 18%
market share in transaction volume (Basis off-us transactions)

Young and dynamic workforce



24,346
Total Employees

9 years
Average years of service for top management

#2
Amongst Large-Sized Banks in the Best places to work in India 2021 awards by AmbitionBox.com

Pan-India presence

























1,122
Total number of branches

1,244
ATMs / BNAs / CRMs

PRODUCTS & SERVICES

Addressing diverse financial needs

 Branch Banking ▶ Page 57	 Debit Cards ▶ Page 58	 Digital Banking ▶ Page 58	 Spectrum Banking ▶ Page 58
 Yes Private ▶ Page 59	 YES First and YES First Business ▶ Page 59	 YES Premia ▶ Page 59	 YES Prosperity ▶ Page 60
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OUR STRATEGY

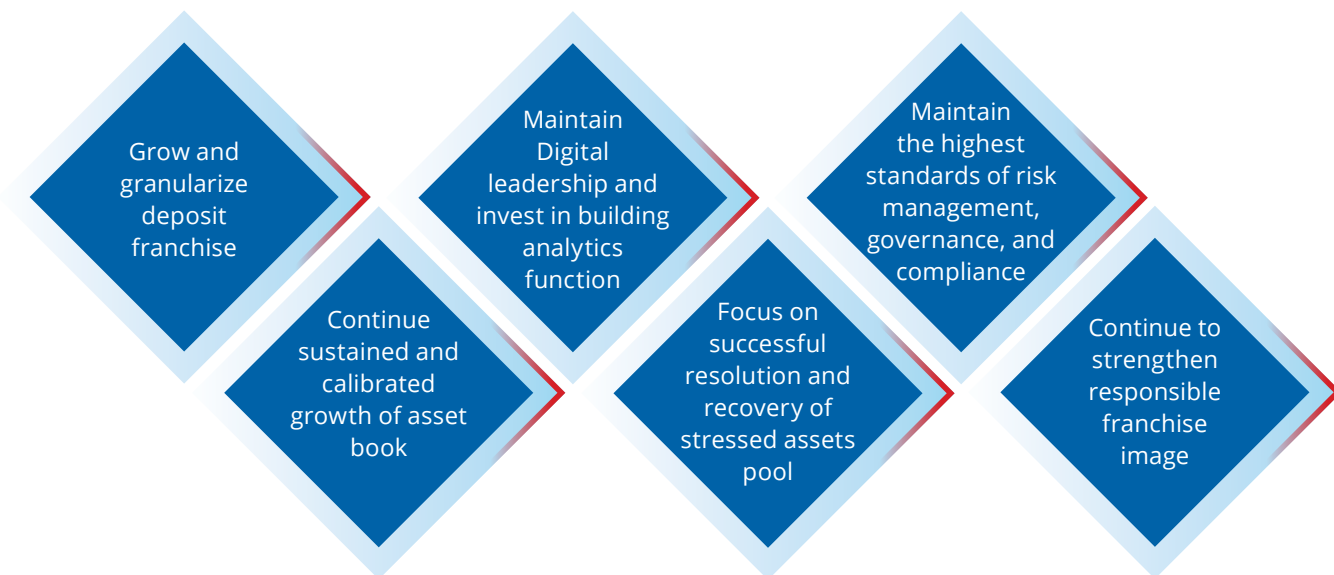
Building the foundations for new age banking

As the economy recovered from the blow of the COVID-19 pandemic, FY 2021-22 was a year of steady, calibrated growth for the Bank.

The early investments made in building our digital capabilities, our broad-based distribution franchise and product suite and our focus on being a customer-focused bank positioned us well to ride these difficult and evolving times. With the vaccination drive becoming entrenched and demand coming back in the second half of the year, the Bank swiftly changed gears and gained momentum in all business areas. This enabled the Bank to end on a strong note – as seen from various business metrics - deposits and advances growth, fee income, digital product launches, stressed asset recoveries etc. The Bank’s positive financial performance reflects its underlying solid fundamentals and growth potential.

The Bank stays committed to executing its long-term strategy of being a leading Universal Bank and strengthening its market-leading position as a Banker to the ‘new age’ economy while steadily growing its Retail, SME and Wholesale businesses and diversifying income streams. At the same time, the focus of the Bank’s management is to build an institution which has the highest standards of governance, strong risk processes, and is financially strong and technologically powered to deliver the best value to its customers and all stakeholders.

Accordingly, the Bank’s key strategic objectives are as follows:



To achieve the long-term strategic objectives, the Bank has laid out a comprehensive Business Strategy for the next few years, which hinges on three key pillars:

Bigger and Better Universal Bank

Inclusive, customer centric, digital & analytics led growth

- Granularizing the business model
- Deepen and widen our reach
- Creating value across Business ecosystem & capturing flows
- Best in class ‘digital’ customer experience
- Tap incremental business opportunities in stressed assets space

Banker to the new age economy

Market Leadership through value creation in the new age economy

- Infrastructure rails to digital players
- Banker to the new age businesses e.g., fintechs, startups
- Reimagining banking through partnerships

Be good, Do good

Responsible franchise supported by People, Technology & Data

- Highest standards of business ethics and integrity
- Embedding ESG across core business functions
- Build a purpose driven organization and strong employee value proposition
- Build muscle in Technology & Data

Our Strategy

'BIGGER AND BETTER' UNIVERSAL BANK



The Bank will continue to be a leading player in the Indian banking industry. It will strive to become 'Bigger and Better' through a holistic business model and granular balance sheet growth, led by a focus on the Retail and SME segments. With customers at the centre of its actions, the Bank aims to strengthen its customer experience and service with greater empathy and digitize key asset and deposit journeys to build segmented and personalized 'digital first' propositions. The Bank's complete product suite has been utilized for banking the entire life cycle of the customer.

The growth of retail distribution continues to be a core part of the Bank's strategy, driven by its pan-India branch network and strong digital capabilities and alliances. The Bank also recognizes the key role that Rural India will play in India's growth story and is fully committed to fulfilling its role in serving the Bharat ecosystem. The Bank has placed a significant thrust on identifying emerging rural markets to increase value growth and drive profitability.

The Bank has also been a strong Wholesale banking player in the industry and will continue on this glide path by growing with a calibrated approach. Key pillars of the wholesale banking strategy have been to focus on client & sector-specific lending opportunities with an eye on new customer onboarding, deepening product penetration and cross-sell, liability growth and solutioning based focus on government banking and emerging local corporates. The Bank is making digital investments and focusing on knowledge sector-driven relationship management to achieve this strategy while maintaining the highest governance and risk management standards. The Bank is also targeting selective opportunities in the infrastructure lending space that are likely to get a boost from enhanced business prospects in the economy and government expenditure.

Banker to the new age economy



The Bank recognises an immense opportunity in relationship banking to the start-up, e-commerce and fintech ecosystem. The Bank aspires to be the Banker of Choice to these new-age companies by providing niche, customised banking solutions and selective debt and equity participation. The Bank also plans to grow its Cash Management business further, primarily driven by FinTechs and the E-commerce segment and has become the preferred Banking Partner across India. At the same time, the Bank will focus on growing its Trade Finance business through increasing non-credit flows and other initiatives such as digital analytics based cash flow lending and supply chain financing.

The Bank continues to be a market leader in the digital payments space and has steadily invested in monetising these capabilities. The Bank processes nearly every third digital transaction in the country which totals over 6 billion monthly. It has invested in the necessary infrastructure to introduce new digital payment solutions for the customers and partners, including foraying into new areas such as Toll & Transit payments and collections. The Bank has also implemented the first of its kind cloud-native module to act as a sponsor bank for IPOs. It also foresees an opportunity in the Payment Aggregation (PA) space, wherein the Bank may provide a tech platform to fintech players to allow them to comply with regulatory guidelines.

Responsible franchise supported by People, Technology & Data



Continuing to focus on People and making investments in strengthening its Technology and Data infrastructure are pivotal to achieving the Bank's strategic objectives. The Bank is future-proofing its technology platforms to further the digital agenda of the Bank, with IT infrastructure upgrades as required to cope with increased scale and volumes. At the same time, it is building new muscle through initiatives such as introducing the Garage concept for in-house agile development & API banking hub. The Bank is also strengthening its capabilities across data management, analytics, and artificial intelligence to deliver business value and growth.

The Bank is committed to best-in-class training and capability building for its employees, focusing on 'role and skill-specific training and certifications across all levels. Additionally, the Bank has also launched the 'APEX Leadership Program' for top and senior management leaders focused on the theme of 'Conscious Leadership'. To build a steady stream of high-quality talent for the Bank, innovative 'train and hire' programs have been launched in FY 2021-22, including the YES PROFESSIONAL BANKER program and YES FORCE program. The Bank also continued to invest in hiring top-end young talent from premier educational institutions through the flagship 'YES Professional Entrepreneurship Program'.

Last but not least, the Bank recognizes that sustainable growth is inextricably linked with environmental sustainability, social development, and good governance and, therefore, continues to integrate ESG considerations into its core business strategically.

CHAIRMAN'S MESSAGE

A new beginning with unbounded opportunities



Dear Shareholders,

YES BANK has now traversed beyond two years on its extraordinary transformational journey post the Bank's Reconstruction in March 2020. After deftly navigating a challenging macro scenario in the wake of COVID-19 and other extraneous factors, your Bank is now well placed to deliver accelerated solid growth into the future in an inclusive and sustainable way. Despite several challenges, the Bank turned a significant corner and achieved a historic milestone of returning to robust profitability after a gap of two years.

To ensure seamless and quality growth from hereon, our top priorities would be to extend the boundaries of safe and easy banking, establish new paradigms of customer satisfaction, sharpen our operating performance, and foster innovation and digitisation that will give strong momentum to our fast-emerging business evolution. Your Bank will continue to ensure that this quality and sustainable growth is achieved by maintaining the highest standards of governance, compliance, and risk assurance.

EXTERNAL ENVIRONMENT

FY 2021-22 has been a year of resurgence for the economy, and our growth curve has gained from this upswing. After a year of contraction of 6.6% in 2020-21, the Indian economy is back on track in FY 2021-22 and has grown by 8.7%. Agricultural growth remained in the positive territory through the period of the COVID-19 restrictions. Manufacturing sector growth was at 9.9% in FY 2021-22, after being in a contraction zone in the previous year while Services sector growth was strong at 8.4% in FY 2021-22, recovering from a 7.8% contraction in FY 2020-21.

The new fiscal has started with its challenges as the world economy remains on edge against global inflationary pressures and the unexpected Russia-Ukraine conflict and its broader geopolitical implications. With oil and commodity prices ratcheting up, India's macro fundamentals are also likely to be under pressure, especially as inflationary contagion worsens and external sector vulnerability increases. Consequential potential adverse impact and volatility of fixed income and capital markets will need to be closely monitored. However, as per estimates by multilateral agencies, India would maintain its position among the fastest-growing economies globally, with RBI holding adequate stock of foreign exchange reserves to contain external sector vulnerabilities. Even with all these global uncertainties, we expect the government to continue its reforms process and support robust economic growth through calibrated public capital expenditure and continued policy modifications for ease of doing business.

Given the growing uncertainties over global and domestic risks, your Bank will maintain a strong vigil for unexpected risks. Over the past two years, we have steered through a very complex situation and developed robust risk processes. Therefore, the Bank remains confident of achieving its full potential in the current financial year by tapping into emerging growth



Balance Sheet crosses ₹3 lakh crore during the year and GNPA ratio improves to 13.9% vs 15.4% last year.



opportunities and extending full support and services to the underserved.

TRANSFORMATION YIELDING STRONG RESULTS

The Bank's transformation journey is now near complete, and the restructuring is yielding strong results. While the year that followed the start of this transformation was about building more robust internal structures, risk management mechanisms and growing public trust, this year's focus has been on delivering on the promise and setting a definitive growth agenda for the future.

Your Bank has performed successfully across several key parameters despite the COVID-19 pandemic and other headwinds that slowed economic growth over the year. The Bank reported a net profit of ₹1,066 crore in FY 2021-22 – this is the first full year of profitability reported since FY19. Strong growth is reflected across total assets, advances, deposits, and the strategic objective of our advances mix between Retail and MSME to Corporate at 60:40 has been achieved. Our deposits growth has been leapfrogging ahead, with current account deposits growing by 39% and savings accounts deposits by 48% YoY. Our retail book has become more diversified this year, and we continue to keep a hawk-eye focus on the quality and collections under this book. The Bank's balance sheet crossed ₹3 lakh crore for the first time since September 2019. GNPA ratio has improved to 13.9% vs 15.4% last year. These positive indicators

Chairman's Message



The next wave of digitisation in banking will be catalysed by intelligent platforms that extend serviceability and unlock new customer segments and business opportunities. Both our retail and wholesale businesses are designed to leverage this force multiplier.



spotlight YES BANK's transformation after the turbulence of the recent years, and we are deeply grateful to all our stakeholders for standing with us and demonstrating faith in us. We endeavour to deliver on our mission of being a customer-centric, service-driven bank catering to the future needs of India. For tomorrow belongs to those who shape it today.

RIDING THE TECH WAVE

The next wave of digitisation in banking will be catalysed by intelligent platforms that extend serviceability and unlock new customer segments and business opportunities. Both our retail and wholesale businesses are designed to leverage this force multiplier. A strong foundation has already been built with an extensive pan-India network of 1,122 branches. Our physical reach underpins the vast digital ecosystem that we carefully weld together as our digital frontend. The full-service virtual front end includes the Loan in Seconds platform and automated service initiatives like YES Robot and the CRM platform - YES Genie, resulting in lower turnaround times and higher productivity. We are already witnessing the gains, and in FY 2021-22, 74% of our new CASA accounts were sourced digitally.

PRODUCT AND SERVICE DIFFERENTIATION

A digitally advanced, feature-loaded frontend also requires a different perspective on products and services. We enable this through our indigenously developed single banking interface *Insights 2 Engage*. It uses business intelligence and analytics to generate personalized

customer experiences and service differentiation. The interface intuitively transforms to create a service experience and cross-sell opportunities that emanate from an intelligent and correlated understanding of customers' banking profiles, unique customer histories and demographics. Every customer is served with deep knowledge, in lesser time and with a higher conversion success. In this way, we are also transforming the sales and customer handling functions, making them more intimate, client-focused, and available on tap.

CUSTOMER SEGMENTS OF INTEREST

The banking space in India is ripe for disruptions, big and small. One kind of disruption is to bring unbanked customers into the fold – either through first-time access or by making inroads through synergistic service lines. Rural and semi-urban India holds enormous promise for driving value growth and profitability. We have been deepening our branch presence in rural regions and strategically partnering with technology providers for co-origination and cross-sell retail and SME assets, insurance, securities, and wealth offerings. We are also working as an ecosystem co-creator and enabler. YES BANK's Agri Infinity programme aims to co-developing digital financial solutions for the food and agriculture ecosystem by mentoring entrepreneurial ventures in the field.

The MSME segment continues to remain attractive for us. The micro, small and medium businesses suffered the brunt of the COVID-19-related economic downturn. But there are some strong positives in their favour. They are also early and intensive users of tech-based banking. MSMEs have been able to pivot around quickly with a helping hand from the government. MSME business made up 24% of our advances base in FY 2021-22, and we see a huge potential for product volumes and customer size in this segment.

We are offering our entire product suite across all customer segments - HNIs, affluent, NRIs, mass, rural and inclusive banking, and retain the flexibility to roll out tailor-made solutions for specific customer groups. This is easier with our tech-enabled functionalities and a fully loaded digital frontend. Self-assist digital tools like the MSME App, Trade-On-Net, and FX Online illustrate the power of such customizability, helping internal



The banking space in India is ripe for disruptions, big and small. One kind of disruption is to bring unbanked customers into the fold – either through first-time access or by making inroads through synergistic service lines. Rural and semi-urban India holds enormous promise for driving value growth and profitability.



business generation and a steady growth within the MSME segment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PERFORMANCE

The Bank continues to reinforce its focus on ESG performance and leadership. During the year, the Bank constituted a Board level Corporate Social Responsibility and Environmental Social & Governance Committee to strengthen ESG governance and enhance the integration of environmental and social considerations into its business. To align with India's bold target of achieving net zero emissions by 2070, the Bank has pledged to reduce greenhouse gas emissions from its operations to net-zero by 2030. The Bank has also developed a carbon intensity target mix for its renewable and non-renewable energy generation portfolio to align with global 1.5-degree decarbonisation pathways. It also continues to build capacities toward climate risk measurement and mitigation. YES BANK believes that financial institutions have a significant role in building a climate-resilient, sustainable economy. The Bank continues to engage with stakeholders across the spectrum to create frameworks for mainstreaming sustainable finance and, in FY 2021-22, co-led the workstream 'Building Resilience in the Financial Sector' as part of the Task Force on Sustainable Finance, constituted by the Department of Economic Affairs, Ministry of Finance, Government of India.

REIMAGINING THE BANK

In conclusion, I am happy to report that the Bank continues to make confident strides within the domestic banking industry while simultaneously charting a new course of reimagining banking for India – and Bharat. Our strategy is to touch the future through the building blocks that we lay now. The Bank's technologically solid architecture has made us light on our feet, prescient on trends and opportunities, and quicker to closure, which is bearing fruit. YES BANK has restored market confidence through its performance in recent years – a feat recognised by rating agencies with outlooks turning positive on our capabilities as we continue to build businesses for the future.

OUR GRATITUDE

With lessons of the past now well integrated, we have emerged as a more innovative and more robust organization that is keenly aware of what is next and how to get there. I remain grateful for the confidence you have shown both in the new leadership and in the Bank's capabilities, and in your willingness to evaluate us on the strength of our achievements. As we go on to discover newer ways of creating value and consolidating our collective successes, I acknowledge and express gratitude for the trust placed on us by our esteemed customers, shareholders, regulators and all other stakeholders. That has helped guide us on our extraordinary journey in rejuvenating your Bank over the last two years. All of this would not have been possible without the exemplary commitment and conviction displayed by 24,346 YES BANKers, the enormous support of the regulators and my esteemed Board colleagues.

On behalf of YES BANK, I thank you for the opportunity to serve you and wish you continued success.

Best Regards,

SUNIL MEHTA
Chairman

MESSAGE FROM MD & CEO

Positive rebound, confident growth



Dear Shareholders,

I am happy to report to you that the Bank has returned to full-year profitability – a first since FY 2018-19 with a net profit of ₹1,066 crore. Reflecting back, I would like to thank all the 24,346 YES BANKers, our shareholders, our customers, and other stakeholders who have supported us in this transformational journey.

The first quarter of FY 2021-22 coincided with the second wave of COVID-19 in India, which was more severe than the first wave. Having said that, the relative downside to the economy was lower than during the first wave as the government did not go in for a blanket lockdown of the economy. Restrictions to economic activity were more localised and selective. Economic momentum was seen to improve over the various quarters of FY 2021-22, and real GDP growth stands at 8.7% after a contraction of 6.6% in the previous financial year. Both the government and the monetary authorities continued their efforts to stabilise the economy. RBI kept the policy rates unchanged throughout the year and ensured the availability of adequate liquidity to meet credit requirements for different sectors. The government also encouraged credit flows to the MSME sector through its ECLGS scheme. The Union Budget announced in February 2022 signalled a fiscal correction for FY 2022-23 but kept the government's capital expenditure push intact.

In these uncertain times, the Bank was able to post one of its strongest annual and quarterly results. Maintaining that early momentum across



Maximising market share growth in the digital payments space has been our concerted strategy in line with Digital India. In fact, the Bank processes nearly every third digital transaction undertaken in the country.



all leading indicators, YES BANK has closed the year with a first Full Year profit of ₹1,066 crore and continued its efforts to build businesses across all areas of banking. This positive performance has resulted from unwavering teamwork and a culmination of the YES family's dedicated efforts towards achieving service excellence. Every YES BANKer has gone above and beyond in persevering to ensure that all vital business opportunities get realized to enhance value for our stakeholders.

The Bank's new leadership has been successful in implementing positive changes and has delivered on the priorities set out in the last fiscal. During this time, the work of reconstructing the Bank's corporate governance, accountability, monitoring and oversight and risk management structures was also put in place. Business priorities have gained precedence on the foundation of this robust and transparent governance framework. During the year, sustained growth was recorded across many key parameters, indicating the strengthening fundamentals, and firming up public confidence.

GROWTH IN DEPOSITS, ADVANCES, AND RETAIL ASSETS

At the end of the year, deposits stood at ₹197,192 crore, marking a growth of 21% over last year. Advances too demonstrated a significant upward trend closing at ₹181,052 crore for the year, an 8% increase over last year's figures. A strong run-rate has been maintained in the numbers of accounts acquired, with a total of

10 Lakh CASA accounts opened and 11 Lakh retail FD accounts opened during the year. This uptick has been achieved despite prevailing low-interest rates offered by the banking sector.

Retail assets continue to form a mixed portfolio spread across secured business loans, auto loans, commercial vehicle loans, personal loans, construction equipment loans, and credit cards. The Bank reported nearly ₹33,000 crore in new sanctions/disbursements in retail assets in FY 2021-22.

LEADERSHIP IN DIGITAL PAYMENT ECOSYSTEM

Maximising market share growth in the digital payments space has been our concerted strategy in line with Digital India, the Government's flagship programme with a vision to transform India into a digitally empowered society and knowledge economy. We are in a leadership position in UPI and AePS, with a market share of 43% and 18% in FY2021-22, respectively. In fact, the Bank processes nearly every third digital transaction undertaken in India. We also have a reasonable market share while processing payouts through NEFT (14% market share), IMPS (12% market share) and Micro ATMs (3rd largest player with 10% market share). In pursuit of exploring newer areas, the Bank shall focus on digitising toll and transit areas. Annuity incomes continue to show strong growth from trade and cash management on the back of high API-led banking volumes. The Bank holds a leadership position in API banking, with 6,815 set-ups done for customers.

Our early adoption of cloud-based services and AI-led analytics has created this advantage, with the early leadership position enhancing our chances of growing revenues as platforms become ubiquitous. YES BANK is deepening its presence and raising its service standards on such platforms while extending its reach at very low operating costs as part of the Government's Digital India and Cashless India initiatives. Such a strategy also aligns with our growth strategy around rural banking, inclusive banking, small and micro enterprises.

Message from MD & CEO

GRANULAR APPROACH IN WHOLESALE BANKING AND EMERGING GROWTH AREAS

A segmental approach with respect to the wholesale banking clients delivered good results. Bifurcating the



India's MSMEs contribute to nearly one-third of the country's GDP through their domestic and international commerce, and a large portion of them are onboarding onto digital modes of operation. The Bank reported nearly ₹18,000 crore in new sanctions/disbursement to the SME segment in FY 2021-22.



local corporates, and financial market players have enabled the bank to address the specific needs of each segment and provide tailor-made solutions with the active engagement of a dedicated relationship manager.

STRATEGIC PUSH TOWARDS EMERGING RURAL MARKETS AND MSMEs

We foresee high growth potential within emerging rural markets and MSMEs. Currently, India's MSMEs contribute to nearly one-third of the country's GDP through their domestic and international commerce, and a large portion of them are onboarding onto digital modes of operation. Industry data shows that Indian MSMEs are rapidly adopting digital payments over cash, with 72% of payments done through the digital mode compared to 28% of cash transactions. Within the Bank, both these segments continue to perform well on key indicators. The Bank has seen steady growth in disbursements and an enhancement in cross-sell metrics. The Bank reported nearly ₹2,500 crore new sanctions/disbursements in rural and ₹18,000 crore new sanctions/disbursement to the SME segment in FY 2021-22. YES BANK has taken a direct approach to these emerging growth areas with dedicated, high-quality front-end interactions, geographic spread and a diversified customer base with wide-ranging business and individual profiles.

In the rural segment, our portfolio is spread across ~225 districts in 14 states, and the total book size is ₹4,100 crore. The Bank's exposure to rural lenders is well distributed across the value chain, with the largest share of loanees under joint liability group (48% share) and farmer financing (35% share). NPA at <2% is one of the healthiest across the Bank's entire loan portfolio.

A similar strategy has been adopted for our MSME clients, where digital and analytics form the fulcrum of both new acquisitions and seamless customer service. Analytics is being used to drive prospective client identification, while the AI-powered Early Warning Signals framework helps to flag off incipient sickness and support frontline remedial management.

UNWAVERING FOCUS ON RECOVERIES

The Stressed Asset Management team of the Bank has been instrumental in achieving cash recoveries and upgrades amounting to ₹7,290 crore in FY 2021-22, which is on the back of ₹5,782 crore in FY2020-21. This has been a focus area of the Bank over the past two years, and the team has more than achieved its guidance. The strong push towards business generation has in no way taken away our focus on improving our loan book quality, with the GNPA ratio improving to 13.9% and PCR, including technical write-offs, at 81.5%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PERFORMANCE

The Bank continues to deliver on its commitment to build a responsible franchise focused on sustainable growth. This year, the Bank announced a target to achieve net-zero emissions from its operations by 2030. As a first step, it switched to sourcing renewable energy to power its headquarters in Mumbai. Ensuring that its branches and offices adhere to the highest environmental performance standards, the Bank continued to monitor and enhance its Environmental Management System, with 732 of its facilities maintaining their ISO 14001:2015 certification for the ninth year in a row. Committed to building a diverse and inclusive workplace, the Bank is targeting to increase the participation of women to 30% of its workforce in the next five years and is in the process of recruiting differently abled persons at select centres.

The Bank has also instituted important policies to enhance employee work-life balance and emphasize its commitment to respect human rights within

the organization and across its value chain. On the portfolio front, the Bank continues to strengthen the implementation of its Environment and Social Risk Management System through specialized training modules and is proactively taking steps toward climate risk measurement and mitigation in its endeavour to align with the recommendations of the Task Force on Climate-Related Financial Disclosures. YES BANK continues to be the only Indian Bank to measure and report its financed emissions, targeting to align its electricity generation sector exposure to the global 1.5-degree decarbonization pathways. During the year, the Bank was recognized for its ESG and climate-related disclosures and performance with its inclusion as a constituent in Morgan Stanley Capital International's (MSCI) ACWI ESG Universal Index and ACWI Low Carbon Leaders Index, among others. The Bank was also the only Indian Bank to be selected among the 100 Best Emerging Market Performers in ESG, as assessed by V.E, part of Moody's ESG Solutions.

As we consolidate on the growth momentum, organization-wide initiatives are being taken up to strengthen our long-term capabilities by ensuring critical skills in a diverse talent pool. Across the people hierarchy, we are aligning our people capabilities to deliver on the strategic growth pillars identified by the organization. We continue with our light-at-the-top disaggregated approach, with close to 21,000 of our 24,346 strong workforce belonging to the junior management level. We have instituted a dedicated capability building function called the YES School of Banking for this very large group to provide specific role and skill-focused training and certifications. Simultaneously, we continue to stress the importance of making YES BANK a nurturing workplace for our employees, with policies that provide creative and supportive solutions for various employee needs. Our hybrid and flexible working model are one such example; skill or goal-based employee training module is another. Our efforts to create a wholesome work environment have been recognized -- we have been ranked second among the large-sized banks in the Best Places to Work in India 2021 awards, conducted by AmbitionBox.com.

Our constant endeavour is to deliver the best value to our stakeholders and to honour the trust they have placed in us. To strengthen our commitment to all our stakeholders, we have shared our strategic objectives for FY 2022-23, which include CASA ratio at 35%, Retail & MSME Advances Mix to further improve by > 400 bps from the current 60:40, Advances YoY growth > 15% with



YES BANK continues to be the only Indian Bank to measure and report its financed emissions, targeting to align its electricity generation sector exposure to the global 1.5-degree decarbonization pathways. During the year, the Bank was recognized for its ESG and climate-related disclosures with its inclusion as a constituent in Morgan Stanley Capital International's (MSCI) ACWI ESG Universal Index.



corporate advances growth at 10% and Retail, SME and Medium Enterprises advances growth > 25%, Sustain CD ratio < 100%, Recoveries and Upgrades > ₹5,000 crore and ROA > 0.75%.

The horizon of India's growth appears dynamic and replete with promise, and we are invested in leveraging this immense potential in ways that serve the country and our stakeholders. I thank each one of you who has been a part of the YES BANK family for your valued support and trust. I am confident that we will grow stronger together as we welcome a more prosperous tomorrow.

Sincerely,

PRASHANT KUMAR
MD & CEO
YES BANK

KEY PERFORMANCE INDICATORS

NET PROFIT (₹ in crore)

1,066



DEPOSITS (₹ in crore)

197,192



NET INTEREST MARGIN (%)

2.3



COST OF DEPOSITS (%)

5.0



ADVANCES (₹ in crore)

181,052



TOTAL ASSETS (₹ in crore)

318,220



LIQUIDITY COVERAGE RATIO (%)

126.8



CD RATIO (%)

91.6



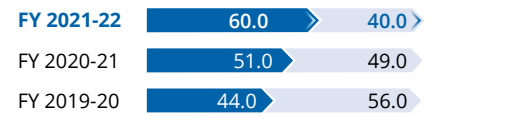
CASA RATIO (%)

31.1



RETAIL MSME: CORPORATE MIX (%)

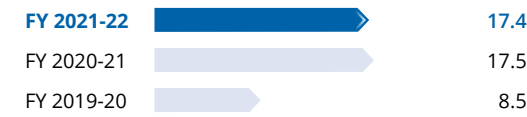
60.0 : 40.0



■ Retail MSME ■ Corporate

CAPITAL ADEQUACY RATIO (%)

17.4



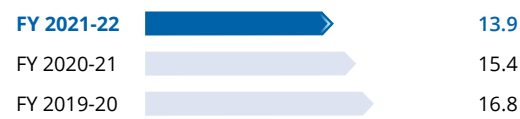
CET1 RATIO (%)

11.6



GROSS NPA (%)

13.9



NET NPA (%)

4.5



RETURN ON EQUITY (%)

3.2



RETURN ON ASSETS (%)

0.4



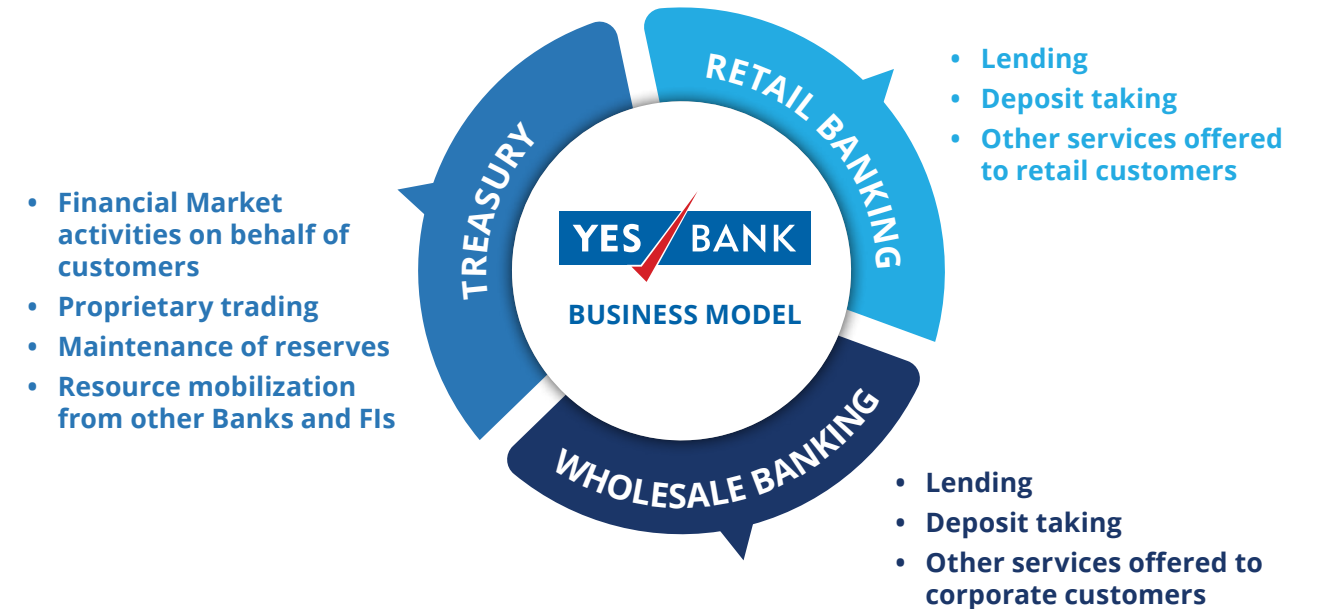
OUR INTEGRATED APPROACH

Responsible banking

YES BANK aims to embed integrated thinking into its business in order to ensure that all aspects of its value creation process coalesce around its goal of achieving sustainable growth. With a strong belief that financial performance, ecological sustainability and social development go hand in hand, the Bank continuously endeavours to harmonize its actions and assess its performance across the three areas with an objective to minimize negative impacts and maximize positive impacts of its business.

The Bank works and interacts with several forms of capital to create value in the course of its business activities. Through its work with different stakeholder groups, across capitals, the Bank strives to create value in a responsible and transparent manner, in line with the goals set forth by frameworks such as the National Guidelines for Responsible Business Conduct (NGRBC), the UN Sustainable Development Goals (SDGs), the Paris Climate Agreement, and the Principles for Responsible Banking (PRB).

Our value creation model



NATURAL CAPITAL

Through its operations and physical presence in the form of branches and offices, the Bank utilizes and contributes to natural ecosystems. YES BANK is cognizant of its environmental impact and responsibility towards climate action, and continually endeavours to conserve natural resources, reduce its carbon footprint and disclose its environmental performance.

Read more [Page 26](#)



HUMAN CAPITAL

Our employees are the brand ambassadors of the Bank and play a pivotal role in helping the Bank prosper in the face of evolving regulations, technology and customer demand. They constantly strive to provide best-in-class services to customers and are committed to nurturing faith and trust for the institution amongst all its stakeholders. The Bank has a high quality and robust talent pool with diverse skillsets, competencies, creative abilities that give us a sustained competitive advantage.

Read more [Page 32](#)



INTELLECTUAL CAPITAL

YES BANK harnesses its in-house pool of diverse skills, sector-specific expertise, knowledge banking, and industry leading digital infrastructure to build a dynamic franchise, capable of capitalizing on new-age, emerging opportunities.

Read more [Page 32](#)



FINANCIAL CAPITAL

The Bank continues to improve its financial performance through granularity of business and diversification of income streams, led by the retail and MSME business segments. The focus continues to be on sustainable profitability through a balanced earnings mix between retail and wholesale businesses while remaining disciplined on costs and capital.

Read more [Page 192](#)



MANUFACTURED CAPITAL

With 11 major offices, 1,122 branches, and 1,244 ATMs/ CRMs/BNAs, the Bank continues to build a national footprint presence with a strong digital backbone.

Read more [Page 26](#)



SOCIAL & RELATIONSHIP CAPITAL

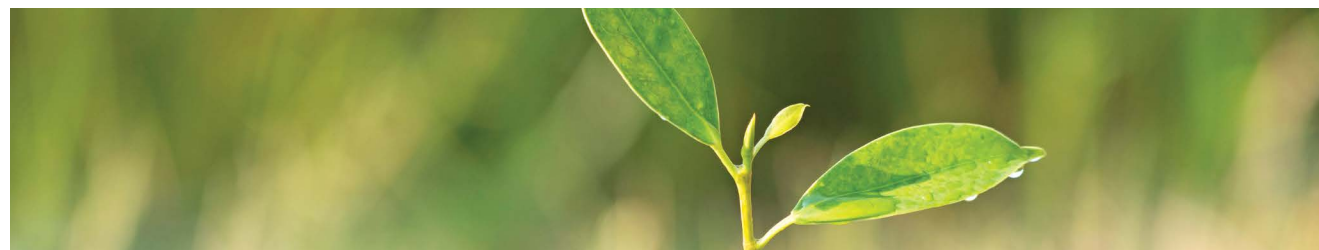
The Bank continues to build social value by delivering superior customer experience, promoting sustainability in its supply chain, driving access to finance at the bottom of the pyramid, and supporting vulnerable communities across India.

Read more [Page 32](#)

Our value creation model

Natural Capital

Stakeholder
 Ecosystems Biodiversity



INPUT

Resources

- **57,455 MWh** of grid electricity consumed
- **238,801.51 litres** of diesel consumed
- **124.67 tons** of paper consumed (A4 & A3)

Conservation

- Replaced **11,826** conventional fixtures and CFL signages with LED units
- Digitized paper-based processes saving **3,510,000+** sheets of paper
- Procured **100%** recycled paper (A4) for internal operations
- Replaced **1,212** tonnage of ACs with energy efficient systems that use eco-friendly coolants

Climate

- Target to achieve **net zero emissions** (Scope 1 & 2) by 2030
- Only Indian Bank to measure and report financed emissions of its electricity generation sector exposure

Renewables

- Switched to sourcing renewable energy to power head office, YES BANK House (YBH) in Mumbai
- Installed **5 kVA solar power** system at the Pune Bund Garden Branch

OUTPUT

Emissions

- **44,284.5 tCO2e** emissions from grid electricity consumption
- **631.54 tCO2e** emissions from diesel consumption
- **557.82 tCO2e** emissions from paper consumption

Conservation

- **235.43 tCO2e** of emissions avoided from LED replacements
- **144.67 tCO2e** of emissions avoided from paper saved
- **9th year of achieving ISO 14001:2015** Environmental Management System certification for 732 facilities

Climate

- Sectoral targets for aligning electricity generation sector exposure, to global **1.5 degree**

Renewables

- **562 MW** of incremental renewable energy capacity financed
- **1,105 tCO2e** emissions eliminated from YBH

Human Capital

Stakeholder
Employees



INPUT

Employees

- **24,346** full-time employees up from **22,270** in the previous year
- **'VOICE of YES'** employee engagement survey with Gallup

Diversity

- Diversity & Inclusion (D&I) Council in place
- The Bank is aiming for a **30%** gender diversity over the next **5** years

Training

- **5,817** training programs conducted

Health

- COVID Mediclaim Policy and hospitalization claim reimbursements for employees
- COVID vaccination drives for employees and family members
- COVID Relief Fund (employee contribution + matching contribution by Bank) for assisting impacted colleagues
- Reimbursements on COVID-19 vaccination cost for employees and dependents
- Parental leave (Maternity and Paternity) and adoption leave

Rewards

- 'YES LEAGUE OF EXCELLENCE' rewards and recognition platform
- Employee Volunteering Policy with paid time-off to volunteer for a social cause

OUTPUT

Employees

- **9** years average vintage amongst Top Management
- Employee engagement survey conducted with **79%** employee participation

Diversity

- **18.77%** Women participation in workforce

Training

- **136,700** training days attended by employees
- **5.61** average training-days, per executive

Health

- Assisted **31** employees through the COVID Relief Fund
- **234** female executives and **1,009** male executives availed parental leave with **99.6%** and **100%** return to work rate, respectively

Rewards

- **9,000+** employees rewarded for professional achievements

Our value creation model

Intellectual Capital

Stakeholder
 Customers Government



INPUT

- Digital**
- **Modern, scalable,** and **resilient** digital infrastructure
 - Industry leading **API Banking platform** and technology stack
- Knowledge**
- Specialized Food and Agribusiness Strategic Advisory and Research (FASAR) unit
 - Specialized Corporate & Government Advisory (CGA) group
 - Specialized Sustainable Finance Unit with strategic ESG focus

OUTPUT

- Mandates**
- **28** new Advisory mandates across agriculture, infra, food processing, fruit import, fisheries, meat, poultry, spices, and dairy
- Digital**
- Largest stack of APIs with **6,815** set ups done for customers so far
 - No.1 Bank for UPI payments with **43%** market share
 - **No.1** Bank for NEFT outward debit transactions with **14%** market share
 - Loan in seconds (LIS) platform for end-to-end digital loans
- Knowledge**
- Associated with the Task Force on Sustainable Finance, set up by the DoE, MoF and co-led development of a whitepaper on 'Building ESG Resilience within the Financial Sector'
 - Partnered ACMA on a study on 'EV Landscape: Opportunities for India's Auto Component Industry'
 - Supported Ministry of Electronics & Information Technology (MeitY) R&D program on technology development in the Electric Vehicle Systems
 - Developed Chandigarh's Electric Vehicle Policy
 - Developed knowledge report on Urban Rejuvenation: Transition to a Smart and Sustainable Future
 - Curated and co-created 9 knowledge events aimed at the agriculture sector, food and agri value chain, in partnership with government agencies and eminent industry forums
 - Partnered IIT Delhi to develop two research papers on climate change impact across different climatic zones in India.

Financial Capital

Stakeholder
 Investors Industry Academia



INPUT

- Capital**
- **₹40,397 crore** (Total CRAR at **17.4%**)
- Borrowings**
- **₹72,205 crore**
- Deposits**
- **₹197,192 crore** up **21%** YoY
- Cost**
- **₹3.32 crore** were spent on energy conservation including AC retrofitting, LED projects
- Renewables**
- **₹1,769 crore** in financing towards renewable energy projects in FY 2021-22

OUTPUT

- Advances**
- **₹108,631 crore** in Retail & MSME advances; **60%** of the advances mix
 - **₹72,421 crore** in Corporate advances
- Disbursement**
- **~₹53,500 crore** in Retail & SME disbursements
 - **~₹16,000 crore** in Wholesale banking disbursements
- Recoveries**
- **₹7,290 crore** in total recoveries & upgrades
- C/ D Ratio**
- **91.8%** down from **102%** in previous year
- Liquidity**
- **126.8%** Liquidity Coverage Ratio
- Profit**
- **₹1,066 crore** in FY 2021-22 – First full year profit since FY 2018-19

Our value creation model

 **Manufactured Capital**

Stakeholder
 Customers  Community



INPUT




- Presence**
- **1,122** branches
 - **11** major offices
 - **1,244** ATMs / CRMs / BNAs
 - **95** BC Managed Banking Outlets (BCBOs)

OUTPUT

The Bank has built a national footprint with a strong digital infrastructure, with a retail front end that offers service differentiation.

- Presence in **28** states and **8** Union Territories
- Presence in **707** cities across India

 **Social & Relationship Capital**

Stakeholder
 Customers  Supplies  Community



INPUT

- Inclusion**
- Strong network of Rural Branches including **95 BCBOs**
 - **1,320** Financial Literacy Camps conducted in FY22
- Suppliers**
- Diverse base of **10,500+** large, medium, and small suppliers
- CSR**
- Target to provide job-oriented skill development to **1,00,000** youth by **2026**
 - Initiatives to enhance income generation, promoting nano enterprises in rural India

OUTPUT

- Inclusion**
- **9.5 lakh** women customers part of Self-Help Groups (SHGs) and Joint Liability Groups
 - **₹13,500 crore** disbursed (cumulatively) to over 33 lakh families through YES LEAP (since inception)
- Suppliers**
- Transacted with **6,800+** suppliers in FY 2021-22
 - Pilot environmental and social assessment with select strategic suppliers
- CSR**
- **10,000+** women and farmers in rural Gujarat, Haryana, Maharashtra, Madhya Pradesh, Rajasthan, and Uttar Pradesh underwent capacity building training in market linkages and productivity enhancement for crops like maize, gram, and wheat
 - **2,000** youth trained on service sector job-oriented skill development
 - **2,000+** employees contributed over **3,000** volunteering hours, reaching out to support COVID patients, rural farmers, and underprivileged youth
- Customer**
- Healthy increase in the Net Promoter Scores by **26 points** in Branch Banking and **14 points** in Digital Channels

ENVIRONMENT

Leading the transition to green

YES BANK aims to integrate environmental sustainability into every aspect of its business. The Bank continually endeavours to conserve natural resources, minimize the negative environmental impacts of its operations and lending activity, and mobilize finance to spur growth in climate-aligned sectors. The Bank is also a strong advocate for building awareness and sharing knowledge on environmental and climate issues. The Bank works with stakeholders across the spectrum, to develop ways to align its business with global environmental and climate goals.

OPERATIONS

As a public trust institution, YES BANK is highly cognizant of its dependence on natural ecosystems and takes its responsibility towards environmental conservation, seriously. The Bank monitors and tracks the key resources it uses in its operations, takes initiatives to minimize consumption while enhancing resource efficiencies, and reports its impacts and progress annually. Given its nature of business, the Bank's highest environmental impact comes from its Scope 1, Scope 2 and Scope 3, Green House Gas emissions, as part of operating a pan India physical and digital presence with 11 major offices, 1122 branches, and 1,244 ATMs / CRMS & BNAs.



NATURAL CAPITAL

This section covers the Bank's interactions, initiatives, and performance in relation to its natural capital, as part of its value creation journey. It also includes the finance it mobilizes to promote climate action.



MANUFACTURED CAPITAL

The section also covers the Bank's initiatives to minimize the negative environmental impacts of its tangible and intangible infrastructure, such as its branches, offices, and operations.

SOURCES OF THE BANK'S SCOPE 1, SCOPE 2 AND SCOPE 3 GHG EMISSIONS

SCOPE 1



Emissions from diesel consumption in DG sets



Emissions from refrigerant leakage from ACs

In FY 2021-22, Scope 1 emissions stood at **3,217.14 tCO₂e***.

SCOPE 2



Consumption of grid electricity

Scope 2 emissions from electricity consumption stood at **44,284.50 tCO₂e***.

SCOPE 3



Emissions from business air travel



Emissions from paper consumption including couriers



Emissions from employee commute



Emission from external data centre

Scope 3 emissions attributed to the Bank's larger value chain decreased by **5.5%** from FY 2020-21 to reach **72,815.80 tCO₂e***.

For more details on the Bank's GHG emissions, please refer the Bank's Sustainability Reports [here](#).

*Estimations for Scope 1,2,3 emissions for FY 2021-22 are unaudited

STEPS TOWARDS REACHING NET-ZERO EMISSIONS

The Paris Climate Agreement sets forth a goal of limiting global temperature rise to 1.5 degrees Celsius. According to the Intergovernmental Panel on Climate Change (IPCC), limiting global warming to 1.5°C, requires countries and businesses to bring down CO₂ emissions to a net-zero by the year 2050. YES BANK has always been conscious of its climate related impacts. In order to align with the net zero pathways suggested by the IPCC, the Bank has pledged to reduce GHG emissions from its operations, across the country, to net zero by 2030. The Bank's net zero emissions target covers its absolute Scope 1 and Scope 2 emissions.

To meet the net-zero by 2030 target, YES BANK is taking a multi-pronged route covering:

- Use of renewable energy to power its facilities
- Use of energy efficient light fixtures and office equipment and appliances (with five-star ratings)
- Exploring quality carbon sequestration offsets

SOURCING RENEWABLE ENERGY TO REDUCE ENVIRONMENTAL FOOTPRINT

As a first step towards achieving its net zero emissions target, the Bank began sourcing renewable energy to power its headquarters, YES BANK House (YBH) in Santacruz, Mumbai, from January 1, 2022. Emissions from grid electricity consumption (Scope 2 emissions) accounts for 93.27% of the Bank's Scope 1 and Scope 2 emissions, with YBH's electricity consumption representing approximately 9% of the annual Scope 2 emissions for FY 2021-22. YBH switching to renewable energy has led to the elimination of a significant portion (approximately 1,105 tCO₂e*) of the Bank's Scope 2 emissions.

The Bank is also exploring the potential of using alternative sources of energy by installing a 5 kVA solar power system at its Pune Bund Garden branch. YES BANK will continue to explore such alternative sources of energy in future.

Environment

Following ISO 14001: 2015 certified Environment Management System

YES BANK has a well-defined Environmental Management Policy, and under it has instituted a robust Environment Management System (EMS) to assess the environmental risks of its operations. In FY 2021-22, the Bank's EMS covered 732 facilities (including five corporate offices, YES Securities and the Abu Dhabi Representative Office) and was certified ISO 14001:2015 compliant for the ninth year in a row.

Systems and processes set up under the EMS and monitored as per established performance metrics include:

- Supervising, tracking, and reducing consumption of key resources
- Responsible collection, recycling, and disposal of waste
- Building awareness about environment-friendly practices amongst employees
- Ensuring that facilities comply with environmental regulations

Cutting back on energy use by adopting energy-efficient options

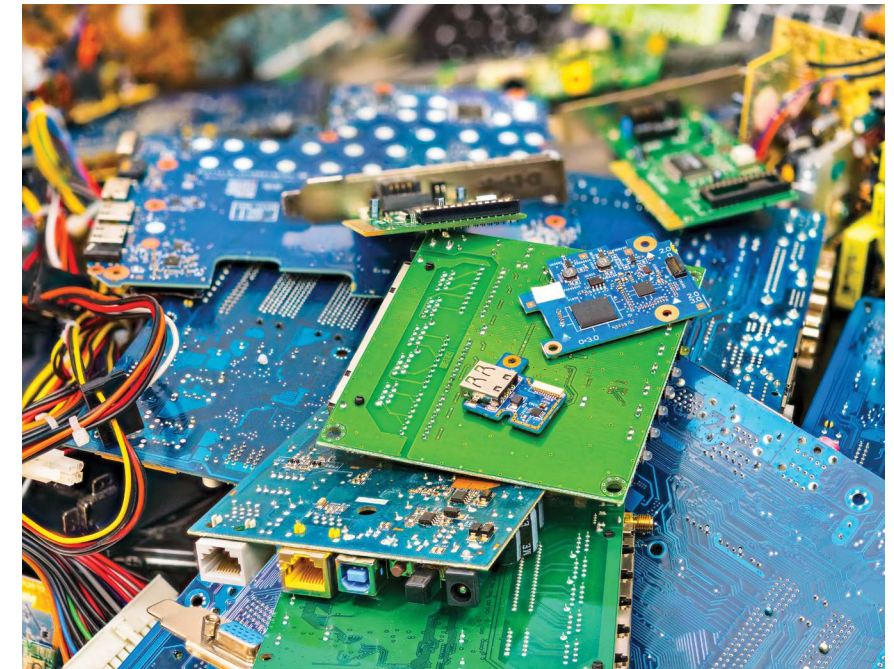
In FY 2021-22, the Bank spent ₹3.32 crore towards energy conservation and energy efficiency initiatives. These included AC retrofitting, LED projects and signage replacements.

- As a part of the migration to LED fixtures over the current fiscal, 11,826 conventional fixtures and CFL signages have been replaced with LED units across 288 branches. Estimated savings are to the tune of 1,072.85 GJ* of annual energy consumption. The estimated annual reduction in electricity consumption that may be attributed to these LEDs is 2,98,015 kWh, helping the Bank avoid 235.43 tCO2e emissions.
- The Bank is also in the process of phasing out air conditioning systems that use ozone-depleting coolants. In the current reporting cycle, 1,212 tonnages* of R22 air conditioners across 141 branches have been replaced that are more than ten years old. In their place, energy-efficient (star rated) systems using eco-friendly coolants have been installed.

MANAGING E-WASTE

YES BANK is a technology-intensive bank, and end-of-life management of our electronic equipment is a primary environmental concern. The Bank has empanelled Pollution Control Board authorized third-party e-waste handlers for disposal of its e-waste from its locations across India.

E-waste recycled: Responsibly disposed of **35,675.10 kgs*** of e-waste, including desktops, printers and laptop hardware, UPS, and server hardware.



RESOURCE CONSERVATION, DIGITIZATION AND BECOMING PAPER-FREE

Several steps are already underway towards becoming paper-free in our operations. This is primarily achieved by digitizing paper-based products and processes, establishing strong digital strategies to meet the increasing demands of digital customers, and implementing paperless workflows. These moves have also helped to enhance staff productivity and customer delight significantly. The specific initiatives were:

YES UDAAN (Utility for Digital Agreement and NACH)

Through the YES UDAAN initiative, the Bank introduced paperless banking and developed digital solutions for providing E-NACH and e-agreement along with e-stamping and e-sign Facilities.

Savings: **85,050+** sheets of A4 paper in FY2021-22 (equivalent to avoiding **11.73 GJ*** energy consumption)

SeVA (Service Value Added)

The Bank introduced the SeVA (Service Value Added), a digital solution for accepting online post-loan disbursement service requests from customers through the YES service portal. The initiative eliminates the need for physical interaction, use of request forms, branch visits and KYC documents.

Savings: Close to **55,610 sheets** of A4 paper in FY2021-22 (equivalent to avoiding **7.67 GJ*** energy consumption)

Loan in Seconds

In FY 2021-22, the Bank enhanced its digital lending capabilities with its Loan in seconds (LIS) platform for end-to-end digital loans.

Savings: **2,986,920 sheets** of A4 paper (equivalent to avoiding **412.09 GJ*** energy consumption)

E-Statement of Accounts and Income Tax (IT Certificates)

The Bank has developed digital solutions for providing E-SOA and IT Certificates.

Savings: Close to **231,452 sheets** of A4 paper and **43,249 envelopes**. (Equivalent to avoiding **37.9 GJ*** energy consumption).

Post-disbursal documents go digital

YES BANK has launched the YES PDD application, in collaboration with the Bank's outsourced partner, which helps to reduce the use of paper used in post-disbursal documentation like registration certificates, insurance, and invoice by digitizing the documentation and verification process.

Savings: Over **71,307 sheets** of A4 paper in FY2021-22 (equivalent to avoiding **9.84 GJ*** energy consumption).

VAHAN Robotics

The Bank introduced a robotics platform for vehicle loan customers to download vehicle registration certificates through the government's VAHAN website. This has reduced the turnaround time for submitting vehicle registration certificates by 50%, from two days to one day.

Savings: Approximately **36,467 A4 sheets** of papers (equivalent to avoiding **5.03 GJ*** energy consumption).

*Estimated figures are unaudited

Environment

Building climate-resilience

YES BANK takes a proactive approach towards responsible lending and climate adaptation. The Bank has been embedding environment and social considerations into its lending activity for several years.

ENVIRONMENT AND SOCIAL POLICY

YES BANK's Environment and Social Policy (ESP), implemented in 2006, provides a structured approach toward responsible lending. The ESP sets out the overarching framework for identifying and managing potential and/or existing Environmental & Social (E&S) risks commensurate with the nature and scale of transactions and their potential impacts. Through this policy, the Bank integrates environmental and social risks into its overall credit risk assessment framework and continues to mainstream environment and social considerations across its lending.

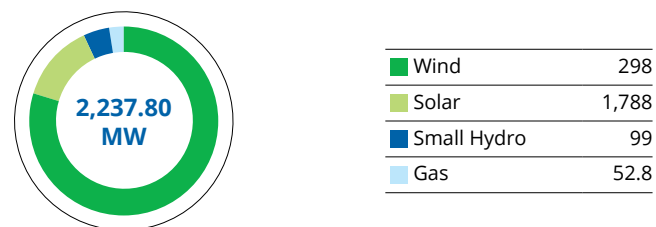
SUPPORTING CLIMATE ACTION THROUGH LENDING PRIORITIES

The Bank has also accorded a high strategic priority to climate action and aims to proactively address the potential climate risks and impacts of its lending activity, limit its portfolio emissions, and support climate-aligned sectors. The Bank is guided by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and, in FY 2021-22, is working towards institutionalizing a climate risk measurement framework for measuring and assessing climate-related physical and transition risks. The Bank continues to be the only Indian Bank to measure and report its financed emissions, targeting to align its electricity generation sector exposure to the global 1.5-degree decarbonization pathways.

CLEAN AND RENEWABLE ENERGY LENDING

In FY 2021-22, financing solutions worth ₹1,769 crore were made available for renewable energy projects totalling about 562 MW. Projects were underwritten by the Bank (facilities amounting to ~₹34,300 crore sanctioned towards ~7.0 GW since 2015). A healthy appetite exists in the financing market for such projects, with a significant portion of the projects being successfully down-sold/refinanced. The Bank continues to explore growth opportunities in this segment with strong promoter/project/ counterparty comfort.

Overall Clean Energy Portfolio as on March 31, 2022 (MW)*



*Underwritten/Participation Basis

YES BANK continues to be an accredited entity to the Green Climate Fund (GCF) and is exploring potential project pipelines in climate change sectors like e-mobility, water and waste management, green real estate and energy efficiency, and climate-smart agriculture

Climate-focussed knowledge and advocacy

Climate change is pressing and unavoidable. However, YES BANK regards the climate adaptation as a significant opportunity for financial intuitions to play a central role. The Bank continues to work with stakeholders across the spectrum to develop frameworks and methodologies for addressing climate-related risks; build and share knowledge on green financing opportunities and mobilize finance and attention towards climate-aligned sectors. Initiatives undertaken by the Bank towards climate action include:

- Associated with the Task Force on Sustainable Finance (constituted by the Department of Economic Affairs, Ministry of Finance, Government of India) as a co-lead of the work stream 'Building Resilience in the Financial Sector'.
- The Bank through its Corporate & Government Advisory group has supported several states such as Telangana, Chandigarh, Goa, Punjab, Rajasthan and West Bengal for the development of state's Electric Vehicle Policies
- Only Indian Bank to be a member of Science Based Targets Initiative (SBTi) Expert Advisory Group providing inputs on methodologies for target setting to align portfolio with global decarbonization pathways

- Partnered Automotive Component Manufacturers Association (ACMA) in conducting an Electric Vehicle landscape study to identify opportunities for auto component manufacturers
- Partnered with IIT Delhi to develop two research papers that were supported by a grant from YES FOUNDATION. The topics covered by the papers were:
 - **Impact of the Similarity Functions of Surface Layer Parameterization on Climate Simulation over the Indian Region** - Captures the results of simulation studies conducted to assess the impact of climate change across different climatic zones in India during winter and summer seasons.
 - **Association of Climate Change of Himalaya-Tibetan Highland and Indian Summer Monsoon** - Investigates the association of the changing climate of Himalaya-Tibetan Highland and Indian Summer Monsoon (ISM) through numerical experimentations. The research also involved support from the National Centre for Atmospheric Research.

SUSTAINABLE INVESTMENT BANKING (SIB)

The Sustainable Investment Banking unit is a dedicated advisory investment banking practice residing within YES BANK's wholly-owned subsidiary, YES Securities (India) Limited. Climate change is a key pillar for SIB, anchored on the principle of sustainability. During the reporting period, SIB successfully engaged as exclusive advisor on the following RE-focussed transactions:

- Shapoorji Pallonji Infrastructure Capital for divestment of its operating solar assets
- Sterling Agro for acquisition of solar assets in Karnataka

BOLD COMMITMENTS TOWARDS GLOBAL GOALS FOR CLIMATE ACTION

- Only Indian Bank to sign the UNEP FI Commitment to Climate Action, striving to align its business strategy with the Paris Agreement on Climate Change
- Only Indian Member of UNEP FI and Global Commission on Adaptation Physical Risk & Resilience Statement
- Only Indian Bank to be a member of Science Based Targets Initiative's Expert Advisory Group and is committed to develop emission reduction targets
- Only India Bank to be a Founding Member and signatory to the Principles for Responsible Banking

SOCIAL

Working towards a shared future

From its employees, partners and peers to its supply chain, customers and community, YES BANK interacts with a diverse set of stakeholders in the course of its business activities, who play an indispensable role in the Bank's journey of value creation. The Bank also works with governments, regulators, and the larger financial community to envision a financial ecosystem that is geared towards sustainability.



HUMAN CAPITAL

This section covers the Bank's interactions, initiatives and performance in relation to its human capital including the competencies of its employees, knowledge and experience and their ability to innovate.



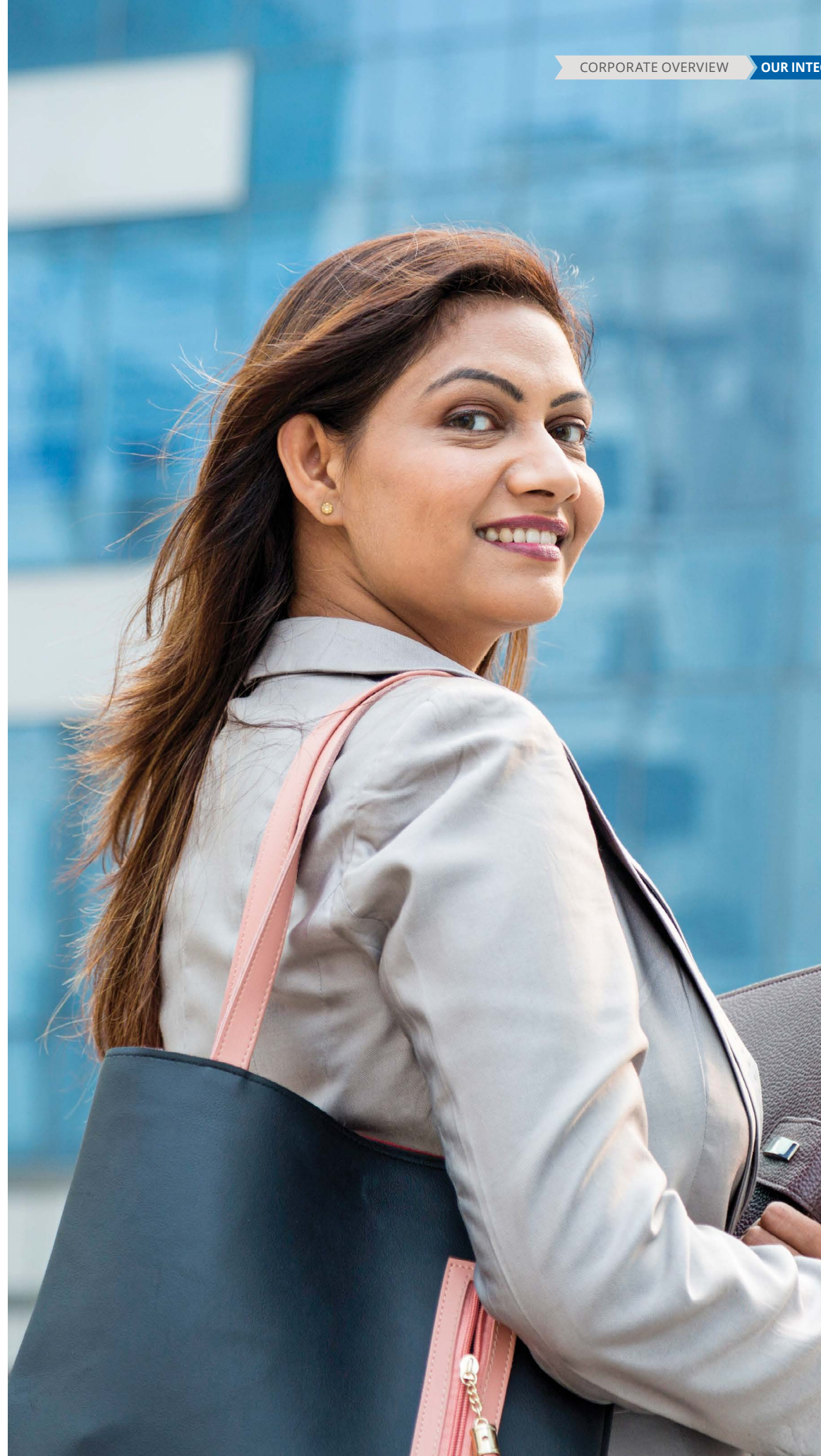
SOCIAL & RELATIONSHIP CAPITAL

The section also covers the Bank's Social & Relationship Capital –relationships with customers, regulators, suppliers and community at large aimed at creating shared societal value.



INTELLECTUAL CAPITAL

The section also covers the Bank's Intellectual Capital – collective knowledge base, thought leadership, research, brand and intellectual property.



Employees: Enabling a growth ecosystem for our workforce

YES BANK's employees remain at the core of its strengths and capabilities as a bank. They are also the ambassadors of the Bank's core values of trustworthiness, transparency, integrity, accountability, and collaboration. The Bank constantly attempts to provide an environment that is accepting of differences, encouraging, and enabling so that its employees reach their full potential.

Key Data Points for FY 2021-22

24,346
Total employees

4,569
Permanent women employees

136,700
Training Days

18.77%
Women participation in workforce

5,817
Training programmes

100%
Return to work rate after paternal leave

23,945
Trained employees

99.6%
Return to work rate after maternity leave

Data points include Bank's full-time employees (India and Representative Office) and exclude fixed term contractual staff (trainees, advisors, etc.).

Social

DIVERSITY & INCLUSION

YES BANK has taken several initiatives to implement its diversity and inclusion agenda within the organization. The Bank ensures that there is no discrimination against existing employees and new recruits.



KEY D&I MEASURES



The Bank has instituted an Equal-Opportunity policy that prevents discrimination on the grounds of age, colour, disability, marital status, nationality, race, religion, sex, sexual orientation.



Diversity & Inclusion (D&I) Council to identify and help accelerate the D&I initiatives. The Bank is aiming for a 30% gender diversity over the next 5 years



The Bank follows an employee compensation philosophy that is gender agnostic, and fully merit-focused, with parameters like role, experience, proficiency, level of competency, relevant performance assessment measures and so on, being given due weightage.

PEOPLE DEMOGRAPHICS - DIVERSITY

FY 2021-22

Management Band	Under 30 years		30-50 years		Above 50 years		Total
	Male	Female	Male	Female	Male	Female	
Top Management	0	0	27	6	30	2	65
Senior Management	0	0	196	20	36	6	258
Middle Management	4	0	2,600	377	62	6	3,049
Junior Management	5,306	2,179	11,497	1,970	19	3	20,974
Total	5,310	2,179	14,320	2,373	147	17	24,346

YES 'EVE'OLUTION

The Bank has curated interventions through engaging webinars and workshops to propagate and embed the message of gender inclusivity more effectively. During the year, initiatives were also taken to sensitize employees on gender equality and how it works within the office environment. A few examples of such initiatives include:

Ascend (for women leaders across junior to middle management): Sensitized employees on how gender stereotyping and career limiting beliefs hold women back in their careers.

Transcend (for women leaders across middle to senior management): Demonstrated how women leaders could influence their careers by radiating confidence, better exhibiting their own unique persona, and enhancing their networking skills

Social

HEALTH AND WELLNESS

The Bank promotes good health and well-being of employees and recognizes its important role in improving employee morale, engagement and productivity. During the Covid-19 pandemic, the Bank took special measures for its employees and families to help them through the health crisis. Some of the initiatives during the year include:

- **Mediclaim:** A comprehensive COVID Mediclaim policy covering hospitalization and home quarantine for COVID positive employees, and their enrolled dependents was provided. Immediate ex-gratia of two months' salary was provided to the families of deceased employees.
- **#YESSHIELD COVID Vaccination Drive:** COVID vaccination drives were organized across major YES BANK locations for employees and their family members
- **COVID Hospitalization Claim Reimbursement:** COVID hospitalization claim reimbursement was introduced to reimburse employees and enrolled dependents for COVID claims over and above the Mediclaim eligibility.
- **COVID Relief Fund:** A platform was created where employees could contribute financial aid for COVID-19 impacted colleagues who needed financial help. The COVID Relief Fund set up through employee contributions and a matching contribution from the Bank was used to assist 31 impacted employees during the year
- **24*7 Free Tele-Consultation Support:** The Bank partnered with Healthspring, a leading primary care company to provide 24*7 health support across the country, with comprehensive Covid-19 care solutions for employees and their families, including teleconsultations, online prescriptions, free home sample collections for RT-PCR test, ambulance booking, hospital coordination, home isolation programs, medical equipment on rent, home healthcare support and so on.
- **Medical facilities:** The Bank has partnered with BsideU to provide medical services to employees at four major centres (two in Mumbai, one in Chennai, one in NCR). The centres are well equipped with an experienced general physician, nurse, and dietician. Teleconsultations were made available during the pandemic.



- **Wellness Webinars:** A series of webinars were organized with experienced healthcare specialists covering subjects like boosting immunity, heart health, anxiety management, dental health and hygiene, effective parenting, amongst others, to help YES BANKers adopt healthy dietary and lifestyle changes.
- **LIVE Health and Fitness Sessions:** The Bank launched a host of LIVE virtual sessions on guided meditation, yoga, Zumba, and martial arts to encourage employees to embrace a healthy workout regime and maintain their physical and mental well-being.
- **Fitness Centre:** The Bank has also set up a fitness centres at the head office, fully equipped with all the modern amenities which employees can access for free.

WORK-LIFE BALANCE

The Bank launched its policy of 'Working from Anywhere' which enables role-based hybrid working models for employees. The employees get the flexibility to work from alternate locations, and certain allowances are also provided towards internet expenses and workspace set-up, leading to a better overall work-life balance.

Flexible Working: Employees working at the Corporate Office are provided an option to have flexible work timings. Over 3000+ employees were given the option to avail flexi work timings.

TRAINING AND DEVELOPMENT

YES BANK has always emphasized on a knowledge-driven approach for visualizing the future and focusing on developing capacity and capability to nurture the brightest and best quality talent. Key Human Capital, organizational development, and learning initiatives at YES BANK are domiciled under the aegis of YES SCHOOL OF BANKING (YSB). Institutionalized in 2007, YSB was created with a vision to build a 'Centre of Excellence' for learning solutions in banking and related areas. YES SCHOOL OF BANKING is accredited (by Bureau Veritas) with the latest Risk-Based Thinking in its approach and continues to ensure business satisfaction by creating and deploying learning solutions that meet stakeholder requirements through sustained improvement in employee knowledge, skills, and behaviour.

Learning Management System: 'My Learning@YES' (in partnership with 'Cornerstone on Demand') is the Bank's online Learning Management System (LMS) which supports digital learning and provides learners with increased access to learning content (in-house courses and externally integrated content partners), learning scorecards to measure actualization against learning paths. The system offers social learning, advanced reporting & analytics, conducting and management of classroom training, classroom attendance tracking, and training schedule management. The LMS also has a mobile first approach enabling learning on the go, allowing users to go through modules and appear for tests from the app ensuring better time utilization and higher learning engagement for employees.

Some of the key learning modules carried out by YSB during the year include:

- **Branch Capability Index (BCI):** BCI is a seven-month long, role-based certification programme covering 13 critical roles of retail banking including service excellence, third party products, liability product management, retail assets, and credit cards, and is designed for skilling Retail team members.
- **Executive Presence series:** An interactive personality development learning session that aims at enhancing executive presence through effective verbal and nonverbal influencing skills; skills to improve trust quotient in client relationships and ways for effective client interaction.
- **RM Learning Roadmap:** As a part of the RM Development Framework all relationship managers go through a structured learning journey covering functional, behavioural and leadership aspects

of their role. RMs are trained by external training partners and internal SMEs on various aspects of customer management and digital product sales.

- Several customized blended leadership and behavioural learning interventions including coaching for performance, design thinking, building high performance teams, and improving one's virtual presence, were conducted during the year.

Leadership and Professional Development

LEADVANTAGE is YES BANK's strategic talent development strategy that focuses on addressing the learning needs of leaders at different management levels. This year's focus was on spearheading change, building a leadership pipeline, and helping to create conscious, future-ready leaders. Some of the key training programs conducted were:

- **APEX Leadership Program:** YES BANK in partnership with 'The Art of Living' Foundation, launched the 'APEX' Leadership Development Programme for all top and senior management leaders under the theme of 'Conscious Leadership'.
- **Leadership Acceleration Programme:** A learning intervention designed for middle management leaders, that aims at developing an agile mindset by being innovative, taking initiative and adapting to change. Driving ownership and accountability are the other traits sought to be built.
- **360-Degree Feedback Exercise:** The exercise was conducted for all top and senior management leaders to help them identify their strengths and areas for improvement based on the feedback received from their team members, supervisors, and other stakeholders

University & School Relationship Management (USRM)

University & School Relationship Management program (USRM) is a structured, sustainable, and scalable engagement program to create and maintain a mindshare for YES BANK amongst students from top business schools of India, thereby positioning the Bank as a preferred employer.

YES BANK continued its long standing association with Premier Business Schools. Through our flagship campus initiatives, we hired 70 young YES BANKers under the YES Professional Entrepreneurship Program (Y-PEP) and 39 interns under the YES Emerging Professional Entrepreneurship Program (Y-EPEP).

Social

EMPLOYEE ENGAGEMENT

YES BANK has an employee engagement framework that caters to employees' holistic all-round well-being and growth. During the year, several engagement initiatives were carried out.



Employee Engagement Survey

An employee engagement survey called 'VOICE of YES' was launched in partnership with the research firm Gallup. The results provided insights into multi-level engagement scores at the workplace providing a holistic view of the whole organization.



Samwad

This is a quarterly employee communicate that provides information on key employee related initiatives. The Bank also shares key matrices on its financial performance.



Women's Day

To celebrate International Women's Day, the Bank organized multiple offline experiential workshops for women employees, like the Corporate Women Sports Challenge and informative webinars on women's general health care.



YES Foundation Day

The Bank celebrated its YES Foundation Day on March 21, 2022, to commemorate key achievements of the financial year. The event also included 'Y-Factor' Talent Hunt competition rounds for employees and they could showcase their talents in singing, dancing, solo acting, photography and art and was broadcasted live.



Long Service Awards

YES BANK recognized all employees who had successfully completed a key tenure milestone and rewarded them for their dedicated long service and commitment.



Rewards and Recognition

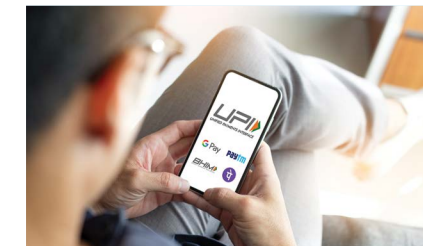
At YES BANK, rewards and recognition are digitally driven through an online portal called the 'YES League of Excellence'. In FY 2021-22, 9,000+ employees received rewards and 4,000+ appreciation messages/wishes were exchanged through the Rewards and Recognition portal.

Customers: Making new age banking accessible for all

YES BANK is a customer-focused bank that continuously works to enhance the banking experience through better products and leveraging the latest technological developments. Digitization now runs deep within its product delivery platforms and has significantly added to the ease and speed of banking for its customers.

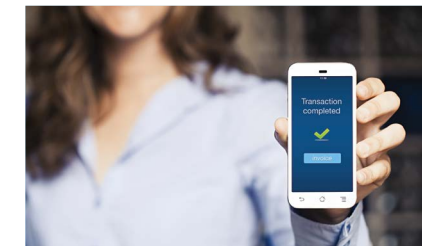
The size and volume of digital banking transactions done through YES BANK's products and services continued to scale up rapidly in FY 2021-22.

Market leader in the digital payments



Unified Payment Interface (UPI)

Witnessed YoY growth of 118% in terms of volume and 111.7% in terms of value. The Bank processed overall 1,974 crore transactions with value of ₹3,754,392 crore, capturing 43% market share in the ecosystem.



Immediate Payment Service (IMPS)

Witnessed a YoY growth of 94.25% in transaction volumes and 104.5% of transaction value. The Bank processed overall 55.5 crore transactions with value of ₹4,23,630 crore in FY 2021-22 thereby achieving a market share of 12.15%.



Aadhaar Enabled Payment Scheme (AePS)

Witnessed a YoY growth of 12.8% in transaction value, with a total transaction value of ₹48,223 crore. Overall, the Bank processed 37 crore transactions through AePS and notched up a market share of 18%.

Digital Channels:

YES BANK has been at the forefront of providing customers with a bouquet of digital channels and payment solutions to choose from:

- **YES ONLINE**, the Bank's internet banking platform, offers a user-friendly, interactive and seamless banking experience to its customers
- **YES MOBILE**, the Bank's mobile banking application, witnessed 33% growth in registered user base, from the previous year
- **YES ROBOT**, a comprehensive, secure, AI-enabled personal banking assistant for customers on the Bank's website, Facebook messenger and WhatsApp

Debit Card: The Bank has issued more than 7 Lakh Debit Cards on the Visa network in the FY 2021-22 and introduced the YES Private Debit card, catering to the needs of super premium segment of the Bank.

Micro Automated Teller Machine (MATM)

With a view to promoting ease of banking for our rural, semi-urban customers, the Bank went live with Micro Automated Teller Machine (MATM) transactions through its YES Money Business Correspondent network. MATM plays a vital role in facilitating cash withdrawal in rural geographies. The Bank achieved 10% market share in FY 2021-22.

Social

FINANCIAL INCLUSION

Extending banking to underserved segments is a key strategic objective for YES BANK and reflects its commitment to sustainable 'inclusive growth' and national priorities. The Bank has taken a different approach to provide financial services to our bottom-of-the-pyramid (BOP) customers, focusing on frugal innovations and key partnerships. It also has a special focus on critical enablement segments like women entrepreneurs.

- Two dedicated divisions established – Inclusive and Social Banking (ISB) and Microfinance Banking (MFB) – for implementing focused segment-specific initiatives.
- ISB and MFB businesses are aligned with its rural branch networks and also plugged into the existing distribution channels manned by Business Correspondent (BC) branches and BC managed Banking Outlets (BCBOs).
- On the wholesale side, the MFB division, extends term loans to Microfinance Institutions (MFIs) for onward lending to BoP customers, along with cash management services, rated capital market loan products like pool securitization and Pass-Through Certificates (PTCs).

- The Bank aims to enable women entrepreneurs in rural India. The ISB division, through its flagship group-lending programme, 'YES Livelihood Enhancement Action Programme (YES LEAP)', provides financial services to women Joint Liability Groups (JLGs) and Self-Help Groups (SHGs) through corporates and MFIs acting as BCs
- With an active customer base of 9.5 lakh women, YES BANK has contributed significantly to women empowerment in rural India. Since inception of the YES LEAP programme in 2011, the Bank has cumulatively disbursed over ₹13,500 crore to over 33 lakh families, till date
- Penetrating deeper into the rural unbanked areas has been an ongoing priority. This year, the Bank's 95 BC Banking outlets (BCBOs), enabled it to extend its reach and provide both asset and liability solutions to over 26,000 customers in the rural segment



CUSTOMER SERVICE EXPERIENCE AND SATISFACTION

As a customer-focused bank, YES BANK inculcates a culture that aspires to give service to create customer delight. The Bank's Customer Experience unit captures the Voice of the Customer (VOC) and records customer satisfaction scores through transaction and engagement feedback, administered via the digital platform, with performance assessment across key service drivers. The Bank has institutionalized the Net Promoter Score (NPS) as a key metric to drive superior service experience, customer loyalty and advocacy across its various customer channels.

The Bank is making steady progress in its commitment to customer service experience and satisfaction, as demonstrated by the increase in promoters trends, resulting in improved Net Promoter Scores (NPS) across customer channels. During the year, based on the voice of the customers, several improvement actions and projects were undertaken to improve process and customer journeys across channels. This has resulted in a healthy increase in the Net Promoter Scores by 26 points in Branch Banking and 14 points in Digital Channels.

Suppliers: Embedding sustainability within our value chain

The Bank has a diverse supplier base comprising 10,500+ large, medium, and small suppliers who serve as extensions of the Bank in areas and for segments where full-service entities are not viable and enable the use of key platforms and services on behalf of the Bank.

The Bank has formed strategic relationships with leading Indian and global companies to widen the functionality and security of its service platforms and lay the foundation for a sustainable future. Local vendors are being used to deliver products and services locally, with almost all transactions and procurement being done through domestic vendors.

Ensuring a sustainable supply chain is another important consideration. As India's first banking signatory to the UN Global Compact, YES BANK abides by the ten principles of the Compact, which include human rights, labour, environment, and anti-corruption. In FY 2017-18, YES BANK adopted its Supplier Code of Conduct, which articulated and formalized the ESG parameters that we wanted to build into its ecosystem, covering its commitment to human rights, fair labour practices, environmental progress, and anti-corruption policies. In FY2021-22, the Bank has developed and promoted an

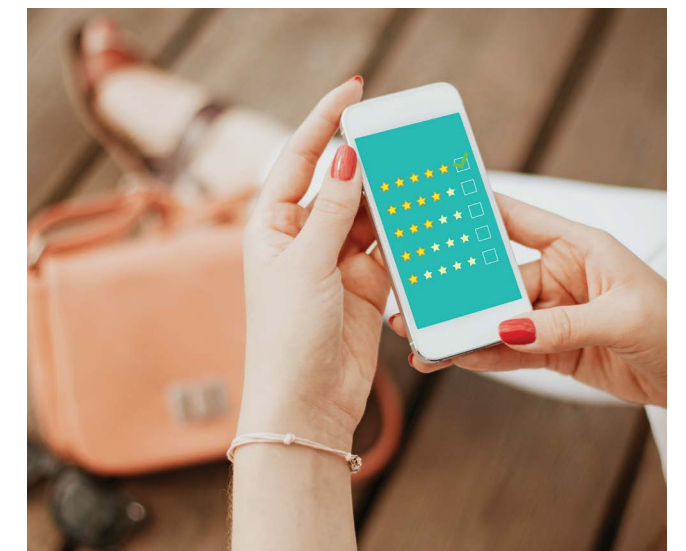
ESG self-assessment tool among its suppliers that seeks to help them assess their own performance against ESG best practices and address areas of improvement.

In FY 2021-22, the Bank transacted with 6,800+ suppliers to provide goods and services across all its offices and branches.

Government, regulators, industry partners, and peers: Allied for positive change

India faces many developmental challenges that can only be addressed through the joint interventions of both the public and private sectors. With its in-depth sectoral expertise, policy research capabilities, and strategic alliances, YES BANK works with governments, regulators, industry partners, and peers to execute key mandates favouring national priorities.

- Since the launch of the Smart Cities Mission by the Government of India, CGA has engaged with more than 20 smart cities through various advisory, banking and implementation support for project development. This fiscal, CGA launched its knowledge report on "Urban Rejuvenation: Transition to a Smart and Sustainable" Future at the American Chamber of Commerce-India's (AMCHAM) 29th AGM.



Social

- The Bank's specialized Food and Agribusiness Strategic Advisory and Research (FASAR) unit which houses industry specialists with sectoral knowledge and experience in the food and agribusiness domain, works closely with corporates, MSMEs, multinationals, central government, and state governments to execute multiple mandates on project advisory, strategic advisory and policy advisory across diverse sub sectoral and thematic areas. In FY 2021-22, FASAR took up 28 new advisory mandates and executed projects on Agri-infrastructure, export strategy, food processing, industrial policy, fruit import, fisheries, meat, poultry, spices, and dairy sub-segments, amongst others. As part of its advisory services, YES BANK partnered with SHEFEXIL, under the Ministry of Commerce & Industries, for assessing and promoting the value-added export potential of India's non-timber forest products and other SHEFEXIL products with the objective of conserving indigenous resources, promoting biodiversity and exponentially, yet sustainably, increasing India's exports.

To demonstrate YES BANK's strong intent to contribute to development of the agriculture sector and support stakeholders across the food and agri value chain, FASAR curated and co-created 9 knowledge events in FY 2021-22 in partnership with Government agencies and various eminent industry forums, these include:

1. Partnered the Agricultural and Processed Food Products Export Development Authority (APEDA), Ministry of Commerce & Industry, Government of

India, for organizing a national workshop on "Export potential for value added products in livestock sector"

2. Partnered with FICCI for the National Agri Summit on "Envisioning Smart & Sustainable Agriculture" focusing on sustainable farmer income enhancement and innovations promoting sustainable agriculture. A FICCI-YES BANK knowledge report titled "India beyond 75: Envisioning Smart & Sustainable Agriculture" was released during the summit
3. Partnered FICCI for two more knowledge events, namely - National Conference on "Enhancing Export Competitiveness of India's Agricultural Exports" and "India Maize Summit-2021", during which theme focused knowledge reports were released. Knowledge Partner to AMCHAM for a session on "Positioning India in the Global Food Chain". A knowledge report on the theme was released during their AGM.
4. Partnered the Confederation of Indian Industry to conduct a national seminar and publish a knowledge report on "Indian Dairy Beyond 75", focused on the role of digitization and technology in the dairy supply chain
5. Partnered ASSOCHAM and released a knowledge paper on "Emerging North East: Unlocking the Food Processing Opportunities"



Communities: Giving shape to our vision for change

This year, the Bank launched its five-year CSR strategy, aiming to inspire India's youth to lead economic and social development by training themselves for market-oriented jobs and taking up enterprise while retaining a focus on environmental sustainability.

This strategy is being implemented through the Bank's social development arm, YES Foundation (YF), to create

employability and entrepreneurship opportunities for 100,000 youth by 2026.

Additionally, the Bank is engaged in several ways to provide sustainable livelihoods to rural and marginalized communities. The Bank continues to monitor ongoing projects and oversee its resource utilization vis-à-vis goals achieved. A brief overview:

Employability

YES Foundation, in partnership with Trust for Retailers and Retail Associates of India; Friends Union for Energising Lives; Nudge LifeSkills Foundation and Tata Community Initiative Trust, has trained over 2,000 youth for the service sector in FY2021-22. The skills training covered work readiness modules, which were delivered by its employee volunteers via structured sessions.

Incubating micro-enterprises

With the objective of strengthening local economies and building capacity for import substitution, YES Foundation has partnered with Jagriti Sewa Sansthan for incubating over 50 micro enterprises over the next three years. In FY2021-22, the project successfully incubated 19 micro enterprises from districts in eastern Uttar Pradesh.

Promoting Nano Enterprises

Through YES Foundation, the Bank has partnered with Watershed Organisation Trust, N M Sadguru Water and Development Foundation; Development of Humane Action Foundation, Mahashakti Foundation, Humana People to People India and Society of Indian Institute for Rural Development to promote nano enterprises with a focus on women and farmers. During the year, over 10,000 community members from rural Gujarat, Haryana, Maharashtra, Madhya Pradesh, Rajasthan, and Uttar Pradesh underwent capacity building training in market linkages and productivity enhancement for crops like maize, gram, and wheat. The benefitting farmers adopted climate resilient farming practices that are supported with soil conservation and water management technologies.

YES BANK's employees have always been dedicated supporters of its community development efforts and participate enthusiastically.

Employee Volunteering: The Bank launched its Employee Volunteering Virtual Experience (EVOLVE) initiative in FY 2021-22 to enable its employees to contribute towards social causes and community development. Two thousand employees contributed nearly 3,000 volunteering hours, reaching out to support COVID patients, rural farmers, and underprivileged youth. The Bank has instituted an employee volunteering policy through which employees are enabled to access paid time-off to volunteer for a social cause.

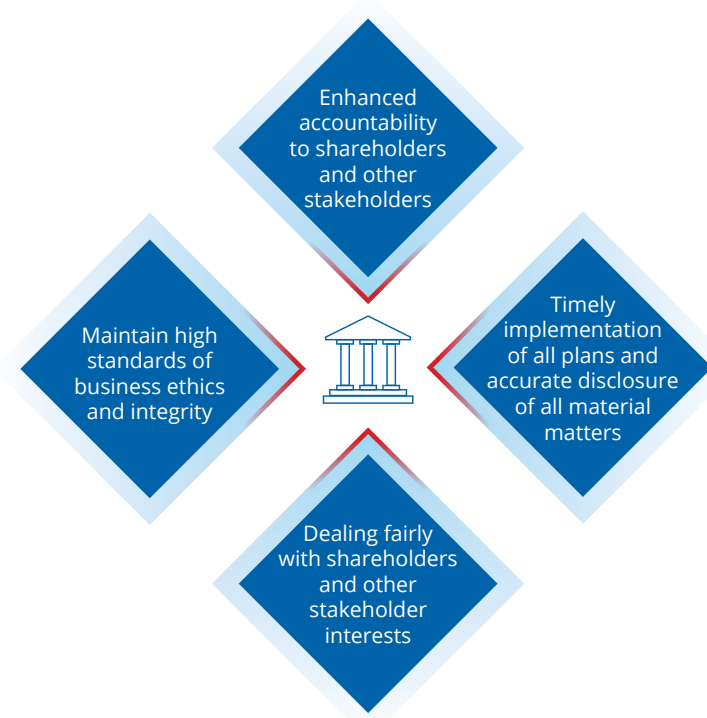
HUMAN RIGHTS

YES BANK is committed to respecting the human rights of its workforce, communities and all its stakeholders. The Bank has instituted a Human Rights Policy that highlights its commitment to the United Nations Guiding Principles on Business and Human Rights. The Policy emphasizes the Bank's focus on developing a culture that values diversity and inclusion; promotes equal employment opportunities; provides a safe and healthy workplace with zero tolerance towards sexual harassment; and prohibits child labour, forced labour and human trafficking, across its value chain. The Bank's human rights policy is applicable to all employees and stakeholders, including its suppliers and clients. The Bank expects all its stakeholders to respect human rights in their own operations and maintain positive legal compliance with applicable constitutional and regulatory human rights requirements and conformance to fundamental labour principles.

GOVERNANCE

Raising the bar with strengthened governance and disclosures

YES BANK is committed to achieve the highest standards of governance in all aspects of its business. The Bank has strengthened its disclosure practices and continues to be on a progressive path to nourish its corporate governance practices, making it more effective from a regulatory and market perspective.



Based on regulatory and business requirements, YES BANK has designed a corporate governance structure that provides a comprehensive framework to address four main areas

BOARD COMPOSITION

YES BANK's Board comprises eminent personalities from diverse fields and extensive banking experience. The composition of the 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.

During the Financial Year 2021-22 the Board of Directors consisted of Eleven 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 ("the Scheme"), Two Directors nominated by the State Bank of India, Two Directors appointed by

the Reserve Bank of India as Additional Directors and Three Non-Executive Directors co-opted pursuant to Clause 5(5) of the Scheme read with Memorandum and Articles of Association of the Bank.

Committed to adhere to the highest standard of ethics, integrity and transparency and to protect the interest of all its stakeholders, the Bank's Board is focused on ensuring both the corporate governance and risk controls of the Bank. Over the past 2 years, the Bank has strengthened its governance, compliance and underwriting frameworks by demarcating roles and responsibilities and enhancing independence and accountability.

The Bank has instituted a number of critical policies to promote a culture of compliance and to ensure that the organization conforms to highest standards of ethics and integrity

	Code of Conduct	The Bank has adopted an Employee Code of Conduct that applies to all executives. Comprehensive employee trainings are conducted on the Code, followed by a mandatory certification test. More details click here: https://www.yesbank.in/regulatory_policies
	Code of Business Conduct and Ethics for the Board of Directors and Senior Management	The Board has also formulated and adopted the Code of Conduct and Ethics that the Board of Directors and Senior Management must adhere to. More details available here: https://www.yesbank.in/about-us/corporate-governance
	Anti-Bribery and Anti-Corruption Policy	The Bank has implemented a group-wide Anti-Bribery and Anti-Corruption policy which defines what constitutes bribery/corruption (including facilitation payments) and outlines the corruption control and reporting mechanisms. A summary of the policy can be accessed at: https://www.yesbank.in/pdf?name=ybl_abac_policy.pdf
	Anti-Money Laundering Policy (AML)	The Board-approved KYC/ AML policy provides a broad framework for adherence to national and local regulatory requirements related to Know Your Client/ Anti-Money Laundering/ Combating Financing of Terrorism directives.
	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 developed and implemented a Vigil Mechanism, in the form of its 'Whistle Blower Policy'. The details of the Whistle Blower Policy are available here: https://www.yesbank.in/about-us/corporate-governance
	Corporate Social Responsibility Policy	The Bank has a Corporate Social Responsibility Policy aligned with Section 135 of The Companies Act, 2013 and in accordance with the Companies Rules, 2014. The CSR policy is available here: https://www.yesbank.in/pdf/ybl_corporate_social_responsibility_policy
	Tax Strategy	The Bank has instituted a Board approved tax strategy that incorporates good corporate practices in tax management and tax transparency and responsibly balances the interests of its various stakeholders, including our clients, shareholders, employees, and the society at large. Details of the Bank's tax strategy are available on the Bank's website at https://www.yesbank.in/pdf?name=yes_bank_tax_strategy.pdf

Governance

ESG GOVERNANCE

YES BANK takes its Environmental, Social and Governance objectives very seriously and its ESG strategies are well aligned with its business objectives. The Bank has set up a robust ESG governance structure to enable a smooth integration of ESG and climate considerations with its business operations. Senior leadership oversight helps to give greater importance to ESG compliance within internal hierarchies, with the Bank's Chief Financial Officer (CFO) heading the Sustainable Finance team and responsible for the Bank's sustainability strategy.

The Bank has also constituted an Executive-level Sustainability Council chaired by the MD & CEO, which oversees the implementation of the Bank's sustainability agenda. The Council sets long-, medium and short-term sustainability targets and evaluates the Bank's ESG performance. In FY 2021-22, the Bank further strengthened its ESG governance by constituting a Board-level Corporate Social Responsibility and Environmental Social & Governance Committee to oversee the Sustainability Council and guide the Bank's overall ESG agenda.

YES BANK'S ESG GOVERNANCE FRAMEWORK

Board Oversight

Corporate Social Responsibility and Environmental Social & Governance Committee

Management Oversight

Sustainability Council chaired by the MD & CEO

Business Unit (BU) Level

The Sustainable Finance team headed by the Bank's CFO, works with BUs across the Bank to integrate ESG into the business



ESG DISCLOSURES AND ACHIEVEMENTS

YES BANK continues to make quality ESG disclosures and report its sustainability performance in alignment with international disclosure frameworks like the Global Reporting Initiative (GRI) standards, Integrated Reporting (IR) framework and Taskforce on Climate-related Financial Disclosures (TCFD) recommendations. The Bank's ESG initiatives and disclosures have earned it a place in prestigious global ESG rankings and Indices

- In FY 2021-22, YES BANK was selected among the 100 Best Emerging Market Performers by V.E, which is a part of Moody's ESG Solutions. The July 2021 ranking consisted of the top 100 best performing companies listed from developing markets, with the most advanced scores in social responsibility, human rights, employment practices, environmental protection, corporate governance, business ethics and contributions to social and economic development in their areas of operation.
- YES BANK is the only Indian Bank recognized in such rankings.

- YES BANK has also been included in several of Morgan Stanley Capital International's (MSCI) flagship global equity indices aligned with worldwide ESG benchmarks. As of December 2021, the Bank featured in the MSCI ACWI's ESG Universal Index, MSCI ACWI Low Carbon Leaders Index, MSCI ACWI Low Carbon Target Index, MSCI ACWI Climate Change Index, and MSCI ACWI Climate Paris Aligned Index, among others.

- Rated 'B' (Management Band) by Carbon Disclosure Project for its 2021 Climate Change disclosures.

For more information on YES BANK's ESG performance & sustainability disclosures, please access the Bank's Sustainability Reports here: <https://www.yesbank.in/about-us/sustainability-at-yes-bank/esg-disclosures/sustainability-reports>



Governance

Board of Directors

> **Mr. Sunil Mehta**
Non-Executive Part Time 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**
Non-Executive Director
SBI Nominee Director



> **Mr. Ravindra Pandey**
Non-Executive Director
SBI Nominee Director



> **Ms. Rekha Murthy¹**
Non-Executive Director



> **Mr. Atul Malik¹**
Non-Executive Director



> **Mr. Sharad Sharma²**
Non-Executive Director



> **Notes :**
Detailed profiles of all Directors are given in the Corporate Governance Report.

1. Appointed w.e.f. August 30, 2021
2. Appointed w.e.f. November 01, 2021

Governance

Management Team

> **Mr. Prashant Kumar**
Managing Director &
Chief Executive Officer



> **Mr. Rajan Pental**
Global Head,
Branch and Retail Banking



> **Mr. Ravi Thota**
Country Head, Large
Corporates



> **Mr. Niranjana Banodkar**
Chief Financial Officer



> **Mr. Anurag Adlakha**
Chief Human
Resources Officer



> **Ms. Anita Pai**
Chief Operating Officer



> **Mr. Arun Agrawal**
Country Head, Institutional
& Govt Banking



> **Mr. Gaurav Goel**
Country Head, Emerging
Local Corporates



> **Mr. Ajay Rajan**
Country Head,
Transaction Banking



> **Mr. Rakesh Arya**
Chief Credit Risk Officer



> **Mr. Sandeep Mehra**
Chief Vigilance Officer



> **Mr. Sumit Gupta¹**
Chief Risk Officer



> **Mr. Amit Sureka**
Country Head,
Financial Markets



> **Mr. Akash Suri**
Country Head, Stressed
Asset Management



> **Mr. Indranil Pan**
Chief Economist



> **Mr. Ashish Chandak²**
Chief Compliance Officer



> **Mr. Kapil Juneja²**
Chief Internal Auditor



> **Mr. 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.

CORPORATE INFORMATION

AUDIT COMMITTEE

Mr. Atul Bheda
Chairman

Mr. R Gandhi
Member

Mr. Ananth Narayan Gopalakrishnan
Member

Mr. Atul Malik
Member

Ms. Rekha Murthy
Member

Mr. Sharad Sharma
Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Mahesh Krishnamurti
Chairman

Mr. Sunil Mehta
Member

Mr. Atul Bheda
Member

Mr. Ravindra Pandey
Member

Ms. Rekha Murthy
Member

RISK MANAGEMENT COMMITTEE

Mr. Atul Malik
Chairman

Mr. Sunil Mehta
Member

Mr. V S Radhakrishnan
Member

Mr. Ravindra Pandey
Member

Mr. Prashant Kumar
Member

Mr. Sharad Sharma
Member

IT STRATEGY COMMITTEE

Ms. Rekha Murthy
Chairperson

Mr. Atul Malik
Member

Mr. Mahesh Krishnamurti
Member

Mr. Ravindra Pandey
Member

Mr. Prashant Kumar
Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Ms. Rekha Murthy
Chairperson

Mr. Mahesh Krishnamurti
Member

Mr. Atul Bheda
Member

Mr. V S Radhakrishnan
Member

Mr. Ravindra Pandey
Member

Mr. Sunil Mehta
Member

CUSTOMER SERVICE COMMITTEE

Mr. Sharad Sharma
Chairman

Mr. Atul Bheda
Member

Mr. V S Radhakrishnan
Member

Mr. Atul Malik
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. Sharad Sharma
Member

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL SOCIAL & GOVERNANCE COMMITTEE

Mr. Sharad Sharma
Chairman

Ms. Rekha Murthy
Member

Mr. Atul Bheda
Member

Mr. Mahesh Krishnamurti
Member

Mr. Ravindra Pandey
Member

Mr. Sunil Mehta
Member

CAPITAL RAISING COMMITTEE

Mr. Sunil Mehta
Chairman

Mr. Mahesh Krishnamurti
Member

Mr. V S Radhakrishnan
Member

Mr. Prashant Kumar
Member

Mr. Atul Malik
Member

BOARD CREDIT COMMITTEE

Mr. Sunil Mehta
Chairman

Mr. Mahesh Krishnamurti
Member

Mr. V S Radhakrishnan
Member

Mr. Atul Malik
Member

Mr. Prashant Kumar
Member

MANAGEMENT DISCUSSION AND ANALYSIS

Executive overview

MACROECONOMIC AND INDUSTRY OVERVIEW

The economic recovery taking hold during the second half of FY 2020–21 was disrupted by the second wave of COVID-19 in early FY 2021–22. This wave was more virulent than the first and severely tested the country's health infrastructure. However, the wave receded rapidly and had a relatively limited impact on aggregate demand. The strategies used to prevent the spread of the virus were more localised and region-specific than those employed during the first wave of the pandemic. According to the Reserve Bank of India (RBI), the loss of output was 40% less than in the first wave.

Central Statistics Office estimated the real gross domestic product (GDP) to have risen by 8.7% in FY 2021–22. Official data also indicates that the private final consumption expenditure increased by around 8% compared to FY 2020–21. The value-added figures for the manufacturing sector was up by 9.9% while the value-added for the services sector rose by 8.4% in FY 2021–22. High global commodity prices and domestic inflation, coupled with the withdrawal of easy monetary policy by the RBI are likely to serve as headwinds to growth in FY 2022–23.

Consumer price index (CPI) inflation moderated close to the target of 4% in April 2021 but remained volatile thereafter. In May and June 2021, CPI inflation breached the upper tolerance level of 6%, with a sharp pickup in food, fuel and core inflation. However, food inflation then ebbed, and headline CPI inflation decreased to 4.4% by September 2021. Subsequently, in February 2022, another rise in food inflation led to an increase in headline CPI inflation up to 6.1%. The final March reading for FY 2021–22 was 7%, caused by a trade shock due to increased global crude oil and edible oil prices. Global supply chains were disrupted as a result of the pandemic; therefore, major global central banks considered inflation transitory and hoped that supply chains would improve when the effects of the pandemic eased. However, recently, the geopolitical crisis between Russia and Ukraine and the increase in virus cases in China have once again disrupted supply chains, leading to fears that elevated global inflation is likely to continue for a longer term.

A strong and well-functioning financial sector fortifies the foundations of growth and development. During the pandemic, the RBI accorded the highest priority to preserving financial stability by taking quick and decisive steps to ease liquidity constraints, ensuring adequate credit flows to the production sector and restoring market confidence. The RBI also strengthened the regulatory and supervisory framework for both banking and non-banking financial sectors to proactively identify, assess and deal with vulnerabilities. Thus, despite pandemic-induced bouts of volatility, the Indian financial system remains resilient and is now in a better position to meet credit demands as recovery takes hold and private investment activity picks up. According to the RBI's Financial Stability Report (December 2021), Scheduled Commercial Banks (SCBs) continued to bolster their capital, with a capital-to-risk assets ratio (CRAR) of 16.6% in September 2021. Banks' asset qualities also improved, with gross non-performing asset (GNPA) and net non-performing asset (NNPA) ratios declining to 6.9% and 2.3%, respectively. The provision coverage ratio (PCR) increased from 67.6% in March 2021 to 68.1% in September 2021. The RBI's macro-stress tests for credit risks indicate that SCBs' GNPA ratio may increase to 8.1% by September 2022, but banks can still comply with minimum capital requirements under severe stress scenarios.

The assessment of macro conditions into FY 2022–23 will critically depend on the longevity of the current geopolitical problems and their impact on commodity prices. Brent crude oil prices showed an almost 70% increase by the end of March 2022 compared to the end of March 2021. Faced with the rude shock of inflation, larger central banks will continue to tighten and normalise relevant monetary policies. Sovereign bond yields have hardened globally while emerging market economies are likely to see a spate of capital outflows and a weakening of their currencies. The World Trade Organisation recently reduced its forecasts for global trade, indicating that the geopolitical crisis could lead to food shortages in poorer countries, and 3% growth is expected in 2022 (down from the earlier expectation of 4.7%).

As per the RBI's assessment, inflation will increase by 30 bps if oil is higher than the baseline of USD100 per barrel by 10%, or vice-versa. Inflation risks also emanate from longer-than-expected supply chain

disruptions that cause a larger pass-through of input cost pressures to output prices in the event of stronger demand conditions and global financial market volatility arising from faster normalisation of monetary policy by advanced economies. The downside risk arises from the early mending of supply chains, which will cause muted pass-through of output prices and a correction in global commodity prices. The RBI's inflation projection for FY2022-23 is placed at 6.7% with Q1FY23 at 7.5%, Q2 at 7.4%, Q3 at 6.2% and Q4 at 5.8%.

India is also likely to see downside effects on growth due to higher commodity prices. On the one hand, the RBI's calculations assume crude oil will be 10% above the baseline of USD100 per barrel, and domestic growth is likely to weaken by 20 bps. On the other hand, if crude prices fall below the baseline by 10%, this could boost growth by 20 bps. Rabi has good prospects that should lift rural demand, and the ebbing of the pandemic risk is likely to bolster the contact-intensive services sector. The government has also taken significant initiatives to boost private investments; for example, the Production Linked Incentive Scheme (PLI). With capacity utilisation levels now reported at 72.4% for Q3FY22 and with corporate balance sheets deleveraged, expectations are strong for private sector capacity building. The downside risks to growth emanate from the surge in input costs, continued supply tightness of essential components, the tightening of global financial conditions and weakening global trade.

The government's capital expenditures are likely to continue to be important for the economy in maintaining its growth prospects by crowding in private investments. The budgeted capital expenditure of the Centre is ₹7.5 trillion for FY 2022–23, a sharp rise of 36% over the revised estimates (RE) for FY 2021–22. The multiplier effects of capital expenditures are much higher, at 1.29, than those for revenue expenditures, at 0.37. More importantly, the impulse response of capital expenditures (the number of years the impact of a rise in expenditures is felt) is at 3.56 in the fourth year of incurring the expenditure. Even as near-term growth is poised for a moderation RBI estimates real growth at 7.2% for FY 2022–23, domestic growth drivers are expected to improve considerably in the longer term, supported by the government's infrastructure push.

Management Discussion and Analysis

THE IMPACT OF COVID-19

The COVID-19 pandemic has delivered a once-in-a-century crisis, with a health shock morphing into a macroeconomic and financial shock. The RBI undertook several measures to deal with such an exceptional situation. Borrowing costs fell to their lowest levels in decades and spreads narrowed across rating cohorts. Record levels of government securities, corporate bonds and debentures were issued. Corporate entities deleveraged seamlessly and reduced high-cost debt while improving profitability and retaining earnings for future capex. Overall, the financial sector has remained fully functional and helped anchor the recovery process, while the RBI's policy actions have yielded the desired results in a smooth and orderly manner.

As these objectives are achieved on an ongoing basis, the RBI has turned its attention to dynamically rebalancing liquidity while maintaining adequate liquidity in support of its accommodative stance. This rebalancing has involved two sets of operations. The first focuses on rebalancing liquidity from the overnight fixed-rate reverse repo towards the 14-day variable rate reverse repo (VRRR) auction as the main operation, which is supported by fine-tuning auctions of varying tenors. The second involves conducting repo auctions of one to three-day maturities to meet transient liquidity mismatches and shortages.

As a result of the RBI's rebalancing operations, daily average absorption under the fixed rate reverse repo moderated sharply since August 2021 when rebalancing started. However, overall system liquidity remains in a large surplus. Reflecting the migration of surplus liquidity from the overnight window to longer tenors, the effective reverse repo rate – the weighted average rate of the fixed rate reverse repo and the VRRRs of longer maturity, increased from 3.37% at the end of August 2021 to 3.87% at February 4, 2022. With pressure building up as a result of inflation, the RBI says that it will remain focused on "withdrawal of accommodation" and has already raised the repo rate by a cumulative 90 bps in May and June, 2022. The RBI has also instituted a Standing Deposit Facility (SDF), which is now the lower end of the Liquidity Adjustment Facility (LAF) corridor. SDF rate now stands at 4.65%.

In the forex market, the Indian rupee (₹) is resilient in the face of global spillovers, even relative to emerging market economy peers. The sustainability of India's external sector is anchored by high FX reserve buffers amid a rise in the current account deficit (CAD). In H1FY22, the CAD was 0.1% of the GDP and was underpinned by robust exports of goods and services. The merchandise trade deficit has widened in recent months, partly due to elevated crude oil prices and a rise in non-oil imports in line with domestic economic recovery. Consequently, the CAD/GDP widened to 2.7% in Q3FY22 and is expected to stay at this level in FY 2022-23 if oil prices average at USD100 per barrel. Given the tightening of global monetary policy, there is a balance of payment deficit for FY 2022-23 that could comfortably be managed by the RBI with its large FX surplus.

The stability of the economy and a focus on growth enable YES BANK to report advances growth of 8% YoY and deposits growth of 21% YoY, along with 44% growth in CASA. These figures indicate that the Bank has strong business momentum, and it is on track to achieve its strategic objectives.



RETAIL BANKING

The Retail business faced extremely challenging circumstances in the first half of the year, with normalcy returning in the second half. The business is directly linked to consumption, which slowed down during the second wave of the pandemic but has since normalised. Retail advances increased by 30% YoY, and CASA + retail term deposits increased by 29% YoY. YES BANK performed well across deposits and retail asset products, providing customers with personalised solutions.

Branch Banking

During FY 2021-22, YES BANK expanded its geographical footprint to 1,122 branches and 95 Business Correspondent Banking Outlets spread across more than 750 locations with 1,244 ATMs and Bunch Note Acceptor/Recycler. The Bank has added 52 branches during the year primarily in West and South India to

bolster the presence in areas where the Bank would like to be present and offer its comprehensive suite of liability and asset products. The Bank follows Cluster Hub, Hub and Spoke model.

Simultaneously, the Bank also continues to embrace the ever-evolving digital landscape with capabilities to optimally acquire and provide superior customer service. The Bank has launched and enhanced many initiatives during the year to simplify the customer journeys e.g. using scorecards for swift and efficient underwriting and collections, paperless onboarding, new and improved YES BANK mobile app and YES Service portal. 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:



Management Discussion and Analysis



YES BANK processes nearly every 3rd digital transaction in the country

Debit Cards

YES BANK has a complete suite of debit card products across three networks (Mastercard, Visa and RuPay), which cater to the varied needs of customers. Segmented across its flagship customer segments, YES Private, YES First, YES Premia and YES Prosperity are designed and customised to fit the specific needs of debit card customers. The cards offer unique benefits, including reward points on all spending, NFC-enabled contactless payments, complimentary lounge access at domestic airports on select debit cards, MasterCard golf lessons on YES First and YES Premia range of debit cards. Customers have also been provided with YES InControl, which allows them to manage their card spending and control card security parameters. The Bank has also created its own brand of seven E-series debit cards – Element, Engage, Explore, Elevate, Emerge, Eclectic and YES Private debit card – for different client segments.

Digital banking

YES BANK has invested significantly in new-age and digital technologies to achieve heightened customer engagement and experience. The Bank continues to partner with various fintechs and corporates, and it is a leader in new-age digital payments, including UPI, AEPS, NEFT, IMPS and micro-ATMs at 43%, 18%, 14%, 12% and 10% market share, respectively. YES BANK processes nearly every 3rd digital transactions in the country which totals over 6 bn monthly. To grow digital volumes, the Bank has implemented cloud-native UPI, IMPS processors and alternate AEPS processors to build resilience.

During the year, the Bank forayed into toll and transit payments as well as collections and implemented a first-of-its-kind, cloud-native module to act as a sponsor bank for initial public offerings (IPOs). Further, the Bank is closely looking at opportunities stemming out of new payment aggregator guidelines and getting ready to service this space.

The Bank's mission is to further develop its technology and continue its decade-long journey with YES Money and has onboarded one million outlets. As part of this service, the Bank achieves simple transactional needs of its customers for domestic money transfers and Aadhar based cash withdrawals.

Spectrum Banking

Spectrum Banking is the Bank's new-age channel that manages the entire Customer Life Cycle ranging from acquisition, onboarding, relationship management, customer value management, activation and service across the entire suite of retail products (viz. liabilities, retail assets, credit cards, business banking, merchants and third-party products) virtually through spectrum of voice, chat, email. The channel undertakes the following activities:

- Acquisition and onboarding of liability customers, upgrading limited 'know your customer' (KYC) to full KYC and managing business facilitator distribution
- Customer value management and remotely managing relationships with YES First, YES First Business, YES Premia, Yes Prosperity, Corporate Salary Account and Global Indian Banking (GIB) customers
- Acquisition & Onboarding of retail assets, business banking and credit cards
- Cross Sell of Insurance, Investment, trade forex and cash management products to existing customers of the Bank

- Acquisition & Onboarding POS Merchants and Business Banking Customers in addition to Virtual Relationship Management of these Customers.
- Deepening credit card customer relationships by offering term products such as EMIs and unsecured loans & increasing stickiness by offering card upgrades, limit enhancements and card protection plan

YES Private

YES Private is an exclusive programme with a perfect blend of expertise and tailored services crafted to suit the business, wealth and lifestyle needs of YES BANK's HNI/ the ultra HNI clients. YES Private's expert team offers curated solutions for business, personal wealth management and succession planning. The programme aims to be a growth partner in building and preserving legacy. The proposition offers some of the best-in-class lifestyle benefits on debit and credit cards, including air travel, lounges, cruises, hotels and resorts, golf privileges, dining experiences, movies and events, and insurance coverage.

YES Private is an invitation-only programme for clients who maintain an average monthly balance (AMB) plus fixed deposit balances of ₹3 crore or a total relationship value of ₹5 crore at a family level.

YES First and 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- for their personal and business banking needs. These niche programs look at the customer segment in a holistic manner and bring together a proposition that not just curates the best products, services and relationship pricing on all things banking, but also presents a wide array of lifestyle, wealth management and elegant service solutions that are designed to bring delight to the customer

In order to elevate the Wealth and Knowledge positioning, this year the YES FIRST program focused on an array of initiatives ranging from high profile Webinars with the most respected names in the Wealth Management industry before or following major market or economic events to differentiated Wealth content marketing to arranging hyper local focused events with product leaders to present and discuss flagship products with key customers. YES FIRST also launched the flagship design-thinking based Wealth Management approach that not just changes the way traditional wealth management was conducted but

also designed a proprietary portfolio analysis technique that will bring never-seen-before insights to customers.

Ensuring service experience remains superlative for this affluent segment of customers, the programs launched a Priority Service Desk that would be dedicated to resolve all non-financial requests through a single channel in a matter of hours.

During the festive season this year, YES FIRST and YES FIRST Business programs launched their edition of the Family banking program for affluent families along with the BANK-wide YES Family launch. The programs put together an enriched proposition with superior lifestyle and wellness partnerships to focus on increasing family relationships. The programs partnered with one of the world's largest health-care service providers to provide a comprehensive Health and wellness package for new family relations as well as make available an opportunity to enjoy a fine dining or immersive retail therapy experience with the family

YES Premia

YES Premia is a programme that offers customised premium banking solutions to mass affluent segment which focus on making banking seamless and enjoyable for our customers. It is carefully curated to provide customised banking solutions that complement the lifestyles and expectations of different customer segments. YES Premia provides customers with a 'Truly Yours' proposition, offering a wide range of targeted products, services, benefits and partnerships, making it a truly customised solution. YES Premia was relaunched in December 2020 and has seen a growth of > 50% in customer numbers and liability book in FY 2021-22. The YES Premia proposition focuses on four pillars:

1. **Priority servicing:** A dedicated Relationship Manager offering a wide range of banking services
2. **Products and preferential pricing:** A comprehensive suite of products and solutions with special programme-based pricing and discounts
3. **Privileges:** Special benefits and offers across YES Premia debit and credit cards, and a YES Rewardz programme
4. **Powerful digital banking** platforms and solutions

YES Prosperity

YES Prosperity is the Bank's mass retail programme, offering services for customers' individual banking needs. Under YES Prosperity, the Bank has a feature-packed

Management Discussion and Analysis

exclusive segmented savings account proposition for senior citizens, women and regular customers. Furthermore, YES Prosperity offers Edge Business, Prime Business and Exclusive Business current account variants, a first-of-its kind three-tier product suite for business clients with an auto-upgrade and -downgrade facility to ensure the right product fit at every stage of the business life cycle.

YES Family

During FY 2021-22, the Bank launched the YES Family programme, which is a feature-packed proposition that offers wide-ranging services and rewards to meet the financial needs of the entire family. Packed with unique benefits and exclusive offerings, YES Family has been thoughtfully curated to make banking more convenient, offer more attractive products and solutions, and reward the usage of cards and digital platforms. YES Family allows customers to care for the financial and overall well-being of everyone in their family. The proposition is available across the YES First, YES Premia and YES Prosperity programmes.

Global Indian Banking

YES BANK's Global Indian Banking (GIB) programme is a power-packed customised offering providing multiple avenues for non-resident Indians (NRIs) to create wealth in India across product categories, with in-person and digital fulfilment models. This comprehensive product

is complemented by a multi-channel servicing capability and benefits that extend beyond banking.

The GIB programme offers comprehensive and superior experiential banking services for NRIs and persons of Indian origin (PIOs). It facilitates financial solutions for NRIs, including deposits, remittances and wealth management products. The liability product suite comprises savings, fixed and recurring deposit offerings denominated in INR, and foreign currency (FCY) denominated fixed deposits in eight global currencies. The Bank offers deposit-linked structured products (premium rupee/FCY plans) that provide NRIs with higher returns on their deposits while availing maturity proceeds in INR or FCY. The Bank's in-house YES Remit platform facilitates efficient digital cross-border money transfers for NRIs residing in Singapore, Switzerland and the UAE. Additionally, the Bank offers best-in-class NRI FX rates to credit NRI accounts held with the Bank. The portfolio investment scheme (PIS) enables customers to invest in the Indian equity market. To fulfil wealth enhancement and safety goals, the Bank also offers a host of investment and insurance solutions to NRIs for themselves and their families in India.

In FY 2021-22, the Bank's GIB proposition witnessed a host of enhancements, including an acceleration of its digital interface to allow foreign currency non-resident

Retail Banking Assets sanctioned/disbursed ₹ 33,000 crore in FY22



(FCNR) deposits to be booked online in real-time; YES BANK is the first institution to offer this facility.

For more value-added services, the Bank introduced a curated product offering for NRIs and foreign nationals through its International Financial Services Centre (IFSC) banking unit (IBU), offering savings and fixed deposit accounts across five foreign currencies with the key proposition of short-term liquidity at higher interest rates. This provides customers with high-interest deposit options versus the minimal rates offered in their host country.

In line with the strategy to create segmented offerings for its clients, the Bank launched the Mariners proposition, with relevant benefits and features for seafarers and their families in India.

To enhance the customer service experience, the Bank introduced a global service desk to act as a centralised customer and resource-facing one-stop shop, facilitating seamless processing of financial and non-financial transactions for NRIs with minimal manual intervention. The desk handled 50,000 requests and queries from NRI customers during the year.

Retail banking assets

The Bank's customers can select from a wide range of retail loan products which include home loans, affordable home loans, car loans, superbike loans, commercial vehicle loans, construction equipment loans, loans against securities, gold loans, personal loans, secured business loans, health care finance, printing equipment finance and working capital, under one roof. A diversified retail banking assets book across all of the Bank's products has seen total retail advances increasing to 36.0% versus 30.0% in FY 2020-21. The Bank has also

seen strong growth in secured business loans, auto loans, personal loans and commercial vehicle loans. The Bank has preferred finance agreements with the leading automobile manufacturers of cars, commercial vehicles and construction equipment, thereby enabling access to the wholesale and retail businesses of manufacturers and dealers across the country. The Bank offers retail products across 579 locations in 1,004 branches, and it aims to increase the size of its retail advances book to ₹100k crore by FY 2023-24 (including credit card and rural banking assets).

In FY 2021-22, the Bank enhanced its digital lending capabilities with the 'loan in seconds' platform as well as front-end automation initiatives using YES Robot to provide customers with lower turnaround time and higher productivity. This has enabled the Bank to enhance new sanctions/disbursements which stood at ₹33,000 crore in FY 2021-22. With an eye on future retail-led growth ambitions and the need for a strong technology backbone, the Bank has invested in Salesforce - World's leading CRM Platform to build a next-generation cloud-based loan origination system that enables concurrent processing, real-time credit decisions and industry-best turnaround time. The Bank's diversified retail book concentrates on book quality and collections and aims to build analytics-based collection scorecards to augment field force performance and enhance collection cost efficiencies. Collection efficiency was at 96.7% for Q4FY22, which is above pre-COVID levels.

Rural and Inclusive Banking

The Rural and Inclusive Banking division of the Bank caters to the financial requirements of rural India through a basket of offerings targeting the entire agri value chain as

Management Discussion and Analysis

well as the underserved and unserved, while also ensuring that the Bank meets its Priority Sector requirements. This division houses three Business Units.

Rural Banking Assets

The Rural Banking Assets unit addresses the financial requirements of the farmers for crop production and ancillary activities through issue of Kisan Credit Cards. In order to cater to the specific needs of farmers across specialised agri clusters, it offers variants under its flagship crop loan product. It also takes care of the farm mechanisation needs of the progressive farmers by financing purchase of tractors as primary asset class, along with harvesters and agri implements. The unit also finances small business entities, self-employed professionals and entrepreneurs in rural areas for their business requirements. The unit is catering to the needs of the farmers in eight States currently, with dedicated manpower present in these geographies.

Inclusive & Social 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 customers. It has a two-pronged strategy involving units – Inclusive and Social Banking (ISB) and Microfinance Institutions Group (MFIG) – for implementation of various financial inclusion initiatives, albeit in a profitable manner. Further, to provide comprehensive services, the Bank has aligned the ISB & MFIG businesses with its rural branches and has also deepened the distribution channel through Business Correspondent (BC) branches and BC managed Banking Outlets (BCBOs).

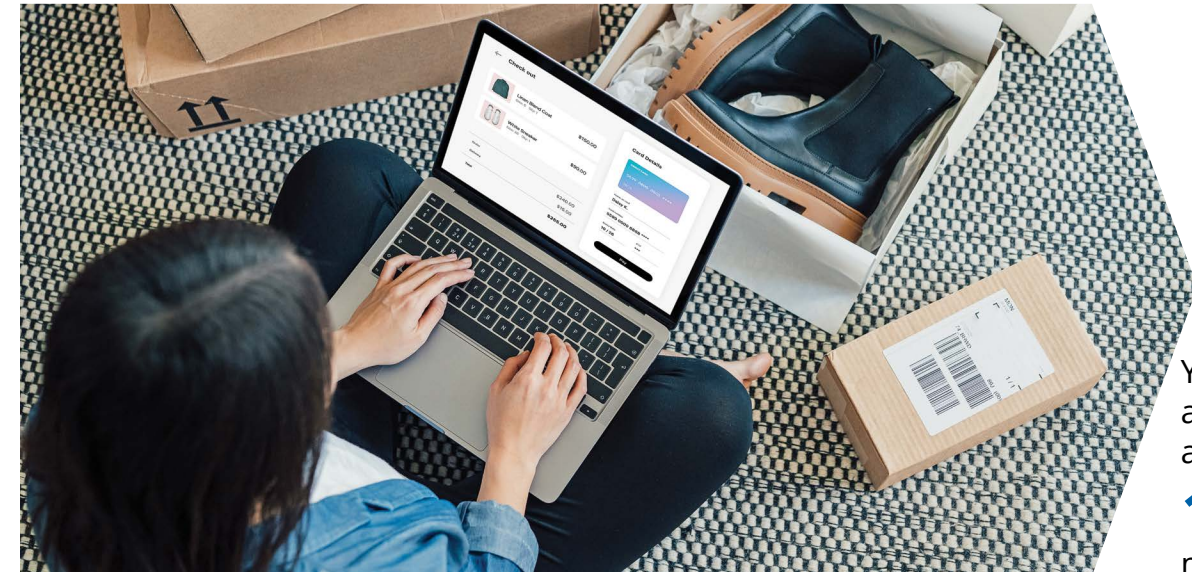
The Bank promotes microfinance as an important asset class within its core business. On the wholesale side, the Bank, through its MFIG unit, extends Term Loans to Microfinance Institutions (MFIs) for on-lending, provides cash management services and caters to their other banking & transactional requirements. On the retail side, the Bank's ISB unit, through its flagship group-lending programme 'YES Livelihood Enhancement Action Programme (YES LEAP)', provides financial services to Joint Liability Groups (JLGs) of women borrowers through Business Correspondents. As 100% of these groups are women centric, YES LEAP has been able to contribute significantly towards strengthening women empowerment in remote areas of India. As on March 31, 2022, the Bank has an active women customer base of

9.5 lakh. Since inception of the programme, a cumulative disbursement of over ₹13,500 crore has been done, reaching out to over 33 lakh families till date. Further, towards helping the customers in unfortunate times, the Bank offers optional insurance products like a customised 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 hospitalisation expenses. The Bank currently has 95 BC Banking outlets (BCBOs) which enabled the Bank to provide both Asset and Liability solutions to over 26,000 customers in the rural segment.

Agribusiness Product Management

The Bank has a specialised vertical viz. Agribusiness Product Management (APM), 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 customised 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 suitable 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



YES BANK Payment acceptance devices across
1 lakh
merchants in India

end to end process is carried out on digital platforms for faster customer service and superior experience. Within APM, 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.

Credit cards

YES BANK credit card boasts of a customer-first approach, strong product suite, evolved distribution strategy and superior customer service, complemented by robust risk management systems. With 11.95 lakh cardholders and 49% YoY growth in the outstanding FY 2021-22 book, the business continues to scale up and is supported by significant investments in its platform, people and technology.

The current product suite consists of 16 products across consumer, small and medium-sized enterprise (SME) and commercial cards. In October 2021, the Bank launched the Finbooster credit card in partnership with BankBazaar, and in December 2021, the NPCI/RuPay-branded credit card was introduced.

In terms of products, 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 and pay the differential amount, if any, (4) collect reward points that do not expire, and (5) redeem reward points for travel bookings or choose products from a wide-ranging merchandise catalogue. To further enhance customer activation and engagement, the Bank offers spend-based fee reversal on new cards, moving away from lifetime-free cards.

YES BANK introduced fully digital customer onboarding platform which is designed to provide a seamless customer experience with video-KYC to meet regulatory requirements. Nearly 70% of new credit card issuances in Q4FY22 were processed digitally. Alongside a strong distribution strategy, YES BANK credit cards focus on incremental customer engagement backed by strong alliances and partnerships, resulting in higher card spending, activation rates and growing wallet size.

Merchant acquiring services

YES BANK is one of the leading Merchant Acquiring services provider in the country, with a best-in-class product suite backed by high service standards and a robust technological infrastructure. Merchant Acquiring services cater to close to one lakh merchant establishments and currently deploys more than 10,000 payment acceptance devices monthly. Close to 80% of the current deployments are processed digitally via YES Insta app.

The merchant acquiring service focuses on managing merchant relationships via a dedicated relationship officer in the field and virtual relationship officers, thus continuously working towards developing overall engagement.

The Bank continually invests in new products, enhanced services and advanced digital processes. Merchant acquiring services offer state-of-the-art Android-based point of sale (POS) devices, same-day and holiday settlements, and an array of other value-added services, including SMS Pay, EMI, dynamic currency conversions (DCC) and best-in-class solutions for BQR/UPI payments.

Management Discussion and Analysis

Fintech partnerships

YES BANK engages with multiple fintech partners to enable the acquisition of incremental new-to-bank (NTB) customers across liabilities, assets and credit cards. Partner selection is a well-thought-out strategy with a segmental-based focus to ensure differentiated product offerings and value-creating propositions. By leveraging unique propositions with fintech's superior UI/UX and a robust application programming interface (API)-based technology stack, YES BANK aims to offer future-ready products to benefit its valued customers. By collaborating with select partners, the Bank is building a sustained and scalable low-cost acquisition model.

SME Banking

The Small and Micro Enterprises Banking (SME) business units cater to the entire spectrum of SME's. The Bank has dedicated RMs for business origination and relationship deepening across trade, forex, retail cross-sell through coverage in 700 branches. Along with RMs, product specialists and industry experts focus on providing continuous support and solutions to customers. Majority business origination is from internal channels with parametrized as well discretionary lending enabling faster credit decisioning.

The Bank is also using internal and external channels to facilitate in gaining market share. Dedicated efforts in building partnerships in the Supply Chain Finance, Co-lending have been undertaken.

The Bank made a pivotal shift from being a lender to a solutions provider under the revamped "Power of 5" customer value proposition. Power of '5' is packed with a lot of industry first initiatives and is well appreciated by our customers. Bank tied up with several trade associations across the country to promote its revamped 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

With the shift towards digital transactions, YES BANK has curated a digital platform, especially for SMEs 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 banking needs of MSMEs, including cash flow management, credit limits and utilisation, certain credit document submission, bulk payments etc.

Additionally, the Bank has successfully launched YES Aim for digital account opening, E-sign and E-Stamp facilities to facilitate faster loan fulfillment. The Bank's Digital Lending Platform is under testing phase and will be launched soon to ensure customers journeys are made seamless. With the launch of this solution, customers would be able to undertake self-onboarding. This would lead to ease of application and have a major impact on customer experience.

Digital & Analytics solutions 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 digital processing.

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 programmes 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. The Bank continues to explore targeted products aimed at green financing such as offering loans for the adoption of roof-top solar amongst MSMEs; offering bank guarantee and



**Wholesale Banking
new sanctions/
disbursements of
₹16,000 crore in FY22**

commercial vehicle financing to urban waste collectors and processors; financing equipment manufacturers of Effluent Treatment Plant/Sewage Treatment Plants and supporting the Electric Vehicle ecosystem by financing auto ancillaries/charging infrastructure players.

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

WHOLESALE BANKING

As YES BANK accelerates along its transformational journey, its strategic focus on sustainable growth will develop and drive liability franchises and strengthen its asset business with strong governance and compliance as well as prudent risk management. To further develop these objectives, the Wholesale Banking Group continues to play a key and pivotal role for the Bank.

Large Corporates

YES BANK's large corporates division 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 forge value-based, long-term affiliations 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 and cash management services, debt capital markets, Treasury Services (Foreign Exchange Risk Management), Investment Banking Solutions (M&A Advisory, IPOs), Foreign Currency Loans & Overseas financing (via IBU in Gift City) and Liquidity Management Solutions, among others. With the theme of Ecosystem Banking and service-centric approach, YES BANK focuses on the ecosystem of the customer by catering to dealers, vendors and customers of corporates, thus ensuring seamless service to the customers.

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

The Bank has product teams with sectoral knowledge across key sectors like roads, renewable power, ports, airports, refineries, 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, market conditions and industry developments and help devise a sector-wise strategy. This distinctive approach translates into mutually beneficial relationships with clients in knowledge-driven sectors such as life sciences & healthcare, information technology, food & agribusiness, manufacturing, infrastructure, hospitality & education.

With the goal of offering One-stop solution to Corporate relationships, the Large Corporates Group also synergises with Retail Banking to offer meaningful personal banking services such as Savings account, Credit Cards and retail assets to the corporate workforce.

Institutional and Government Banking

YES BANK's Institutional and Government Banking team is divided into seven segments: Government Banking, Multinational Corporate Banking, Indian Financial Institutions Banking, International Banking, Corporate & Government Advisory, Food & Agribusiness Strategic Advisory and Research and International Banking Unit. This group provides government entities, financial institutions and multinational companies with comprehensive client-

Management Discussion and Analysis

focused services comprising liquidity management solutions, treasury risk management solutions, transaction banking products, trade finance and cash management services, supply chain finance, working capital finance and term loans.

Government Banking segment addresses the financial and banking needs of the Central and State governments and their affiliates. Over the years, the Bank has provided financial and advisory services to ministries under the Union Government, State Government, Central and State public sector undertakings, Boards and other affiliates. The Bank delivers innovative, structured and comprehensive solutions, and it has accomplished several landmark transactions with Maharatnas, Navratnas, Mini-Ratnas and other apex institutions.

YES BANK has deployed innovative collection and payment mechanisms with customised digital solutions for State Development and Procurement Agencies and provided support to educational, religious and sporting institutions across India via unique transaction banking offerings aimed at streamlining working capital management. YES BANK partners with the State Government through the public financial management system mode of payment to ensure seamless tracking of last-mile beneficiary disbursement.

Multinational Corporate Banking segment has focused on emerging as a preferred host country and payments bank to global counterparts. As a result, an increasing number of institutions have elected to utilise the Bank's network for their India-linked businesses. The Bank has established strong relationships with multinational corporates across key trade corridors, increasing its share of India-bound remittances.

The Indian Financial Institutions Banking segment offers correspondent banking solutions to domestic banks and various financial institutions. The Bank has successfully deployed API banking, a technology that has emerged as a key service, to integrate and streamline the transaction processing cycle to offer real-time instant banking facilities to cooperative banks, mutual funds, stock brokers, non-banking finance companies (NBFCs), payment aggregators, regulated payment operators and other financial institutions.

The Bank has engaged with the National Bank for Agriculture and Rural Development (NABARD), the Small Industries Development Bank of India (SIDBI), the Export-Import Bank of India (EXIM Bank) and the National Housing Bank (NHB) to avail refinance. It has also

connected with foreign banks and overseas branches of Indian banks to avail foreign currency borrowings and trade credit.

The international banking segment maintains relationships with an extensive network of international banks, financial institutions and exchange houses, and it provides a complete suite of products and solutions, including trade finance, treasury services, investment banking solutions, remittance solutions, financial advisory and global Indian banking, for its partner institutions and internal stakeholders. It consistently delivers unique and first-to-market offerings by leveraging its global alliances.

To further YES BANK's commitment to India's holistic and inclusive growth, the corporate and government advisory segment 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 government and industry ecosystems to assist clients, including Central and State governments, multi-lateral bodies, industry chambers and private sector players, in their development and growth agenda. Focused sector-oriented approaches, such as Smart Cities and urban infrastructure, mean that e-mobility has continued to create new banking opportunities and facilitate the deepening of relationships with key customer segments.

YES BANK's specialised food and agribusiness strategic advisory and research (FASAR) unit houses industry specialists with sectoral knowledge and experience in the food and agribusiness domain. FASAR rolls out strategic initiatives and generates banking opportunities on the back of knowledge banking services and focuses on exploring innovative banking opportunities, acquiring NTB clients and consolidating banking relationships with existing clients. The unit works closely with corporates, MSMEs, multinationals and Central and State governments, and it has executed multiple mandates on project, strategic and policy advisories across diverse sub-sectoral and thematic areas. FASAR also regularly publishes reports and research papers on key trends and developments in the food and agriculture sector.

YES BANK was the first bank in India to commence operations at the IFSC in GIFT City, Gujarat, in October 2015. Customer advances and investments at the Bank's IBU were approximately USD1.08 billion on March 31, 2022. IBU provides comprehensive solutions

to the Bank's clients to meet their foreign currency banking requirements in cross-border trade offerings, external commercial borrowings and foreign currency loan syndications. In line with the requirements of the International Financial Services Centres Authority (IFSCA), the Bank has formed a Governing Body comprising of senior executives of the Bank to oversee the overall affairs of the IBU.

Emerging Local Corporates (ELC)

The Emerging Local Corporates ('ELC') team focuses on corporates with turnover between ₹100 crore and ₹1,500 crore. 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 USP "Knowledge Banking" approach to cater to the requirements of focus sectors, including Auto components, Food & Agri-processing, Gems & Jewellery, Media & Entertainment, Pharmaceuticals, Specialty Chemicals, New Age & Technology businesses and offers customised suite of financial products including Term Loans, Funded & Non-Funded Working Capital Facilities, Cash Management Solutions, API Banking, Digital Banking and Trade & Treasury Products by leveraging cutting-edge technology.

Exhibiting a book growth of 34% in FY 2021-22, ELC is poised to double its book by FY 2025. The team is planning to achieve the same through a two pronged approach by acquisition of New to Bank (NTB) clients, and deepening

of existing relationships. The team already present at 31 locations is planning to add 15 new locations in FY 2022-23 which will further strengthen regional coverage. The team will continue to build the portfolio with focus to increase fee contribution by NTB led X-Sell through synergies with Transaction Banking, Digital Banking, YES Securities, FASAR, Treasury and Branch Banking. Branch Banking will help in adding CASA accounts, Investment products and Credit cards.

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, Fintech, and Agritech businesses. The Bank has a dedicated team providing innovative banking solutions for the unique requirements of the startups. Over 800 top startups, including 55 unicorns, in India have placed their trust with YES BANK. Working in unison with Digital Banking, Transaction Banking, Liability Products, Food & Agri Advisory, & Retail teams of the Bank, this team has been instrumental in delivering 'Industry First' solutions like API Banking, Prepaid instruments, Fastag, Payment Escrow & Digital Wallets to various e-commerce & technology platforms.

Transaction Banking Group

The Transaction Banking Group (TBG) at YES BANK is a specialised product group that provides trade finance, cash management and supply chain financing services to corporates, governments and financial institutions. The TBG also engages with strategic business influencers to provide customised solutions for them and their clients via its B2B2C approach.

ELC also known as Medium Enterprises - 34% book growth in FY22

Management Discussion and Analysis



Top 3 bullion importing banks

YES Transact is TBG's comprehensive product suite that caters to the working capital and liquidity management requirements of businesses across sectors as well as the spectrum of its retail and wholesale client segments. The product suite includes:

- Cash management services for managing receivables and payables
- Customised and innovative digital solutions, including market-leading API banking solutions
- Digital solutions for correspondent banking and NBFCs
- Specialised products and solutions for government entities, including Central and State bodies
- Fiduciary services, e.g. escrow, nodal and RERA
- Capital market-related products, including settlement and custodian services
- Curated solutions for trusts, associations, societies and clubs (TASC)
- Trade finance, e.g. letters of credit, bank guarantees, export and import credit, and remittances
- Structured trade and supply chain solutions
- Foreign exchange services, e.g. cross-border remittances for exchange houses/authorised dealers and foreign currency notes
- Bullion sales and gold metal loans

The 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. The

group effectively drives digitisation in the entire financial supply chain of businesses across sectors, leveraging its flagship API banking, fintech partnerships and product knowledge base through its product and sales teams.

Since its introduction in September 2015, YES BANK's API banking includes 450+ API-related services, resulting in 6,815 set ups. 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 artificial intelligence (AI), blockchain and API banking.

TBG also has a specialised and niche vertical for corporate client management, which is an exclusive service-oriented unit managing implementation and client service activities for all transaction banking products and solutions. This unit works on a 'phygital' model to provide a superior post-sales customer experience that creates heightened customer stickiness through its differentiated service proposition.

Financial markets

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

- **FX sales:** The Bank offers customised solutions for FX risk management to more than 25,000 clients pan India, including large and midsize corporates, PSUs, MNCs, banks and private equity funds. The Bank's well-developed retail franchise for FX business caters to SMEs, HNIs and NRIs, among others, and provides spot and derivative products for the efficient hedging of foreign currency and interest rate exposures for the Bank's institutional, corporate, SME and retail customers. Products include FX advisory for trade flows, foreign direct investments (FDIs), capital flows, external commercial borrowing (ECBs), American depository receipts (ADRs) and hedging solutions for currency and interest rate exposures. Each account has a dedicated Treasury Sales Manager who provides key personal services such as timely market insights and sector expertise. The Bank also offers electronic execution in various forms as well as hedging solutions to clients outside India through the IFSC in GIFT City, Gujarat.

- **Primary dealership:** YES BANK is one of 21 primary dealers (PDs) designated by the RBI to actively trade, underwrite and bid for government securities, T-bills and State Government bonds in auctions, thus providing a complete suite of sovereign debt. PDs have dedicated sales personnel who deal with mutual funds, insurance companies, Foreign Portfolio Investors (FPIs), cooperative banks, provident funds and retail customers. The PD desk has been at the forefront in adopting new market instruments, for instance, government security STRIPS.
- **Debt capital market (DCM):** This business originates and distributes onshore non-convertible debentures (NCDs), commercial papers and other structured finance products. The Bank's 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 affiliations across various investor segments, including mutual funds, insurance companies, provident and pension funds, FPIs, banks, private wealth managers and NBFCs. The DCM desk has successfully executed deals ranging from vanilla transactions to highly structured debt solutions, including a renewable asset pooling structure, securitisation of infrastructure assets, lease rental discounting and InvIT bonds. YES BANK's DCM team has garnered a spot in prestigious league table rankings and won several awards and accolades over the years.
- **Balance Sheet Management Group (BSMG):** The Bank's BSMG team is the custodian of the Bank's cash, liquid assets and government securities portfolio. It manages day-to-day liquidity within the centralised treasury function with governance oversight by the Asset Liability Management Committee (ALCO). The BSMG team is responsible for the management of liquidity risk and interest rate risk exposures within the Bank's balance sheet and also provides guidance on funds transfer pricing based on the movement of funds in the Bank, which is an essential input for pricing all of the asset and liabilities products offered to the Bank's customers.
- **Bullion:** The Bank imports bullion (gold and silver bars) on a back-to-back consignment basis to meet the outright purchase and gold loan requirements of bullion dealers and jewellery manufacturers. The Bank has emerged as a dominant player in the Indian bullion market and has established itself among the top three bullion importing banks in India.

Stressed Asset Management

YES BANK's Stressed Asset Management ('SAM') team 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. Over the past 3 years, the team of 100 employees has gained significant market knowledge and has applied the same in resolution of stressed cases of varying degrees of nuance & complexity. During the financial year, the SAM team has also received ISO 9001:2015 certification, which reiterates the high level of standards and processes followed by the team.

The SAM team employs multi-pronged resolution strategies, including operational and financial restructuring, identifying strategic investors for the takeover of stressed assets, resolving issues through the insolvency and bankruptcy framework, negotiating with borrowers for one-time settlements, recovering security interest by enforcing the Securitisation Act and selling non-performing assets (NPAs) to asset reconstruction companies (ARCs) or other investors to optimise recovery outcomes (both in terms of recovery value, as well as timelines for recovery). In addition, businesses of select stressed borrowers adversely impacted due to the pandemic were also provided with apt support to revive their operations for turnaround of the business and value creation for all the stakeholders.

During FY 2021-22, the team was extensively involved in negotiating with global distressed debt funds to find a suitable partner for the Bank's ARCs. The SAM team enabled the Bank to achieve cash recoveries and upgrades totalling ₹7,290 crore during the year.

Management Discussion and Analysis

SUPPORT FUNCTIONS

Human capital management

Having a people-first culture is a truly sustainable competitive advantage for any bank. It not only helps with attracting and retaining the best talent but also drives more equitable outcomes. YES BANK enjoys a culture that promotes meritocracy and career enhancement, and it currently has 24,346 employees, with 2,076 new employees joining in the past year. YES BANK's 5C engagement model (culture, communication, connect, career and care) provides a consistent and enhanced employee experience. To make the world of work equitable, dynamic and more fulfilling, the YES School of Banking focuses on building skills for the future through sustained learning initiatives focused on building capacity and capability.

The Bank was ranked second among large-sized banks in the Best Places to Work in India in 2021, awarded by AmbitionBox.com. The Bank offers developmental initiatives for its top and senior management leaders, including the APEX Leadership programme, which focuses on conscious leadership and a 360-degree feedback exercise. To create an organisation that is diverse, equitable and inclusive, the Bank's 'EVE' initiative focuses on upskilling and developing its women

executives. In line with its responsible banking objectives and to ensure that employees have a say in making YES BANK a trusted and successful institution, the Bank undertook the 'Voice of YES Employee Survey' during FY 2021-22. Furthermore, to build a steady stream of high-quality talent, the Bank launched innovative 'train and hire' programmes in FY 2021-22, including the YES Professional Banker and the YES Force programmes. The Bank continues to invest in hiring top-end, young talent from premier educational institutions through its flagship YES Professional Entrepreneurship programme.

Risk management

A bank's long-term financial security and success are built on its risk management framework. Risk management at YES BANK is based on three lines of defence: business units, independent credit and control functions and internal audit. The Bank's Board of Directors have overall responsibility for risk management, and the risk management architecture is overseen by four Board-level committees that have implemented specific policies, frameworks and systems for effectively managing the Bank's various risks, as illustrated below.



In general, the Bank is exposed to three Pillar 1 risks in the course of its business: credit risk, market risk, and operational risk. Given the evolving banking landscape, liquidity and cyber security risks are also vital concerns. These risks not only have a bearing on the Bank's financial strength and operations but also on its reputation. Keeping this in mind, the Bank has implemented a Board-approved risk strategy and policies that are supervised by the RMC. The Committee monitors the compliance of risk parameters and aggregate exposures and ensures that frameworks are established for assessing and managing the various risks faced by the Bank. Systems have been developed to relate risk to the Bank's capital level, and methods are in place for monitoring compliance with internal risk management policies and processes. The Committee ensures that these are adequate and appropriate to changing business conditions, the structure and needs of the Bank, and its risk appetite.



Credit Risk

Credit risk is defined as potential losses associated with diminution in the credit quality of borrowers or counterparties. Losses stem from outright default or a reduction in portfolio value. The Bank has a distinct architecture of policies, procedures and systems for managing credit risk in both its retail and wholesale businesses. Wholesale lending is managed on an individual and portfolio basis. In contrast, retail lending, given the granularity of individual exposures, is managed largely on a portfolio basis across various products and customer segments. For both categories, robust front-end and back-end systems are in place to ensure credit quality and minimise loss from defaults. The factors considered when sanctioning retail loans include income, demographics, credit history, loan tenor and banking behaviour. Furthermore, multiple credit risk models are used to appraise and score different customer segments based on portfolio behaviour. In wholesale loans, credit risk is managed by capping exposures based on borrower groups, industry, credit rating grades and country, among others. This is backed by portfolio diversification, stringent credit approval processes and periodic post-disbursement monitoring and remedial measures. The Bank has been able to ensure strong asset quality on incremental lending post-March 2020, despite volatile times in the lending environment, by stringently adhering to prudent norms and institutionalised processes.

During the COVID-19 pandemic, the Bank followed the RBI's directions and granted loan moratoriums backed by government-guaranteed schemes, and it carried out

a one-time restructuring of accounts. The Bank was prudent and adaptive in ensuring higher risk standards and proactively reviewed risk thresholds with the impact of the COVID-19 pandemic in mind. The Bank assessed the potential stress impact of the pandemic on its credit profile based on available information, accompanied by assumptions and judgemental overlay. On March 31, 2022, the Bank's GNPA ratio improved to 13.9% vs 15.4% last year and Net NPA ratio improved to 4.5% vs 5.9% last year. The Bank has a conservative and prudent policy for specific provisions on NPAs that is higher than the minimum regulatory requirements and adheres to the regulatory norms for standard assets.

Driven by rapid advancements in technology, digitalisation is becoming a key differentiator for customer retention and service delivery in the banking sector. Digital lending enables customers to secure loans at the click of a button in a matter of minutes, if not seconds. However, attendant risks are associated with this, and the Bank has put appropriate checks and balances in place to manage these risks. Such loans are sanctioned primarily to the Bank's existing customers who often avail of multiple products, thus, allowing the Bank ready access to their credit history and risk profile. This facilitates the evaluation of their loan eligibility, and most of the credit checks and scores used by the Bank involve process-based underwriting, which is replicated for digital loans. The Bank has an independent validation unit that minutely assesses the models used to generate credit scores for such loans. These models are monitored, reviewed periodically, back tested, and corrective action is taken when needed.

Management Discussion and Analysis



Market risk

Market risk arises largely from the Bank's Investments and trading activity in interest rates and the currency market. YES BANK's market risk management is governed by comprehensive Board-approved policies, including market risk, investment, hedging, stress testing, derivative, derivative appropriateness policy. These policies have been benchmarked with industry-best practices and the RBI's regulations. They ensure that risks underwritten across business activities are within the stipulated risk appetite of the Bank and that similar risks are aggregated.

These policies cap the risks on different desks or various securities through risk limits or triggers. The risk measures include position limits, tenor restrictions, rating thresholds, sensitivity limits (e.g. PV01), the modified duration and option Greeks. Value-at-risk and stop-loss trigger levels are monitored on an end-of-day basis. Additionally, FX open positions, currency option delta and interest rate sensitivity limits are computed and monitored on an intraday basis and supplemented by a Board-approved stress testing policy and framework that simulate various market risk scenarios to measure losses and initiate remedial measures. The Bank's market risk capital charge is computed daily using a standardised measurement method that applies regulatory factors.

The Bank has an integrated, straight-through processing and state-of-the-art treasury system to enable better risk management. It measures currency and interest rate risks via various metrics based on regulatory guidelines or using internal risk models. The Bank also conducts regular stress testing to monitor its vulnerability to plausible or unfavourable shocks. The Bank monitors and controls its risks using various internal and regulatory risk limits, which are set according to several criteria, including economic scenarios, business strategy, peer analysis and the Bank's risk appetite. The risk reporting mechanism comprises disclosures and reporting to ALCO and Board level committees.



Operational risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and

systems or external events. For management of Operational Risk, the Bank has put in place a framework that is commensurate with its size, nature of business activities and complexity of operations. The framework includes a proactive, forward looking approach, with adoption of industry best practices to enable operational resilience and minimal operational risk events and losses. The Bank promotes a culture of risk awareness, continuous control improvement and risk mitigation, and encourages its employees to promptly identify, escalate, report and resolve operational risk events.

Operational Risk Management is supervised by the Operational Risk Management Committee (ORMC) at the management level, and by the RMC at the Board level. An independent Operational Risk Management Unit (ORM) is responsible for enabling and ensuring the development and implementation of policies, procedures, tools and techniques to identify, measure, evaluate, monitor, report and control/mitigate operational risks. The business line (including support units and operations) are ultimately responsible for managing operational risk in their respective units. This includes identification of risks and implementation of policies, procedures and internal controls in managing the day-to-day activities. Examples of some prevalent controls include the traditional four-eyes principle, effective segregation of business and support functions, segregation of duties, call back processes, reconciliation and exception, and periodic management information system (MIS) reporting. Controls are tested as part of the control testing framework.

The Bank has a whistle blower and vigilance policy as well as a central vigilance team that oversees the implementation of fraud prevention measures. The identified frauds are investigated to identify the root cause, and relevant corrective steps are taken to prevent a recurrence. A Fraud Monitoring Committee at senior management and Board level also deliberate on material fraud events and provide advice on preventive actions. Periodic reports are submitted to the Board and senior management committees.

The Bank has put in place an Outsourcing Risk Management Framework, under the aegis of the Outsourcing policy, which sets forth details around Oversight and Governance Structure, Minimum Standards applicable to Due Diligence, Risk Management, Monitoring and Reporting, Contingency Planning, Customer Grievance Redressal,

Confidentiality and Security standards, Vendor Selection, Categorisation, Empanelment guidelines. etc.

The Bank acknowledges and recognises the importance of ensuring resiliency in its business operations and maintaining the trust and confidence of its stakeholders, including customers, regulators, employees, and public at large. To minimise impact to its activities during disasters/ disruptions, the Bank has put in place a Business Continuity Plan (BCP) for ensuring resiliency in its business operations. The implementation of this plan is overseen by the Operational Risk Management Committee, chaired by the CRO. The Bank's business continuity plan is ISO 22301 certified



ALM risk

ALM risk arises on account of Liquidity risk and interest rate risk. Liquidity risk is the risk that a bank may not be able to meet its short-term financial obligations due to an asset-liability mismatch or interest rate fluctuations. Further, asset liability mismatch also lead to interest rate risk to the Bank. The Bank has an asset-liability management policy for liquidity and interest rate risk management that is implemented, monitored and periodically reviewed by the Asset Liability Committee ALCO.

As part of this process, the Bank has various Board-approved limits for both liquidity and interest rate risks. While maturity gap and stock ratio limits help manage liquidity risk, net interest income and market value impacts help mitigate interest rate risk. This is reinforced by a comprehensive Board-approved stress testing programme covering liquidity and interest rate risk.

The Bank conducts various studies to assess the behavioural pattern of non-contractual assets and liabilities and embedded options available to customers that are used while managing maturity gaps. The Bank also has the necessary framework to manage intraday liquidity risk.

The liquidity coverage ratio (LCR) is a global standard used to measure the Bank's liquidity position. LCR seeks to ensure that the Bank has an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be easily and immediately converted into cash to meet its liquidity needs under a 30-day calendar liquidity stress scenario.

In addition to LCR, the Bank also has been maintaining net stable funding ratio (NSFR) which was effective from October 1, 2021 as per RBI guidelines. The NSFR seeks to ensure that the Bank maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities.



Compliance risk

Compliance risk is defined as the risk of impairing the Bank's integrity, resulting in damage to its reputation, legal or regulatory sanctions, or financial loss as a result of a failure (or perceived failure) to comply with applicable laws, regulations and standards. YES BANK's compliance policy ensures the highest standards of compliance. A dedicated team of subject matter experts in the compliance department works with business and operations teams to ensure active compliance risk management and monitoring. The team also provides advisory services on regulatory matters and focuses on identifying and reducing risk by rigorously testing products and putting robust internal policies in place. Products that adhere to regulatory norms are tested after rollout, and shortcomings, if any, are fully addressed until the product stabilises. Internal policies are reviewed and updated periodically as per the agreed frequency or based on market actions or regulatory guidelines. The compliance team also seeks regular feedback on regulatory compliance from the product, business and operation teams through self-certification and monitoring.



Climate risk

YES BANK recognises climate risk as a significant risk and refers to the Financial Stability Board's (FSB) Taskforce on Climate related Disclosures (TCFD) recommendations for adoption of best practices around managing and disclosing climate risk. YES BANK broadly categorises climate risks into physical and transitional risks. Physical risks are a consequence of direct physical impacts of climate change and range from acute risks (such as extreme weather events) to chronic risks (like gradual rise in sea level and temperature). Transition Risks arise from external efforts to address climate change including, but not limited to, regulatory and policy changes, technological advancement or shifts in investor sentiment and consumer behaviour.

Management Discussion and Analysis

The Bank considers climate risk as a material Pillar II risk in its Internal Capital Adequacy Assessment Process (ICAAP) document and in it details its overall governance and control framework. From a governance point of view, the Bank's CSR and ESG Committee provide oversight of its sustainability strategy that includes climate change and Risk Management Committee covers the entire gamut of risk management for the organisation as outlined in its ICAAP. In FY 2020-21, Bank instituted an executive level Committee, Sustainability Council to provide management oversight on performance and implementation of Bank's sustainability strategy including focus on climate change. Further, pertinent aspects of climate risks are also covered in various other committees, based on relevance.

The Bank has adopted appropriate policies, procedures and controls across the entire organisation to ensure effective management of climate-related risks. These include instituting of a robust Business Continuity Plan and Disaster Recovery Plan, mitigating greenhouse gas emissions of its operations, accelerating climate finance, maintaining a well-diversified portfolio, broadening of environment and social risk management of the Bank's lending to include climate risk aspects, measuring and reducing financed emission of carbon intensive sectors in line with decarbonisation scenarios, community action on environmental sustainability, and thought leadership and policy advocacy at national and global level. The Bank has aligned its annual disclosures to TCFD recommendations since FY 2018-19.



Cyber security and data risk

The risk of cyber-attacks on the Bank's systems via hacking, phishing, ransomware or other means, could result in the disruption of its services or the theft or leak of sensitive internal data or customer information. Every specific cyber threat, including data privacy, is assessed based on a framework (identify, prevent/protect, detect, respond and recover), and controls that include firewalls, anti-malware, anti-advance persistent threats, data loss prevention, Red Teaming, intrusion prevention/detection, digital rights management, 24/7 security operation centre and forensics solutions have been put in place. The General Data Protection Regulation (GDPR) has also been implemented across relevant operations.

The Bank is compliant with ISO 27001:13, ISO22301:19 and PCI DSS standards.

Recently, the financial sector has witnessed a significant increase in adoption of and investment in digitisation, which has led to the implementation of cutting-edge technologies. However, with the rise in digitisation, security risks can occur due to breaches of confidentiality, integrity and the availability of classified data such as customers' personal and financial information. Customer information is of critical importance to YES BANK, and it is committed to protecting privacy through its information security unit, which sits under the risk management unit. The Bank has put a governance structure in place, and a Board-level committee provides guidance and direction on information security. The Bank also has a Security Council, which is a management-level committee that is constituted with cross-functional representation at the leadership level and meets quarterly to review the implementation of the information security management system in the Bank. The Bank has adopted Global Information Security Standard ISO 27001:2013 and implemented Board-approved information security and cyber security policies to protect its information assets. The Bank implements a multi-layered defence to protect against cyber-attacks and adopts a cyber security-resilient framework to manage cyber security risk. The framework rides on four pillars: protect, detect, respond, and recover. To monitor cyber security risks, the Bank's Security Operations Centre (SOC) maintains vigilance over actionable threat intelligence and suspicious network traffic and events to detect any anomalies and help respond to potential incidents promptly. The Bank raises awareness of global cyber security threats among employees, customers and other stakeholders, and issues guidance on using digital platforms safely and securely.



Reputation risk

Reputation Risk is the current or prospective indirect risk to earnings and capital arising from adverse perception of the Bank on the part of stakeholders, viz. customers, counterparties, shareholders, investors or regulators. Reputation Risk has an indirect impact on capital and profitability. Its effect mainly materializes in the form of deterioration of goodwill and lost earnings.

Reputation Risk may originate due to lack of compliance with industry service standards and regulatory

guidelines, failure to deliver on commitments, lack of customer-friendly services and fair market practices, low or inferior service quality, unreasonably high costs, a service style that does not harmonize with market circumstances or customer expectations, inappropriate business conduct or unfavorable authority opinion and actions, increased customer litigation, poor financial performance, high employee attrition rates, etc.

Reputation Risk threats and incidents shall be of high priority to be responded to urgently, addressing the concerns of all stakeholders. Escalating reputation risk threats on a day-to-day basis shall be the responsibility of the individuals/units.

The Bank has established an Enterprise Risk, Reputation Risk and Model Assessment Committee (ERMC) to review Reputation Risk Profile and manage Reputation Risk in the Bank. The Bank also has in place a comprehensive Reputation Risk Management policy framework for tracking reputational risk indicators and an exhaustive scorecard for assessing the reputational risk across the Bank.



Attrition risk

YES Bank runs an attrition risk which is the reduction in employee numbers that occurs due to retirement or resignation, which is a phenomena across the banking industry. Given the transformational journey of the Bank over the past 2 years and with stability in the financial performance, the Bank is seeing a gradual reduction in this risk. However, the Bank continues to undertake many employee friendly measures and initiatives to contain this risk, for eg. first Bank to implement a formal 'Working from Anywhere Policy' effective July 2021 for flexibility and well-being of employees, job rotation and larger responsibilities have been provided to employees basis role fitment, alumni outreach initiatives have been implemented to re-hire ex-YES BANKers, various employee engagement initiatives such as Unplugged, Y-Factor, sports events, online fitness sessions, wellbeing webinars etc. have been conducted for better health and camaraderie of employees.

ICAAP

YES BANK has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) to identify, assess and manage all risks that may have a material adverse impact on its business/financial

position/capital adequacy. The ICAAP framework is guided by the Board-approved ICAAP policy. The Bank also has in place Board approved Risk appetite statement for key risks identified under the ICAAP. The Bank has put in place internal policies and frameworks to ensure that the Bank operates within its risk appetite thresholds.

The Bank implements a Board-approved stress testing policy and framework that forms an integral part of ICAAP. Stress testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions. The changing levels of Pillar I and select Pillar II risks, along with changes in the on- and off-balance sheet positions of the Bank are assessed under assumed stressed scenarios and sensitivity factors. Typically, these relate to the impact on the Bank's profitability and capital adequacy. The Bank also conducts event-based stress testing as an when required.

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 to add value and improve the Bank's risk and control environment. The IAD monitors the adequacy, effectiveness and adherence to internal controls, processes and procedures instituted by the Bank's management and extant regulations.

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

The IAD has adopted a risk-based approach to internal auditing as per regulatory guidelines and internationally established best practices. A risk-based audit plan (RBAP) is prepared annually and is duly approved by the AC. The IAD audits various businesses, operations, information security/systems and support units as per the RBAP. The IAD prepares a report for each audit, recommends mitigation plans for the risks identified and ensures compliance with all the recommendations. The AC monitors the progress of the RBAP, at least quarterly.

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The Bank also subjects its operations to concurrent auditing by reputed audit firms to complement its internal auditing function. Concurrent auditing covers core activities, including operations (including credit), financial markets, data centres and branches in compliance with regulatory guidelines. All audit reports are circulated to the relevant management teams and the AC.

Compliance

Ensuring compliance with regulatory requirements, promoting compliance culture among YES BANKers and building trust among all 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 of the Bank's businesses and operations to be compliant with existing and new requirements. To further this objective, the Chief Compliance Officer at the Bank reports directly to the AC. The key functions of this department align with various RBI guidelines, including the RBI circular dated September 11, 2020, which includes identifying effective procedures, corresponding controls to support the Bank's business divisions and the dissemination of key regulatory updates affecting the Bank's various businesses. The department also reviews new products and processes from a regulatory compliance perspective,

provides guidance on compliance-related matters, conducts compliance reviews and delivers training to employees on compliance aspects. The Bank has also put in place KYC and anti-money laundering policies approved by the Board of Directors as well as 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, focusing on building resilience against ESG-related risks and mainstreaming sustainable finance. The team aligns the Bank's business to the objectives of the National Guidelines for Responsible Business Conduct (NGRBC), Sustainable Development Goals (SDGs), the Paris Climate Agreement and the Principles for Responsible Banking (PRB). The Bank's executive-level Sustainability Council is chaired by the MD and CEO; it oversees the implementation of the Bank's sustainability agenda, sets long-, medium- and short-term sustainability targets, and evaluates the Bank's ESG performance. In FY 2021-22, the Bank strengthened its ESG governance by constituting a Board-level Corporate Social Responsibility (CSR) and ESG Committee to

oversee the Sustainability Council and guide the Bank's overall ESG agenda.

YES BANK is aware of its environmental impacts and responsibility towards climate action, and it continually endeavours to conserve its use of natural resources and reduce its greenhouse gas (GHG) emissions. In FY 2021-22, the Bank announced a target to reduce its GHG emissions to net-zero by 2030 and began sourcing renewable energy to power its head office, YES BANK House (YBH) in Mumbai, thereby eliminating approximately 1,105 tCO₂e of emissions during the year. The Bank has adopted an environment and social policy (ESP) based on the International Finance Corporation's (IFC) performance standards to assess and address potential environmental and social risks associated with its lending activities. In FY 2021-22, the Bank launched a specialised training module to upskill RMs and strengthen the implementation of its ESP.

The Bank aims to address the potential climate risks and impacts of its lending activity, limit its portfolio emissions and support sustainable sectors by adopting TCFD recommendations, and developing a climate risk measurement framework for measuring and assessing climate-related physical and transition risks. The Bank continues to be the only Indian Bank to measure and report its financed emissions and is targeting the alignment of its electricity generation sector exposure to global 1.5-degree decarbonisation pathways. In FY 2021-22, the Bank began identifying and defining green and social activities as part of its internal sustainable finance taxonomy. The Bank continues to develop targeted products for green financing; for example, offering loans to MSMEs for the adoption of roof-top solar panels, promoting solar water pumps for farming under the PM Kustum Scheme, offering bank guarantees and commercial vehicle financing to urban waste collectors and processors, financing equipment manufacturers of effluent treatment and sewage treatment plants, and supporting the electric vehicle ecosystem by financing auto ancillaries and charging infrastructure players.

The Bank continues to work with stakeholders across the spectrum as a leading voice for sustainability and climate transition. In FY 2021-22, YES BANK was inducted as a core member of the Task Force on Sustainable Finance, set up by the Department of Economic Affairs, and co-led the development of a white paper on 'Building ESG Resilience within the Financial Sector'. The Bank also worked with the Indian Institute of Technology in Delhi to develop two research papers aimed at assessing the

impact of climate change across different climatic zones in India.

YES BANK is committed to achieving the highest standards of governance in all aspects of its business and conforming to global standards of ethics, integrity and transparency. Going beyond compliance, the Bank intends to address key ESG issues around diversity, human rights and climate change, and make voluntary disclosures on how it integrates sustainability into its operations and governance structures. During FY 2021-22, The Bank committed to achieve 30% gender diversity over the next 5 years. The Bank also developed policies on work-from-anywhere options for employees, human rights and responsible tax practices.

To enable employees to contribute to community development, the Bank launched its Employee Volunteering Virtual Experience (EVOLVE) initiative in FY 2021-22, through which over 2,000 employees contributed nearly 3,000 volunteering hours, reaching out to support COVID patients, rural farmers and underprivileged youth. The Bank also instituted a volunteering policy where employees could access paid time off to volunteer for a social cause.

In FY 2021-22, YES BANK was the only Indian bank to be selected among the '100 Best Emerging Market Performers' in social responsibility, human rights, employment practices, environmental protection, corporate governance, business ethics and contributions to social and economic development, as assessed by VE, part of Moody's ESG Solutions. In light of its climate action initiatives and ESG performance, YES BANK was a constituent in several of Morgan Stanley Capital International's (MSCI) flagship global equity indices aligned with worldwide ESG benchmarks. As of December 2021, the Bank is featured in the MSCI ACWI's ESG Universal Index, MSCI ACWI Low Carbon Leaders Index, MSCI ACWI Low Carbon Target Index, MSCI ACWI Climate Change Index and MSCI ACWI Climate Paris Aligned Index.

More information on the Bank's ESG initiatives can be found in the 'Integrated Approach' section of this report on [Page 18](#).

CSR

The Bank implements various programmes to enhance and create shared value through unique, scalable and sustainable models to achieve its CSR. The Bank delivers internal and external positive socio-environmental impacts by following a unique approach that focuses on:

Target to reduce GHG emissions to net zero by 2030

Management Discussion and Analysis

- Promoting principles of social responsibility and inclusive growth through awareness and support
- Investing in socially and environmentally responsible activities to create a 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 to address the needs of stakeholders

This unique, multi-pronged approach has enabled the Bank to forge meaningful associations with its stakeholders, including community groups, non-profit organisations, governments, corporate peers and civil society while delivering exponential impact and concentrating on the SDGs.

During FY 2021-22, the Bank launched its five-year CSR strategy, aiming to inspire India's youth to lead economic and social development by training themselves for market-oriented jobs and taking up enterprise while retaining a focus on environmental sustainability. This strategy is implemented via the Bank's social development arm, YES Foundation, and will catalyse employment and entrepreneurship opportunities for 100,000 young people by 2026.

Employability

The Bank aims to capitalise on the demographic advantage India has in its younger generations. Through the YES Foundation and in partnership with Trust for Retailers and Retail Associates of India, Friends Union for Energising Lives, Nudge LifeSkills Foundation and

Tata Community Initiative Trust, over 2,000 young people have already been trained for the service sector in FY 2021-22. Skills training included work readiness modules, which were delivered by employee volunteers during structured sessions.

Entrepreneurship

To strengthen local economies, develop newly commercialised technologies and build capacity for import substitution, YES Foundation has partnered with several non-profit organisations to incubate micro-enterprises and promote nano-enterprises with a distinct focus on empowering women in rural areas. In FY 2021-22, 19 micro-enterprises from districts in Eastern Uttar Pradesh were incubated in partnership with Jagriti Sewa Sansthan. During the year, in partnership with the Watershed Organisation Trust, NM Sadguru Water and Development Foundation, Development of Humane Action Foundation, Mahashakti Foundation, Humana People to People India and Society of Indian Institute for Rural Development, YES Foundation engaged 10,000 community members from rural areas across six states in nano-enterprises via training and capacity building sessions, market linkage modules and productivity enhancement initiatives for multiple crops.

Environmental sustainability

YES BANK leverages its CSR initiatives to contribute positively towards environmental protection. Under the Ministry of Road Transport and Highways' 'Adopt a Green Highway' initiative, YES Foundation adopted a 40-kilometre stretch along the Mumbai-Nashik Highway. This endeavour will contribute towards achieving India's environmental sustainability commitment to creating an additional carbon sink of 2.5 to 3 billion tonnes of CO₂ equivalent by 2030. An endline assessment done for the project, through a third party, reported 41,441 newly planted plants. The assessment pegged the survival rate at 97.75%, higher than the targeted 90%. In comparison to the Baseline Report, the avenue of plantation increased from 30,813 to 37,630. In air testing, it was found that the levels were within the limits prescribed. In the soil test it was found out that nutritional value of the soil has increased from the baseline, in all parameters.

Through YES Foundation, the Bank works on enabling MSMEs to integrate sustainability into their operations, reduce overall carbon footprint, enhance global competitiveness in terms of output and efficiency and contribute to India's 'Zero Defect, Zero Effect' vision. In partnership with the Foundation for MSME Clusters, the

Entrepreneurship Development Institute of India and the Society of Energy Engineers & Managers, the project has grown and now covers 17 MSME sectors.

Since its inception, the initiative has supported over 55,000 MSMEs and benefited more than 100,000 workers across 57 cluster locations. The initiative has also helped MSMEs reduce carbon emissions and improve occupational health and safety systems via multifaceted interventions including:

- Workshops on promoting energy efficiency, renewable energy and clean technology
- Energy audits of MSMEs
- Structured occupational health and safety interventions, including health camps, first-aid training and safety training
- Empowering MSMEs through financial literacy camps

To tap into the transformative potential that drives positive social change, it is vital that diverse groups in larger communities are included and encouraged to participate in the process. This collaborative, all-round approach enables the Bank to forge lasting associations with all of its stakeholders, including communities, non-profit organisations, governments, corporate peers and civil society, creating a broad network of relationships that multiplies the impact.

Central Data Analytics Group (CDAG)

The Bank continues to invest in the analytics function and there is a continuous focus in driving value through data driven decisions. During the year the Bank's captive analytics group has been successful in:

- Building a unified underwriting framework across all sourcing channels to create a unique customer experience
- Moving away from judgemental models to machine learning approach in customer assessment to increase the relevance of cross-sell offers to the Bank's customers as well as mitigate risk in a more robust way
- Investing and partnering with credit information companies to launch credit education for customers on our digital platforms wherein customers can simulate their credit score and influence their credit track record positively
- Create analytics as a service wherein offers to both customers/prospects on our digital platform can be served real-time on the fly

Business and Digital Technology Solutions (BDTS) Group

The BDTS team helps accelerate business growth with the most appropriate technology and partners while keeping the customer experience as a central point of focus. The BDTS team achieves its objectives with the following:

- **API/microservices-based architecture:** Business scale requires speed and security, and the API/microservices architecture provides the best business/tech model with the right framework for monetising services and penetrating new marketplaces.
- **AI and machine learning (ML):** With continual investment in AI and ML and the development of a Centre of Excellence (COE), the Bank is creating new learning and growth. Credit scoring, virtual financial assistance, anti-money laundering and next-best action are some of the top assets being developed and programmed at the AI and ML COE.
- **Platforms:** The industry will move towards a more open banking architecture, and the Bank is continuously developing more robust and enhanced platforms that contribute to the Company's customer onboarding journey and open banking outlook.
- **Partner ecosystem:** The Bank is growing, and it needs differentiated partners to create the best ecosystem of support; hence, the organisation is deeply connected to creating value-based partnerships with various players that will support diversity and inclusivity to manage its depth of technical knowledge. This will help scale the cloud and adopt low code-no code practices, hyper-automation frameworks and new-age technology support on the doorstep.
- **Data and analytics:** Keeping the data-driven decision-making aspiration in mind, the Bank infuses its business strategy with data and analytics, which helps accelerate the Company's digital plans. The Bank is making a relentless effort to focus on business value by linking all data and analytics initiatives to overall enterprise business strategy and stakeholder objectives.

During FY 2021-22, systems were upgraded to the latest versions to support the growing needs of the Bank, and several new initiatives were completed successfully, including:

- **Traydstream:** a project to automate the scrutiny of trade finance documents



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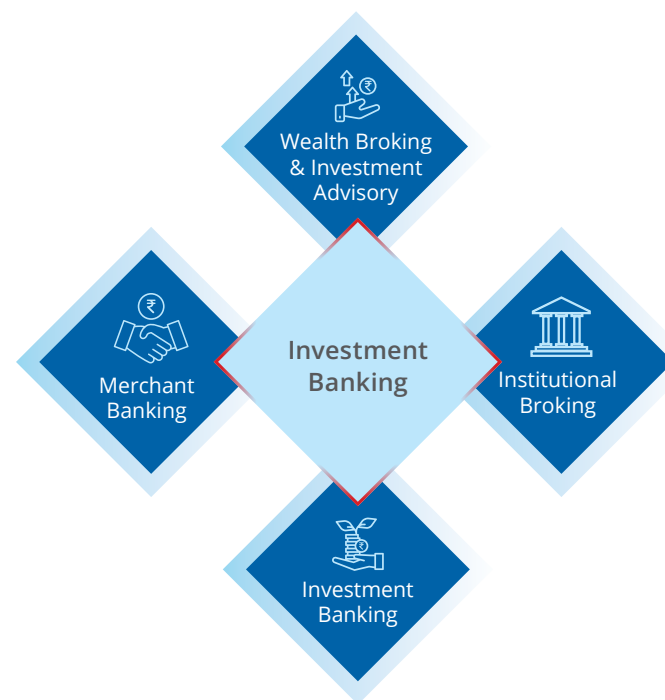
- **Oracle Financial Services Analytical Applications (OFSAA):** an application to automate various regulatory liquidity and interest rate risks in banking book reports
- **eNPA system:** NPA classification and automation
- **Complinty:** manages regulatory submissions by the Secretarial team
- **Transaction Processing Hub:** high throughputs for our payments processing, consolidated visibility and control across multiple payment channels- Bank is already processing nearly 1 out of every 3 transactions digitally with highest success rate
- **YES Genie & Salesforce Comprehensive CRM:** analytical tools curating front-to-back customer data to suggest NBA (next best action) to our front line
- **YES Mobile Nxt:** will bring all services and solutions on the mobile to our Retail customers for managing their day-to-day operations along with insights & cash flow analytics
- **YES Connect:** our API marketplace provides comprehensive one-stop for 'banking and beyond banking' solutions to our Business users

YES BANK's subsidiary company

YES Securities (India) Limited

YES Securities (India) Limited (YSIL) is a wholly-owned subsidiary of the Bank that completed nine years of operations in FY 2021-22. YSIL is a full-scale capital markets intermediary that offers retail, HNIs, 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 and trading.

YSIL is registered with the Securities and Exchange Board of India (SEBI) as a stockbroker holding membership of the National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) and the National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst, a Sponsor and Investment Manager of the Alternative Investment Fund, Category III (YSL Alternates), and a mutual fund distributor.



Wealth Broking and Investment Advisory

During FY 2021-22, YSIL's Investment Advisory and Wealth Broking business continued to strengthen its position as a knowledge-driven investment solutions provider. YSIL offers a comprehensive web, mobile, desktop and dealer-based investing experience supported by YES BANK's 3-in-1 account and a basket of products across all asset classes and customer segments. Strong research and a customer-first culture drive product development and engagement as the Company believes in partnering with customers in their wealth creation journey. The range of products caters to all types of investors, including market novices, seasoned traders, HNIs, family offices and corporates.

FY 2021-22 was a record year for new client acquisition, as the business added nearly 70,000 new accounts, doubling the prevailing client base at the start of the financial year. This was a direct result of the Company's new online account opening system that allowed YES BANK customers to effortlessly open a Demat and YSIL trading account from their PC or mobile without the need for physical documentation. The Company is working on further enhancements that will allow complete onboarding within minutes for YES BANK and non-YES BANK customers. During the year, the business also made several enhancements to its trading engine to meet the dynamic regulatory environment and deliver new features and products to customers.

In 2021, the capital markets continued to be buoyant, witnessing an unprecedented surge in retail investor participation. YSIL witnessed brokerage and interest income rise by 72% YoY backed by over 90% growth in the active client base and sizeable growth in transaction volumes. The business also witnessed robust growth in income earned from products and value propositions [up 35% YoY in FY 22] which is testament to YSIL's expertise and understanding of customers' investment needs across income groups, life stages and risk profiles.

The strategy for upcoming years focuses on creating scale by expanding acquisition coverage, growing the authorised partner network and improving the platform, products and service delivery. The Company remains strongly committed to investing in technology to help scale the business and strengthen its proposition.

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 recent market entrant, the Company's Institutional Broking division continues to gain recognition. The team offers incisive research and proficient sales trading capabilities to leading institutional investors, including asset management companies, insurance companies, family offices, banks, corporate treasuries, and domestic and foreign private equity and portfolio investors. During the FY 2021-22, despite early pandemic-related limitations, YSIL added 31 new institutions as clients and is now empanelled with 70+ institutions.

YSIL's 30-member research team has a combined 265+ years of equity research experience, with analysts actively covering 115+ companies across key industry sectors. The team is well-recognised for its ability to spot high conviction midcap ideas, contra-to-market ideas and develop deep corporate relationships. Research is backed by a robust sales and execution setup to ensure that client servicing standards remain consistent and that clients' execution experience is prompt and precise.

The Company continues to make astute investments in augmenting the team's knowledge leadership position and technical capabilities.

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 a focus on M&A advisory and private equity/structured debt fundraising.

YSIL's highly experienced teams offer expertise across a variety of sectors, including food and agribusiness, chemicals, pharma and healthcare, technology, media, telecoms, renewable energy, consumer markets, infrastructure, transportation and logistics, defence, real estate, banking, financial services and insurance environmental services and industrials.

During FY 2021-22, despite market conditions, YSIL's Investment Banking division continued to secure deal mandates from several large and emerging corporate

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relationships. Some of the successfully closed transactions of the year included:

- Exclusive advisor to Shapoorji Pallonji Group for the sale of its 20 MW solar assets to Sterling Agro Industries
- Exclusive advisor to Orient Craft for the sale of its industrial unit in Manesar, Haryana
- Exclusive advisor to YES BANK LIMITED for the sale of its subsidiaries, YES Asset Management (India) Limited and YES Trustee Limited to White Oak Capital Management

Merchant Banking

YSIL's Merchant Banking section concentrates on capital market activities offering a comprehensive bouquet

of products, including initial public offerings, qualified institution placements, rights issues, open offers, buyback, delisting and other advisory services.

During FY 2021-22, the team engaged with leading Indian companies as a trusted advisor to successfully close eight capital market transactions. Some notable mandates included:

- Book Running Lead Manager to the ₹27.68 billion IPO of Aditya Birla Sunlife AMC
- Book Running Lead Manager to the ₹38.50 billion IPO of Chemplast Sanmar
- Book Running Lead Manager to the ₹25.00 billion IPO of Macrotech Developers (Lodha)
- Book Running Lead Manager to the ₹16.50 billion QIP of Indian Bank
- Book Running Lead Manager to the ₹14.47 billion QIP of Union Bank of India
- Book Running Lead Manager to the ₹18.00 billion QIP of Punjab National Bank

The Company's investment banking and merchant banking businesses continue to build a market position among leading merchant bankers and as advisors across sectors, including renewables and clean tech, environmental services, education, media, food and agribusiness. Going forward, the business envisages further broadening of its advisory and deal-making capabilities across coverage sectors.

YES Securities successfully closed several investment banking and merchant banking transactions

OPERATING PERFORMANCE

Key Ratios

	FY 2021-22	FY 2020-21
Return on average equity (%)	3.2%	(11.4%)
Return on average assets (%)	0.4%	(1.3%)
EPS - Basic (₹) (not annualised) (FV ₹2)	0.43	(1.63)
EPS - Diluted (₹) (not annualised) (FV ₹2)	0.43	(1.63)
Net interest Margin (%)	2.3%	2.8%
Book value per share (₹) (FV ₹2)	13.5	13.2
Cost to income	70.1%	55.5%
Yield on advances	8.1%	8.8%
Cost of funds	5.3%	6.3%
Capital Adequacy Ratio Basel III		
CET 1	11.6%	11.2%
Tier - I	11.6%	11.3%
Tier - II	5.8%	6.2%
Gross non performing advances (NPA) % to Total Advances	13.9%	15.4%
Net NPA % to Total Advances	4.5%	5.9%
CASA ratio to % of total deposits	31.1%	26.1%

The Bank has CASA ratio of 31.1%. The Bank shareholder returns with basic and diluted EPS ₹0.43 and ₹0.43 respectively. The book value was ₹13.5.

Operating Performance

Particulars	FY 2021-22	FY 2020-21	% change
Interest income	190,235.11	200,418.35	(5.1%)
Interest expense	125,256.58	126,132.34	(0.7%)
Net Interest Income	64,978.54	74,286.02	(12.5%)
Non-interest Income	32,624.69	30,116.94	8.3%
Operating Revenue	97,603.23	104,402.96	(6.5%)
Operating expenses	68,443.94	57,920.15	18.2%
Operating Profit	29,159.29	46,482.81	(37.3%)
Provisions and contingencies	14,800.81	93,833.55	(84.2%)
Profit before tax	14,358.48	(47,350.74)	130.3%
Provision for tax	3,696.36	(12,728.47)	129.0%
Net Profit/(Loss)	10,662.12	(34,622.26)	130.8%

Net Profit for FY 2021-22 is ₹10,662 million as compared to loss of ₹34,622.27 million for the FY 2020-21. However the Bank's operating profit decreased by 37.3% YoY on back of NII contraction and higher operating expenses. Further the Bank has provided ₹15,088.98 million towards non performing investments and non performing advances during the year.

Net Interest income (NII) of the Bank decreased by 12.5% to ₹64,978.54 million during FY 2021-22 as compared to ₹74,286.02 million during FY 2020-21. The Net Interest Margin (NIM) was 2.3% in FY 2021-22. Non-interest income consists of fee, trade income and gain on sale of securities. Non-interest income increased by 8.3% from ₹30,116.94 million in FY 2020-21 to ₹32,624.69 million in FY 2021-22.

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Operating expenses increased by 18.2% from ₹57,920.15 million in FY 2020-21 to ₹68,443.94 million in FY 2021-22. The employee cost increased from ₹24,303.78 million in FY 2020-21 to ₹28,556.91 million in FY 2021-22.

Other operating cost increased by 18.65% from ₹33,616.37 million in FY 2020-21 to ₹39,887.03 million in FY 2021-22.

Provisions and contingencies (excluding provision for taxes) decreased by 84.2% from ₹93,833.55 million in FY 2020-21 to ₹14,800.81 million in FY 2021-22 mainly due to reduction in provision for non-performing advances as compared to provisions made in FY21. Please refer to the section on Financial and Operating Performance in the Management Discussion and Analysis for a detailed analysis of financial data.

Net interest income

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

Particulars	(₹ in million)		
	FY 2021-22	FY 2020-21	% change
Interest income	190,235.11	200,418.35	(5.1%)
Interest expense	125,256.58	126,132.34	(0.7%)
Net Interest Income	64,978.54	74,286.02	(12.5%)
Net interest margin	2.3%	2.8%	

Net Interest income (NII) of the Bank decreased by 12.5% to ₹64,978.54 million during FY 2021-22 as compared to ₹74,286.02 million during FY 2020-21.

Non-Interest income

Particulars	(₹ in million)		
	FY 2021-22	FY 2020-21	% change
Commission, exchange and brokerage	16,380.44	12,352.34	32.6%
Profit on the sale of investments (net)	2,594.60	11,080.03	(76.6%)
Profit/(Loss) on the revaluation of investments (net)	307.30	(2,092.09)	(114.7%)
Profit/(Loss) on sale of land, building and other assets	(125.88)	(34.60)	263.8%
Profit on exchange transactions (net)	6,008.16	4,845.89	24.0%
Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-	-	0.0%
Miscellaneous income	7,460.08	3,965.37	88.1%
Total	32,624.69	30,116.94	8.3%

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 increased by 8.3% to ₹32,624.69 million during FY 2021-22 as compared to ₹30,116.94 million during FY 2020-21.

Operating expenses

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

Particulars	(₹ in million)		
	FY 2021-22	FY 2020-21	% change
Payments to and provisions for employees (A)	28,556.91	24,303.78	17.5%
Other operating expense (B)	39,887.03	33,616.37	18.7%
Depreciation on own property (including non-banking assets)	3,983.62	3,532.33	12.8%
Other administrative expenses	35,903.41	30,084.04	19.3%
Operating expenses (A)+(B)	68,443.94	57,920.15	18.2%
Cost to income ratio	70.1%	55.5%	-

Operating expenses primarily include employee expenses, depreciation on assets and other administrative expenses. Operating expenses increased by 18.2% from ₹57,920 million in FY 2020-21 to ₹68,444 million in FY 2021-22.

Employee costs increased by 17.5% from ₹24,303.78 million in FY 2020-21 to ₹28,556.91 million in FY 2021-22. Also, the number of employees has increased from 22,270 at March 31, 2021 to 24,346 at March 31, 2022. Employee costs accounted for 41.7% of our operating expenses for the FY 2021-22 compared to 42.0% for the FY 2020-21. Other administrative expenses also increased by 19.3% to ₹35,903.41 million in FY 2021-22. Number of branches have increased to 1,122 as on March 31, 2022 from 1,070 as on March 31, 2021.

Provisions and contingencies (including provision for tax)

Provisions and contingencies decreased by 77.2% from ₹81,105.07 million to ₹18,497.17 million. The key components of provisions are Provisions for NPAs of ₹7,185.19 million (FY 2020-21: ₹70,447.66 million), provision for taxation of ₹3,696.36 million (FY 2020-21 ₹(12,728.47) million), and provision for Standard Assets ₹(251.53) million (FY 2020-21: ₹6,895.36 million) and Provision on investments of ₹7,903.78 million (FY 2020-21: ₹14,073.35 million).

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. In FY 2022, India witnessed two more waves of the COVID-19 pandemic and the re-imposition of localised/regional lock-down measures in certain parts of the country. Currently, while the number of new COVID-19 cases have reduced significantly and the Government of India has withdrawn most of the COVID-19 related restrictions, however, the extent to which the COVID-19 pandemic will continue to impact the Bank's results will depend on ongoing as well as future developments, which are uncertain.

FINANCIAL CONDITION

Assets

Particulars	(₹ in million)		
	As at March 31, 2022	As at March 31, 2021	% change
Assets			
Cash and bank balances	466,395.89	293,087.32	59.1%
Cash and balances with RBI	90,672.67	68,127.90	33.1%
Balances with banks and money at call and short notice	375,723.23	224,959.43	67.0%
Investments	518,955.56	433,191.48	19.8%
SLR investments*	437,084.56	334,737.62	30.6%
Non-SLR investments*	81,871.00	98,453.85	(16.8%)
Advances	1,810,519.91	1,668,929.94	8.5%
In India	1,733,086.38	1,570,330.75	10.4%
Outside India	77,433.53	98,599.18	(21.5%)
Fixed assets	21,331.27	21,485.30	(0.7%)
Other assets	364,999.62	318,733.61	14.5%
Total	3,182,202.25	2,735,427.65	16.3%

*Includes investment in government securities, Banks in India are required to maintain a specified percentage, 18.00% as at March 31, 2022, 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 16.3% from ₹2,735,427.65 million at March 31, 2021 to ₹3,182,202.25 million at March 31, 2022, primarily due to increase in advances and investments.

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 ₹293,087.32 million at March 31, 2021 to ₹466,395.89 million at March 31, 2022 primarily due to a increase in balances with banks and money at call and short notice.

Management Discussion and Analysis

Investments

Total investments increased by 19.8% from ₹433,191.48 million at March 31, 2021 to ₹518,955.56 million at March 31, 2022.

SLR investments increased by 30.6% from ₹334,737.62 million in FY 2020-21 to ₹437,084.56 million in FY 2021-22. Non SLR investments decreased by 16.8% from ₹98,453.85 million in FY 2020-21 to ₹81,871.00 million in FY 2021-22.

Advances

During FY 2021-22, the Bank recorded addition of 8.5% in its loan book with advances increasing to 1,810,519.91 million. Corporate Banking reduced from 49% as on March 31, 2021 to 40% of the Advances portfolio as on March 31, 2022. Net advances of IFSC Banking Unit (IBU) in GIFT City decreased from ₹98,599.18 million at March 31, 2021 to ₹77,434.53 million at March 31, 2022.

Fixed assets and other assets

Net Fixed Assets is ₹2,1331.27 million as at March 31, 2022. Increase during the Q4 FY22 in net block of fixed assets was ₹191.47 million mainly driven by addition of ₹406.83 million due to Desktop ₹220.20 million, CWIP ₹118.60 million, Vehicles ₹64.17 million and deletion of ₹215.44 million is due to Computer Hardware ₹94.36 million, Office Equipment ₹56.39 million, Owned premises ₹44.41 million and Computer Software ₹15.22 million balance due to Photocopy Printers (₹2.64 million), Communication Equipment (₹1.84 million) and Furniture (₹0.60 million).

Liabilities

Particulars	(₹ in million)		
	As at March 31, 2022	As at March 31, 2021	% change
Liabilities			
Capital	50,109.91	50,109.81	0.0%
Reserves and Surplus	287,308.87	281,853.47	1.9%
Deposits	1,971,917.33	1,629,466.42	21.0%
Current deposit accounts	263,891.16	189,972.87	38.9%
Saving Account	349,704.73	235,898.65	48.2%
CASA	613,595.88	425,871.53	44.1%
Term Deposit	1,358,321.45	1,203,594.89	12.9%
Borrowings	722,045.84	639,490.85	12.9%
Borrowing in India	614,830.87	540,040.77	13.8%
Borrowings outside India	107,214.97	99,450.07	7.8%
Other liabilities and provisions	150,820.31	134,507.10	12.1%
Total	3,182,202.25	2,735,427.65	16.3%

Equity Capital and Reserve and surplus

The Bank has issued 47,000 shares pursuant to exercise of stock options during FY 2021-22.

Movement in Share Capital

Share Capital	(₹ in million)	
	As at March 31, 2022	As at March 31, 2021
Opening Share Capital	50,109.81	25,100.94

Addition due to exercise of Stock Option	0.09	-
Addition due to shares issued for QIP/FPO	-	25,008.87
Addition due to shares issued under Reconstruction scheme	-	-
Closing Share Capital	50,109.90	50,109.81

Deposits

Deposits increased by 21.0% from ₹1,629,466.42 million at March 31, 2021 to ₹1,971,917.33 million at March 31, 2022. Term deposits increased by 12.9% from ₹1,203,594.89 million at March 31, 2021 to ₹1,358,321.45 million at March 31, 2022, savings account deposits increased by 48.2% from ₹235,898.65 million at March 31, 2021 to ₹349,704.73 million at March 31, 2022 and current account deposits increased by 38.9% from ₹189,972.87 million at March 31, 2021 to ₹263,891.16 million at March 31, 2022. The current and savings account (CASA) deposits increased from ₹425,871.53 million at March 31, 2021 to ₹613,595.88 million at March 31, 2022. Total deposits at March 31, 2022 constituted 73.20% of the funding (i.e., deposits and borrowings). The Bank's CD ratio stood at 91.82% as at March 31, 2021.

Borrowings

Borrowings increased by 12.9% from ₹639,490.85 million at March 31, 2021 to ₹722,045.84 million at March 31, 2022. The increase in borrowing is primarily due to CCIL TREPS borrowings.

Other liabilities

Other liabilities increased by 12.1% from ₹134,507.10 million at March 31, 2021 to ₹150,820.31 million at March 31, 2022.

Regulatory capital

In line with the RBI circular on Basel III Capital Regulations, currently for computing capital requirement, YES BANK has adopted the standardised approach for credit risk, standardised 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, 2022	As at March 31, 2021
Total capital ratio (CAR) out of the above	17.4%	17.5%
- CET1	11.6%	11.2%
- Tier I Capital	11.6%	11.3%

Subsidiary Performance

On November 1, 2021, the Bank has completed the sale of its entire stake in its wholly owned subsidiaries YES Asset Management (India) Limited and YES Trustee Limited to GPL Finance and Investments Limited. The net positive impact to the financial results post this sale, including reversal of the impairment provision was ₹149.4 million.

During FY 2021-22 YSIL reported a net profit of ₹52.60 million. Total revenue from operations of YSIL increased by 57.02% from 1,009.58 million in FY 2020-21 to 1,585.29 million in FY 2021-22. YAMC has made a loss of ₹72.98 million with total income of ₹9.43 million for period ended October 31, 2021 and YTL has made a loss of ₹1.20 million with total revenue from operations of ₹0.06 million for period ended October 31, 2021.

As at March 31, 2022, the total capital infused and outstanding is ₹1,490.0 million in YSIL.

DIRECTORS' REPORT

TO, THE MEMBERS,

Your Director's are pleased to present the Eighteenth 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, 2022.

BUSINESS OVERVIEW

FY 2021-22 was the second 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 first year was the year of rebuilding the Bank while this year has been the year of growing the Bank. The Directors are pleased to inform the shareholders that the Bank's Total Assets in FY 2021-22 crossed ₹ 3 lakh Crore, deposits at nearly ₹ 2 lakh Crore and CASA ratio at 31%.

The Bank is on a transformation journey and has emerged as a re-energised, recapitalised and recalibrated organisation, 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 Bank is on track to achieve its Strategic Objectives and none of this would have been possible without the confidence reposed of the Bank's customers, depositors and investors. 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 amongst others.

The Bank undertook multiple initiatives to grow the Bank's business and launched tailored propositions for its customers -

- Continued to deepen customer relationship and wallet share for existing Bank customers, while focusing on attractive tailored propositions for new customers such as the newly launched Yes Private & YES Family programmes
- 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 personalisation using Chatbots, data analytics, innovation in Cloud platforms, intelligent automation through robotics etc.
- Committed to reduce green-house gas emissions to net zero by 2030
- Ranked No. 2 amongst Large-Sized Banks in the Best places to work in India 2021 awards, conducted by [AmbitionBox.com](https://ambitionbox.com)
- Among the 100 Best Emerging Market Performers as assessed by VE, part of Moody's ESG

The Bank continued its efforts towards building a stronger retail franchise with contribution of retail advances compared to total advances, increased to 36% in FY 2021-22 compared to 30% in FY 2020-21. Digitisation remains the Bank's key pillar to grow the Retail, MSME and the Transaction Banking businesses. The Wholesale Bank has seen new sanctions/disbursements of ₹ 16,000 crore in FY2021-22 with focus on working capital financing to higher rated corporates. The Bank has significant presence within the new-age payments space with the highest market share of 43% in UPI transactions (by volume) in FY 2021-22.

STATE OF THE AFFAIRS OF THE BANK

The Bank's fundamentals have strengthened and it has emerged from the crisis as a financially sound, well capitalised, 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 can deliver on its strategic objectives while creating superior value for all its stakeholders.

Strategic Objectives for FY23 and Medium Term

- CASA ratio at 35% for FY23 and > 40% in the medium term
- Granular Advances: Retail/MSME to further improve by > 400 bps in FY23
- Advances Growth of > 15% in FY23 of which Corporate growth of 10% and Medium Enterprises, SME and Retail to grow > 25%
- Focused Stressed Assets Recoveries and Upgrades > ₹ 5,000 crore in FY23
- ROA > 0.75% in FY23 and Medium term target of 1%-1.5%

BUSINESS OUTLOOK

- Corporate credit growth trajectory is expected to have an upshift on the back of significant increase in capex outlay in Union Budget with a sharp focus on public infrastructure as well as Production Linked Incentives (PLI) scheme announced for 13 key sectors by the government.
- Improved resilience of the banking system is likely to support stronger credit growth to MSME's and retail segments. Home Loans will be a major driver of credit growth as demand for residential purchases is expected to continue growing. Unsecured Lending is also expected to see improvement as the segment will continue to be attractive on a risk-adjusted return basis.
- Overall, the Indian Banking Sector is well positioned to fund faster credit growth, with healthy capital buffers, high profitability metrics, and waning asset quality pressures. These factors together with a strong deposits growth augur well for the Banking sector.
- While, the above-mentioned are positive for the sector, there are also certain risks that could impact the sector, such as a fresh surge in COVID-19 cases on the back of new variants, continued geopolitical tensions that could impact many downstream sectors (some of which are already under pressure because of increased commodity prices); and, finally higher-than-expected slowdown in private consumption.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there has been no change in the nature of business of the Bank.

FINANCIAL PERFORMANCE (STANDALONE)

Particulars	₹ in million		
	April 01, 2021 to March 31, 2022	April 01, 2020 to March 31, 2021	Change
Deposits	1,971,917.33	1,629,466.42	342,450.91
Borrowings	722,045.84	639,490.85	82,554.99
Advances	1,810,519.91	1,668,929.94	141,589.97
Total Assets/Liabilities	3,182,202.25	2,735,427.65	446,774.60
Net Interest Income	64,978.54	74,286.02	(9,307.48)
Non Interest Income	32,624.69	30,116.94	2,507.75
Operating profit	29,159.29	46,482.81	(17,323.52)
Provisions and Contingencies	14,800.81	93,833.55	(79,032.74)
Profit before Tax	14,358.48	(47,350.74)	61,709.22
Provision for taxes	3,696.36	(12,728.47)	16,424.83
NET PROFIT	10,662.12	(34,622.27)	45,284.39
Add: Surplus/(Deficit) brought forward from last period	(108,719.60)	(68,973.88)	(39,745.72)
Amount available for appropriation	(98,057.48)	(103,596.15)	5,538.67
Appropriations			
Statutory Reserve under Section 17 of the Banking Regulation Act, 1949	2,665.53	-	2,665.53
Capital Reserve	108.31	4,969.76	(4,861.45)
Investment Reserve	34.30	153.70	(119.40)
Investment Fluctuation Reserve	1,347.89	-	1,347.89
Surplus carried to Balance Sheet	(102,213.50)	(108,719.60)	6,506.10
Key Performance Indicators			
Net Interest Margin	2.3%	2.8%	
Return on Annual Average Assets	0.36%	(1.30%)	
Return on Equity	3.19%	(11.42%)	
Cost to Income Ratio	70.1%	55.5%	

Net Profit for FY 2021-22 is ₹ 10,662 million as compared to loss of ₹ 34,622.27 million for the FY 2020-21. However the Bank's operating profit decreased by 37.3% YoY on back of NII contraction and higher operating expenses. Further

Directors' Report

the Bank has provided ₹ 15,088.98 million towards non performing investments and non performing advances during the year.

Net Interest income (NII) of the Bank decreased by 12.5% to ₹ 64,978.54 million during FY 2021-22 as compared to ₹ 74,286.02 million during FY 2020-21. The Net Interest Margin (NIM) was 2.3% in FY 2021-22. Non interest income consists of fee, trade income and gain on sale of securities. Non interest income increased by 8.3% from ₹ 30,116.94 million in FY 2020-21 to ₹ 32,624.69 million in FY 2021-22.

Operating expenses increased by 18.2% from ₹ 57,920.15 million in FY 2020-21 to ₹ 68,443.94 million in FY 2021-22. The employee cost increased from ₹ 24,303.78 million in FY 2020-21 to ₹ 28,556.91 in FY 2021-22. Other operating cost increased by 18.65% from ₹ 33,616.37 million in FY 2020-21 to ₹ 39,887.03 million in FY 2021-22.

Provisions and contingencies (excluding provision for taxes) decreased by 84.2% from ₹ 93,833.55 million in FY 2020-21 to ₹ 14,800.81 million in FY 2021-22 mainly due to reduction in provision for non-performing advances as compared to provisions made in FY 2020-21. Please refer to the section on Financial and Operating Performance in the Management Discussion and Analysis for a detailed analysis of financial data.

DIVIDEND

During FY 2021-22, the Bank had not declared any dividend on equity shares. RBI vide circular dated April 22, 2021 allowed banks to pay dividend 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 had reported a loss and as a consequence to that the Bank had not declared any dividend.

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, 2022:

Amount transferred to	Amount in ₹ million
Statutory Reserve	2,665.53
Capital Reserve	108.31
Investment Reserve	34.30
Investment Fluctuation Reserve	1,347.89

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 2021-22, the Bank has transferred to the credit of the Investor Education and Protection Fund ('IEPF') administered by the Central Government, 27,588 number of equity shares and unpaid dividend amount of ₹ 1,881,000 which had remained unclaimed/ unpaid for a period of seven (7) consecutive years.

CAPITAL RAISING & CAPITAL ADEQUACY RATIO (CAR)

During FY 2021-22 the Bank has not raised any capital.

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

During the year under review, the Bank has issued 47000 equity shares of face value ₹ 2 each pursuant to the exercise of stock options aggregating to ₹ 94,000/-.

Post allotment of aforesaid equity shares, the issued, subscribed and paid up share capital of the Bank stands at ₹ 50,109,905,962 comprising of 25,054,952,981 equity shares of ₹ 2 each as on March 31, 2022.

Movement in Share Capital & Capital Adequacy Ratio (CAR)

Share Capital	(₹ in million)	
	As at March 31, 2022	As at March 31, 2021
Opening Share Capital	50,109.81	25,100.94
Addition due to exercise of Stock Option	0.09	-
Addition due to shares issued for QIP/FPO	-	25,008.87
Addition due to shares issued under Reconstruction scheme	-	-
Closing Share Capital	50,109.90	50,109.81

Capital Adequacy Ratio of your Bank stood at 17.4% as at March 31, 2022 as compared to 17.5% as at March 31, 2021. CET-1 /Tier I Capital Ratio at 11.6% and Tier II Capital Ratio was 5.8% as at March 31, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('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 team reporting into the Chief Risk Officer 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 Market Risk, Operational Risk, Legal Risk, Information Security, Portfolio Analytics, Retail, SME & Rural Policy, Risk Secretarial Unit, etc 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 Risk team reporting into the Chief Credit Risk Officer ensures an independent assessment of credit proposals and is responsible for monitoring the credit quality of the Bank's portfolio and undertaking portfolio reviews. The Credit Risk team is a specialised function that is well staffed with individuals having the necessary experience as well as skillsets to provide a balanced view of credit proposals to the sanctioning authorities.

- **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 Department 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 Department provides independent assurance to the Audit Committee of the Board, top 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-

Directors' Report

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 Committee
6. Operational Risk Management Committee
7. Standing Committee on Customer Service
8. Fraud & Suspicious Transaction Monitoring Committee
9. Committee for Classification of Wilful Defaulters & Non-Cooperative Borrowers
10. Accountability Review Committee
11. Whistle Blower, Disciplinary and Internal Committee
12. Steering Committee for IFRS (IndAS)
13. Product Process Approval Committee
14. IT Steering Committee
15. Security Council
16. Stressed Asset Monitoring Committee
17. Sustainability Council
18. Fraud Identification Committee

19. Governing Body for IBU (IFSC Banking Unit)

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 at least on an annual basis 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 Risk Officer (CCRO) 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 CCRO 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.

AWARDS AND RECOGNITION

During the year under review, the Bank was recognised in various ways/by various institutions and some of the key awards presented to the Bank are listed below:

- Best Cash Management Project in India by the Asian Banker Banker's Choice Awards
- CIO Circle of Excellence by CNBC TV18
- Best ERP Integration Initiative - Global Transaction Banking Innovation Awards 2021
- Most Innovative Transaction Banking Solution for Liquidity Management in COVID-19 - Global Transaction Banking Innovation Awards 2021
- Most Innovative Working Capital Solution in COVID-19 - Global Transaction Banking Innovation Awards 2021

- Best Cloud Adoption in Medium Bank Category by IBA
- Best IT Risk Management and Cyber Security Initiatives in Medium Bank Category by IBA
- India Domestic Transaction Banking Initiative of the Year award organised by Asian Banking and Finance

Included in the 100 Best Emerging Market Performers Ranking for its ESG practices, as assessed by V.E, part of Moody's ESG Solutions

DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING FOR NPAs

Based on the condition mentioned in RBI circular, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory process for the year ended March 31, 2021.

SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As on March 31, 2022, the Bank had one wholly-owned subsidiary, YES Securities (India) Limited ('YSIL').

During the year under review, the Bank divested its 100% stake in YES Asset Management (India) Limited ('YAMIL') and YES Trustee Limited ('YTL'), the wholly owned subsidiaries of the Bank to GPL Finance and Investments Ltd ("GPL"), pursuant to share purchase agreement dated August 21, 2020. White Oak Investment Management Pvt Ltd. owns 99% of GPL. The ultimate beneficial owner of the GPL is Mr. Prashant Khemka who owns 99.99% of the White Oak Investment Management Pvt Ltd.

Accordingly, YAMIL and YTL ceased to be the Subsidiaries of the Bank effective from November 1, 2021.

The Bank does not have any material subsidiary, associate and joint venture company. There were no entities which became the Bank's Subsidiaries, associates or joint ventures during the year.

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

The brief details about business of the subsidiary is 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 Securities Broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also registered with SEBI as Category I Merchant Banker, Investment Adviser, Research Analyst as well as Depository Participant with CDSL. YSIL is also Sponsor & Investment manager to YSL Alternates Alpha plus Fund which is a SEBI registered Category III AIF.

The Consolidated Financial Statements of the Bank and its Subsidiary company for the Financial Year ended March 31, 2022 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 subsidiary company of the Bank in Form AOC-1 forms part of the Annual Report. The Financial Statements of the subsidiary of the Bank are available on the website of the Bank (www.yesbank.in). Financials of Bank and its subsidiary 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. There is utmost attention accorded to Internal Financial Controls at both, the highest levels at Management as well as the Audit Committee of the Board. There is no material weakness in the Bank's framework with respect to Internal Financial Controls over Financial Reporting and the Bank shall continue to review its overall control framework on an ongoing basis to ensure robustness and effectiveness of its controls.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE BANK

There are no material changes and commitments, affecting the financial position of the Bank which has occurred between the end of the financial year of the

Directors' Report

Bank i.e. March 31, 2022 and the date of the Directors' Report i.e. May 06, 2022.

ESTIMATION OF UNCERTAINTIES RELATING TO THE GLOBAL HEALTH PANDEMIC FROM COVID-19

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. In FY 2021-22, India witnessed two more waves of the COVID-19 pandemic and the re-imposition of localised/regional lock-down measures in certain parts of the country. Currently, while the number of new COVID-19 cases have reduced significantly and the Government of India has withdrawn most of the COVID-19 related restrictions, however, the extent to which the COVID-19 pandemic will continue to impact the Bank's results will depend on ongoing as well as future developments, which are uncertain.

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 directors, key managerial personnel, subsidiaries or relatives of the Directors during the financial year which could lead to a potential conflict of 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 transactions entered into individually or taken together with the previous transactions during the financial year 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 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 2021-22, the Bank co-opted Mr. Atul Malik and Ms. Rekha Murthy as Non-Executive Directors ('NEDs') with effect from August 30, 2021 and Mr. Sharad Sharma as NED with effect from November 1, 2021 in accordance with Clause 5 (5) of the Scheme read with Memorandum and Articles of Association of the Bank.

Further, pursuant to the powers conferred under sub-section (1) of Section 36AB of the Banking Regulation Act, 1949 the Reserve Bank of India has vide its order dated March 17, 2022 extended the term of appointment of Mr. Rama Subramaniam Gandhi and Mr. Ananth Narayan Gopalakrishnan as Additional Directors on the Board of the Bank for a period of one-year w.e.f. March 26, 2022 to March 25, 2023 or till further orders, whichever is earlier.

During the FY 2021-22, there have been no changes in the Directors and Key Managerial Personnel of the Bank other than the above.

STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

Pursuant to the Scheme through which the existing Board has been constituted, 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 Listing Regulations.

However, given the present composition of the Board, wherein presently there are six Non- Executive Directors viz. Mr. Sunil Mehta, Mr. Mahesh Krishnamurti, Mr. Atul Bheda, Mr. Atul Malik, Ms. Rekha Murthy and Mr. Sharad

Sharma appointed/co-opted pursuant to the Scheme, not holding any substantial interest in the share capital nor having any pecuniary relationship with the Bank and meet the criteria of independence, accordingly necessary declarations were obtained from them, confirming that they meet the criteria of independence as required under the relevant provisions of Companies Act, 2013 and Listing Regulations.

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 furnishing of the statement regarding opinion of the board with regard to integrity, expertise and experience (including the proficiency) of the independent directors is not applicable.

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

The details of Meetings of Board and Committees 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 05, 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 and the SBI Nominee Directors also have opted out from the process. 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 2021-22. However, as a matter of good governance, the Board has carried out

the Performance Evaluation of the Directors, excluding the Additional Directors appointed by RBI and the SBI Nominee Directors, for the Financial Year 2021-22, in an appropriate manner. The Board has also carried out performance evaluation of Board as Whole and its Committees.

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 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.

Further, the Bank has a separate Total Rewards Policy articulated in line with relevant RBI guidelines which interalia deals with the Compensation & Benefits of the Managing Director & CEO and the Whole-time Directors.

EMPLOYEE REMUNERATION

- 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.
- 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.

Directors' 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. Your Bank provides its employees a platform for participating in important decision making and instilling long term commitment towards future growth of the Bank by way of rewarding them through Stock Options. In terms of Total Rewards 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 detailed disclosures as stipulated under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 is hosted on the website of the Bank at <https://www.yesbank.in/about-us/corporate-governance>.

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 /WHISTLE- BLOWER POLICY

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 2**. 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 the Guidelines issued by the Reserve Bank of India ('RBI') vide Circular No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, the Members of the Bank at the 17th Annual General Meeting held on August 27, 2021 had approved the amendment in the tenure and terms of appointment of M/s. M. P. Chitale & Co., Chartered Accountants (ICAI Firm Registration No. 101851W) to hold office from the conclusion of the Sixteenth Annual General Meeting until the conclusion of the Nineteenth Annual General Meeting of the Bank to be held in the year 2023 who shall act as Joint Auditors of the Bank for the remainder of the revised term, and also approved the appointment of M/s. Chokshi & Chokshi LLP, Chartered Accountants, (ICAI Firm Registration No. 101872W/W100045), as Joint Statutory Auditors of the Bank to hold office from the conclusion of the Seventeenth Annual General Meeting until the conclusion of the Twentieth Annual General Meeting of the Bank to be held in the year 2024 subject to approval by RBI on an annual basis.

There were no qualifications, reservation or adverse remarks made by the Statutory Auditors in the Auditor's Report for Financial Year 2021-22.

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 2021-22. The Bank provided all assistance and facilities to the Secretarial Auditors for conducting their audit. The Report of Secretarial Auditors for the FY 2021-22 is annexed to this report as **Annexure 3**. There are no observations, reservations or adverse remarks in the Secretarial Audit Report for FY 2021-22.

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.

REPORTING OF FRAUDS BY THE AUDITORS

During the Financial Year 2021-22, pursuant to Section 143(12) of the Companies Act, 2013, neither the Statutory Auditors nor the Secretarial Auditors of the Bank have reported any instances of frauds committed in the Bank by its officers or its employees.

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 realisation of India's renewable energy potential. Since the maiden issuance by YES BANK, the Green Bonds market has witnessed a steady growth, with issuances of USD 6.8 billion in 2021, alone. Driven by the commitment of mobilising USD 5 billion towards climate action by 2020, as taken during Paris Accord, YES BANK has issued three green bonds:

- **February 2015:** YES BANK issued India's first-ever Green Infrastructure Bonds, raising an amount of ₹ 1,000 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:** YES BANK raised ₹ 315 crore through the issue of Green Infrastructure Bonds to International Finance Corporation 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 programme, that aimed at raising capital in the offshore rupee market

- **December 2016:** YES BANK has raised ₹ 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 is 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 2021-22, 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 2021.

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:

Directors' Report

- 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 March 31, 2022 is provided below:

Proceeds Utilisation Against Bond Issuance Size

Sr. No	Project Location	Description	Proceeds utilisation against	Total Fund Based Utilisation, ₹ Crore (as on March 31, 2022)	Estimated* positive E&S impacts - CO ₂ Emission Reduction (tCO ₂ / yr)	Known significant negative E&S Impacts
1	Telangana	42 MW solar energy project	Bond Issuance Size of ₹ 1,000 crore (February 2015)	114.50	65,641.78	None
2	Karnataka	40 MW solar energy project	Bond Issuance Size of ₹ 1,000 crore (February 2015)	131.59	77,734.02	None
3	Telangana	48 MW solar energy project	Bond Issuance Size of ₹ 1,000 crore (February 2015)	38.69	83,571.28	None
4	Delhi NCR	3.26 MW rooftop solar installation across 9 locations	Bond Issuance Size of ₹ 1,000 crore (February 2015)	5.14	3,444.26	None
5	Maharashtra	15 MW wind energy project	Bond Issuance Size of ₹ 1,000 crore (February 2015)	3.46	22,802.61	None
6	Maharashtra	10 MW wind energy project	Bond Issuance Size of ₹ 1,000 crore (February 2015)	18.27	11,061.00	None
7	Gujarat	8.75 MW wind energy project	Bond Issuance Size of ₹ 1,000 crore (February 2015)	38.22	5,862.66	None
8	Maharashtra	9 MW wind energy project	Bond Issuance Size of ₹ 1,000 crore (February 2015)	2.81	14,092.38	None
9	Andhra Pradesh & Rajasthan	105 MW wind energy project in Andhra Pradesh and 50.4 MW in Rajasthan	Bond Issuance Size of ₹ 1,000 crore (February 2015)	214.13	227,522.41	None
10	Maharashtra	50 MW solar energy project	Bond Issuance Size of ₹ 1,000 crore (February 2015)	171.86	92,514.63	None
11	Rajasthan	300 MW solar energy project	Bond Issuance Size of ₹ 1,000 crore (February 2015)	261.33	699,361.68	None
12	Gujarat	30 MW wind energy project	Bond Issuance Size of ₹ 330 crore (December 2016)	33.41	52,623.30	None
13	Maharashtra	6.25 MW wind energy project	Bond Issuance Size of ₹ 330 crore (December 2016)	8.53	5,761.79	None
14	Karnataka	9.6 MW wind energy project	Bond Issuance Size of ₹ 330 crore (December 2016)	8.65	9,820.41	None
15	Rajasthan	300 MW solar energy project	Bond Issuance Size of ₹ 330 crore (December 2016)	2.23	701,073.40	None

* 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 17.0 dated October 2021' (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 temporary unallocated proceeds (₹ 315 Cr of ₹ 315 Cr bond issued in August 2015) are allocated in Government Securities and will be allocated back to eligible projects, when available.

The assurance statement issued by KPMG India is attached herewith as **Annexure 4**

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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 5**.

ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Bank has placed a copy of the Annual Return in the prescribed Form MGT-7 as at March 31, 2022 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 SS-1 and SS-2 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) programme.

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	01
Number of complaints filed during the financial year	15
Number of complaints disposed of during the financial year	15
Number of complaints pending as on the end of the financial year	01*

*The case is being investigated within the stipulated timeline.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit of the Bank for that period;
- 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;
- the directors had prepared the annual accounts on a going concern basis;
- 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
- the directors had devised proper systems to ensure compliance with the provisions of all applicable

Directors' Report

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. We 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 : 07562475)

Sunil Mehta

Chairman
(DIN : 00065343)

Place: Mumbai
Date: May 06, 2022

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	3.28x
	MD & CEO - Prashant Kumar	32.54x
The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	CFO - Niranjan Banodkar*	NA
	CS - Shivanand R. Shettigar**	-13.9%
	MD & CEO - Prashant Kumar	35.5%
	Chairman - Sunil Mehta***	-1.6%

Notes:

*The current CFO was designated w.e.f. January 01, 2021. Thus his remuneration as CFO for FY 2022 is not comparable with FY 2021.

** The remuneration of CS for FY 2022 is not comparable with FY 2021 owing to salary restructuring that was carried out in FY 2021 in line with RBI Guidelines.

*** The Non-Executive Chairman of the Bank was appointed on March 26, 2020. The payment of his remuneration for FY 2020 (i.e. for 6 days) was made in FY 2021 post receipt of RBI approval for payment of his remuneration. Thus the remuneration for FY 2022 is not comparable with FY 2021.

None of the Directors of the Bank, except Chairman of the Bank and MD & CEO are in receipt of any remuneration, except the Sitting fees.

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 7%. 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 roll of the Bank

There were 24,346 employees as on March 31, 2022

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

Average remuneration increase for non-managerial personnel of the Bank during the financial year 2021-22 was 7.10% and average remuneration increase for managerial personnel of the Bank during the financial year 2021-22 was 0%.

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

Yes, it is confirmed

GENERAL NOTES:

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

ANNEXURE 2

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A BRIEF OUTLINE OF THE BANK'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMMES PROPOSED TO BE UNDERTAKEN:

YES BANK'S CSR POLICY:

YES BANK aims to contribute towards nation building and make a meaningful and measurable impact in people's lives.

YES BANK undertakes CSR initiatives to promote principles of social responsibility and inclusive growth through awareness and support, strengthen the trust of its stakeholders, including society at large and establish the Bank as a responsible corporate citizen.

Through its Corporate Social Responsibility 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 CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL SOCIAL & GOVERNANCE COMMITTEE (CSR&ESG):

The nomenclature of the Committee was changed from "Corporate Social Responsibility Committee" to "Corporate Social Responsibility and Environmental Social & Governance Committee" with effect from November 23, 2021 due to increasing significance of ESG goals.

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR&ESG Committee held during the year	Number of meetings of CSR&ESG Committee attended during the year
1	Mr. Sharad Sharma*	Chairman, Non-Executive Director	3	1
2	Mr. Mahesh Krishnamurti	Member, Non-Executive Director	3	3
3	Mr. Atul Bheda*	Member, Non-Executive Director	3	3
4	Mr. Ravindra Pandey	Member, Director nominated by State Bank of India	3	2
5	Ms. Rekha Murthy*	Member, Non-Executive Director	3	1
6	Mr. Sunil Mehta**	Member, Non-Executive Director	3	1

* Ms. Rekha Murthy was inducted as a Chairperson w.e.f. September 13, 2021 in place of Mr. Atul Bheda who ceased as Chairman, however, he continued as a member of the Committee. Further, w.e.f. November 23, 2021 Mr. Sharad Sharma was inducted as a member & Chairman in place of Ms. Rekha Murthy who ceased to be a Chairperson w.e.f. the said date, however, she continued to be a member of the said committee.

** Mr. Sunil Mehta inducted as member of the Committee w.e.f. November 23, 2021.

3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR & ESG COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY

- For composition of the Committee: <https://www.yesbank.in/about-us/our-team>
- For Policy: https://www.yesbank.in/pdf/ybl_corporate_social_responsibility_policy
- For CSR Projects: As the Bank had negative average net profit as per Section 135(5) for the financial year 2021-22, therefore the Bank was not required to approve any projects under Rule 9 of the Companies (CSR Policy) Rules, 2014.

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)

The Bank had negative average net profit as per Section 135(5) for the financial years 2020-21 and 2021-22, and accordingly did not have any CSR obligation and /or CSR projects during the last two financial years. Therefore, the impact assessment requirement is not applicable to the Bank's CSR projects. However, as a best practice, a third-party impact assessment was conducted for the Bank's project on providing access to safe and clean drinking water to over 1000 rural households in Maharashtra. A detailed report, along with the outcomes of the study is disclosed on the Bank's website: (https://www.yesbank.in/pdf?name=Impact_Assessment_study_of_YES_Bank_Swades_Foundations_access_to_safe_and_clean_drinking_water.pdf)

Annexure 2

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

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5): LOSS OF ₹ (7,924.95) 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
Nil	Nil	NA	NA	Nil	NA

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		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	
				State	Districts						Name	CSR Registration number.
1.	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	2	3	4	5	6	7	8		
Sl. 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		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No).	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 any fund specified under Schedule VII as per Section 135(6), if any.					
		Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Name of the Fund	Amount (in ₹)	Date of transfer.	Amount remaining to be spent in succeeding financial years. (in ₹)
1.	NA	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
(DIN : 07562475)

Sharad Sharma
Chairman of Committee
(DIN : 05160057)

ANNEXURE 3

MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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 authorised 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, 2022 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, 2022 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 and Sweat Equity) Regulations, 2021;
 - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - 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, 2021#; 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;
 - k. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

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 constituted on March 26, 2020 as per the composition mentioned in the scheme, which is not in line with the applicable requirements of Listing Regulations and the Companies Act, 2013 and the Banking Regulation Act, 1949. However, the said Scheme has an 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. Securities and Exchange Board of India ("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 151 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 for the alleged mis-selling of Additional Tier 1 Bonds ("AT-1 Bonds") in the secondary market. SEBI vide its Order dated April 12, 2021 imposed a penalty of ₹ 25 Crore against the Bank under Section 15 HA of SEBI Act, 1992 for the same. Aggrieved by the SEBI order, the Bank & the other noticees preferred separate Appeal(s) before the Securities Appellate Tribunal ("SAT"). After the hearing, SAT was pleased to stay the effect and operation of the SEBI order dated April 12, 2021, subject to an undertaking to be submitted to SEBI that the Bank shall honour the payment of the Bank and other Appellant(s), if the Appeal(s) fail. The matter is now pending for final hearing.
- II. There was an instance of bouncing of Subsidiary General Ledger for ₹ 50 Crore on July 20, 2021. RBI vide letter dated August 02, 2021 imposed a penalty of ₹ 500,000 on this matter.
- III. Members' approval was obtained at the 17th Annual General Meeting of the Bank held on August 27, 2021, *inter alia* for borrowing/ raising funds in Indian/ foreign currency by issue of debt securities, on private placement basis or otherwise, as deemed fit by the Board of Directors as per the structure and within the limits permitted by the RBI upto an amount of ₹ 10,000 crore, in domestic and/or overseas market, during a period of one year from the date of passing of this resolution, within the overall borrowing limits of the Bank.

Annexure 3

- IV. SEBI passed a settlement order vide Order No. SO/SM/DD/2021-22/6436-6442 dated September 14, 2021 pertaining to NIL Divergence reporting and a settlement amount of ₹ 16,537,500/- (Rupees One crore Sixty Five lakh and Thirty Seven Thousand and Five Hundred only) was paid by the Bank in respect of the same.
- V. On August 21, 2020, the Bank had 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 the Bank, to GPL Finance and Investments Limited ("Purchaser"). The Bank completed the transaction for sale of stake in YESAMC and YTL to the Purchaser and the transfer of shares from the Bank to the Purchaser on November 01, 2021. Therefore, YESAMC and YTL ceased to be subsidiaries of the Bank on and with effect from November 01, 2021.
- VI. RBI vide letter dated December 29, 2021 approved the early redemption of certain Basel II compliant Lower Tier II & Upper Tier II Bond instruments aggregating to ₹ 2609.80 crore. Thereafter, the Capital Raising Committee of the Bank in its meeting held on February 11, 2022, considered and approved the proposal for seeking an approval from the investors for early redemption of the said bonds.
- VII. Members' approval was obtained on March 31, 2022 through postal ballot authorising raising of Capital through the issuance of equity shares or other securities by way of a public issue, preferential issue, qualified institutions placement, private placement or a combination thereof of equity shares of the Bank having face value of ₹ 2 (Rupees Two only) each for an amount aggregating up to ₹ 10,000 crore (Rupees Ten Thousand crore only), in one or more tranches, at such price or prices, at the Board's discretion.
- VIII. During the financial year ended March 31, 2022, the Bank redeemed total bonds aggregating to ₹ 1410.50 crore.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No: P1981MH043700

S. N. Bhandari
Partner
FCS No: 761; C P No.: 366
Mumbai | May 06, 2022
ICSI UDIN: F000761D000266191

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, 2022 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 Account 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 | May 06, 2022
ICSI UDIN: F000761D000266191

ANNEXURE 4

Assurance Statement By KPMG India For Green Bond

INDEPENDENT ASSURANCE STATEMENT

To the management of Yes Bank Limited, YES BANK House, Off Western Express Highway, Santacruz (East), Mumbai - 400055, Maharashtra, India.

Introduction

KPMG Assurance and Consulting Services LLP was engaged by Yes Bank Limited ('Issuer') to undertake an independent review of the following green bonds:

- Green bonds for ₹ 1,000 crore issued on February 24, 2015
- Green bonds for ₹ 315 crore issued on August 05, 2015
- Green bonds for ₹ 330 crore issued on December 29, 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, 2021 for the period April 01, 2021- March 31, 2022.

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 April 01, 2021- March 31, 2022 based on the requirements of the Green Bond Principles, 2021 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 selected 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 judgement 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; 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" are not, in all material respects, conforming to the requirements of the Green Bond Principles, 2021, during the period April 01, 2021- March 31, 2022.

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, 2021. 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. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. Our assurance statement is released to Yes Bank Limited on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Apurba Mitra

Associate Partner

KPMG Assurance and Consulting Services LLP
April 11, 2022

ANNEXURE 5

A. CONSERVATION OF ENERGY

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

- The Bank has been migrating to LED lighting in phases. In the current financial year, the Bank replaced 11,826 conventional fixtures and CFL signages with LED units across 288 branches
- The Bank is in the process of phasing out air conditioning systems that use ozone depleting coolants. In the current reporting cycle, the Bank replaced 1,212 tonnage of R22 air conditioners (in 141 branches) that are more than 10 years old with energy efficient (star rated) systems that use eco-friendly coolants, thus reducing its environmental footprint

2. The steps taken by the bank for utilising alternate sources of energy:

- From January 01, 2022, the Bank began sourcing renewable energy to power its head office, YES BANK House (YBH), thereby eliminating approximately 1,105 tCO₂e of emissions in FY 2021-22. The Bank procured renewable energy partly through open access, Power Purchase Agreements (PPAs) with renewable energy producers along with subscribing to Green Power Tariff programmes
- YES BANK has also explored the potential use of rooftop solar (as a pilot), by installing a 5 KVA solar power system at its Pune Bundh garden branch

3. The capital investment on energy conservation equipment:

- ₹ 3.32 Crore was spent during the current financial year on energy conservation including AC retrofitting, LED projects and signage replacements at corporate offices and branch locations

B. TECHNOLOGY ABSORPTION

I. Efforts Toward Technology Absorption

The Bank's customer base is growing and to service these customers flawlessly, we are constantly innovating and adopting new technologies. The Bank's focus is on becoming India's best digital bank thus ensuring we cater to customers' needs with lighting speed.

During FY 2021-22 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 2021-22 were:

- **Traydstream:** Traydstream is a project introduced by YES BANK to automate scrutiny of Trade finance documents. Trade Digitisation has been our key strategic objective in order to enhance our existing trade flow business. With this objective in mind, the Bank has engaged with Traydstream – a Global Trade Finance Fintech. Based on advanced OCR and Machine Learning (ML) processes, the solution envisaged, has enabled the Bank to automate the manual scrutiny of trade finance documentation at NOC. Trade finance transactions being paper intensive has various processing challenges. There is heavy dependency on physical transfer of documents, and manual scrutiny thereafter resulting in a high turnaround time. This solution has ensured operational efficiency.
- **Oracle Financial Services Analytical Applications (OFSA):** 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.
- **DIGIHub Govt Banking Platform:** A single window platform for government entities to manage entire fund flow starting from budget allocation --> workflow management --> payments --> reporting. The Bank is now equipped to onboard Government bodies (departments/ autonomous bodies) responsible for implementation & management of central schemes. The Bank now can also facilitate disbursement of funds through PFMS (Public Fund Management System).
- **Fund Accounting:** Fund Accounting (FA) solution is a comprehensive and modular platform covering the back-office and various others functions, which enables valuation, accounting and facilitates reconciliation of values across related reports. FA solution also enables a high

degree of automation for valuation, corporate actions processing, client report productions, settlements and such effort intensive core functions of back office. The said solution is offered to client categories such as AIF, PMS & Mutual Fund Entities. FA is a fee-based revenue model and offered as a value-added service along with custody offering to become a 'one-stop-shop' service provider in the market.

- **Easy N Sure:** The Bank has adopted, 'Open Architecture' for servicing of insurance policies, as the Bank suggests all the insurance partner's products available with the Bank to customer. This application serves this need of distribution towards third-party insurance products through digital platforms (Web portal, Tablets, Mobile Site). This is designed as end-to-end journey that facilitates sales of insurance products for Life and General insurance with an option to The Bank's customers to choose products from multiple Insurance companies.
- **eNPA system:** NPA classification and provisioning automation basis for collateral information is an important requirement according to regulatory policies. Corporate Collateral data ingestion into ENPA system, Configuration of Provision Masters for Corporate Borrowers, Provision calculation on Corporate collateral data, Timely and Quick registration of the corporate collateral in ENPA system thereby avoiding penalty to the Bank and Ease of use as the input file for capturing data is prepared in a pre-formatted excel file which gives convenience to the user for data entry
- **Complinty:** This project is compliance management system was a project in which a product namely 'Complinty' was implemented for the CS unit. This product takes care of all the regulatory submissions pertaining to the department. Tasks get created by the vendor in the application related to any submissions due and those are assigned to the respective owner in the CS team for completion.
- **Award and Accolades:** The bank won the following awards this year:
 - 1) CISCO CIO Circle of Excellence 2021 - WFH Tools incorporated by CISCO

- 2) ABF (Asian Banking & Finance) Wholesale Banking Awards 2021- India Domestic Transaction Banking Initiative of the Year for iGTB
- 3) 17th Annual IBA's Banking Technology Conference & Awards 2022- Best Cloud Adoption
- 4) The TechOPS 2022 Award- Best Storage
- 5) Citirix IT Conclave 2022- IT Excellence Award-Digital Strategy & Citirix champions Award App Delivery & Security adoption.

II. Proposed New Projects

There is a diverse list of upcoming initiatives, which will enable YES BANK to service customers efficiently and enhance their banking experience.

- **Digital Onboarding & Service Digitalisation:** YES RAPIDO facilitates customer onboarding and banking services on a single platform. The customer onboarding covers savings account onboarding which is scheduled to be launched in the first quarter of FY 2022-23. YES RAPIDO service digitisation provides customer self-service portal across Retail Asset, Retail Liability, Credit Cards & Demat for initiating the particular service without customer login. Most of the services are straight through processing (STP) without manual intervention. Service List available to customers are in Retail Assets, Retail Liabilities & Credit Card.
- **YES IRIS:** YES IRIS is the next generation mobile banking platform of the bank which is built as a future-ready solution while leveraging the synergies available from APIs, Microservices and workflows created for existing digital platforms within the bank like YES Genie, YES Online, YES Mobile, Loan in Seconds etc. This platform is a critical foundation stone for building a B2C Digital Business franchise covering the entire customer lifecycle from onboarding, servicing and cross-sell of a wide bouquet of products/propositions including deposits, retail assets, credit cards, payments, third party products, rewards, merchant ecosystem etc.
- **Co-lending/ Direct Assignment:** Inorganic advances like direct assignment & co-lending are identified as the key enablers to achieve the portfolio growth in Retail Assets. Lower acquisition

Annexure 5

costs, low incremental opex & appropriately priced yields are counted as advantages of these approaches. CredAvenue platform has been deployed for hosting the direct assignment deals & continue the servicing of deals. Disbursement processing, Payout report & Pool account maintenance, Processing Monthly payout reports are some of the functionalities delivered.

- **Account Aggregator:** The Account Aggregator framework, introduced by the RBI, aims to make financial data more accessible by creating data intermediaries called Account Aggregators (AA) will collect and share the user's financial information from a range of entities that hold consumer data called Financial Information Providers (FIPs) to a range of entities that are requesting consumer data called Financial Information Users (FIUs) after obtaining the consent of the consumer.
- **Buy Now Pay Later (BNPL):** BNPL is a product which is unique in its proposition and is fast becoming a medium for acquiring customers who are looking at the conveniences of Simplicity, Low Cost, Quick real-time funds, Alternative in case of New to Credit. We intend to launch the BNPL product to be part of the competition and capture the market with its unique product offering. BNPL is a short-term credit offered to customers at no cost for up to 15/30 day's / short term period EMI. Customers can opt to make the payment in full or carry forward the payment by paying a fee. There would be an option to convert the outstanding amount into 3 months / longer term EMIs. Introduction of BNPL will help the Bank to offer the product to its existing customers and to acquire New To Bank (NTB) customers in the BNPL industry.
- **MSME Transformation:** MSME transformation is a critical project which will cover the scope of bringing all functionalities from onboarding to prelimit setting into one single system. Currently, MIB and SEB business segments are using various systems in the Bank for different processes which lead to duplication of data entry and thereby increasing the TAT. This project will enhance and build new functionality in the system.

- **Upgrade of Video KYC:** Video KYC Solution is used to complete KYC of the customer through digital channel. The upgrade is done to manage increasing business volumes as more products are being supported for Video KYC. This upgrade will also remove dependency on a single vendor, as we are adding on a second vendor. Post implementation, Video KYC would be routed between the two solutions based on products. The final approach would be to have an intelligent routing mechanism between these 2 solutions to manage all Video KYC Cases.
- **DarwinBox2- HR Tech Transformation-:** The Bank reviewed the existing HCM Oracle system and came to conclusion that the system can be enhanced with various features and functionalities. We therefore started evaluating competitors like Adrenalin, Darwinbox, Stratemis, Info- Track, Cyberedge, Sumtotal and narrowed down on Darwin Box & Adrenalin as the two vendors which are competitive in terms of pricing and having a good UI/UX, mobile responsive, and micro services architecture.
- **Loan-Origination System:** The Bank has collaborated with a global cloud-based software platform for ease of internal & external integrations through API's and agility in new developments on the platform. Further this will also simplify the IT architecture of the Bank by eliminating all peripherals platform. This technology platform which has built capacity of the Bank to handle the higher volumes while ensuring industry's best TAT and customer experience. This project will allow for concurrent processing of data, seamless integration with internal and external platforms ensuring elimination of manual activities, maximising efficiencies and minimum TAT.
- **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.

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
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 FY 21-22 the Bank utilised 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, 2022 the Bank earned ₹ 4,779.57 million and spent ₹ 4,915.98 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: 07562475)

Sunil Mehta
Chairman
(DIN: 00065343)

Place: Mumbai
Date: May 06, 2022

CORPORATE GOVERNANCE REPORT

(The Report on Corporate Governance for the year ended March 31, 2022)

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 2021-22 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 Bank's Management) in shaping Bank's performance. Transparency and Accountability are the fundamental principles to sound Corporate Governance, which ensures that the organisation is managed and monitored in a responsible manner for 'creating and sharing value'.

With a view to bring in more transparency and accountability, the Bank upgrades its systems and policies regularly, to meet the requirements 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 years, 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 organisation on crucial issues such as climate change, environmental sustainability, social responsibility, ethics, institutional frameworks, and transparency, amongst others.

Globally, there is an emerging awareness that an organisation'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 organisation'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 strives to align 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). The Bank has constituted an Executive level Sustainability Council chaired by the MD & CEO which oversees the implementation of the Bank's sustainability agenda, sets long, medium & short-term sustainability targets and evaluates the Bank's ESG performance. In FY 2021-22, the Bank strengthened its ESG governance by change in nomenclature of a Board level, Corporate Social Responsibility Committee to Corporate Social Responsibility and Environmental Social & Governance Committee to oversee the Sustainability Council and guide the Bank's overall ESG agenda.

YES BANK continues to disclose its ESG performance in line with international benchmark disclosure frameworks such as Global Reporting Initiative (GRI) Standards, Integrated Reporting (IR) Framework and Taskforce on Climate-related Financial disclosures (TCFD) recommendations. The Bank has consequently earned a place in prestigious global ESG rankings and Indices. In FY 2021-22, YES BANK was selected among the 100 Best Emerging Market Performers as assessed by V.E, part of Moody's ESG

Solutions. The ranking, as of July 2021, comprised the top 100 performing companies listed in developing markets with the most advanced scores in social responsibility, human rights, employment practices, environmental protection, corporate governance, business ethics and contributions to social and economic development in areas where they operate. YES BANK continues to be the only Indian Bank in the ranking (It was first included in the V.E ranking from December 2017-June 2019 period). YES BANK was included as a constituent in a number of Morgan Stanley Capital International's (MSCI) flagship global equity indices aligned with worldwide ESG benchmarks. As of December 2021, the Bank featured in the MSCI ACWI's ESG Universal Index, MSCI ACWI Low Carbon Leaders Index, MSCI ACWI Low Carbon Target Index, MSCI ACWI Climate Change Index, and MSCI ACWI Climate Paris Aligned Index, among others. The Bank was also rated 'B' (Management Band) by CDP for its 2021 Climate Change disclosures.

The Bank's sustainability disclosures can be accessed here: <https://www.yesbank.in/about-us/sustainability-at-yes-bank/esg-disclosures/sustainability-reports>.

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 2021-22, the Board of Directors consisted of Eleven Directors including One Non-Executive Chairman, One Managing Director & Chief Executive Officer, Five Non-Executive Directors were named/co-opted 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. Out of the Five Non-executive Directors, Two were co-opted on August 30, 2021 and One was co-opted on November 01, 2021.

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 include ensuring adequate capitalisation, 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, Stakeholder Relationship Committee, Corporate Social Responsibility Committee, Committee of Independent Directors are in abeyance, till the new Board of the Bank is constituted as per Memorandum and Articles of Association of the Bank and applicable Acts/Regulations 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 through an e-mail communication.

Corporate Governance Report

The details of the Board of Directors, category and changes amongst them during FY 2021-22 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. 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
Mr. Atul Malik (DIN: 07872539)	Non-Executive Director	Appointment - August 30, 2021
Ms. Rekha Murthy (DIN: 07825183)	Non-Executive Director	Appointment - August 30, 2021
Mr. Sharad Sharma (DIN:05160057)	Non-Executive Director	Appointment - November 01, 2021

Profile of Board of Directors as on March 31, 2022:

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 forty-five years of proven leadership experience in banking, financial services, insurance and investments with leading global and domestic financial institutions namely Citibank, AIG, SBI, PNB. He left AIG in 2013 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, Asset Management 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, he 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. In addition, he is a Senior Advisor to notable international/ domestic corporations amongst his other business responsibilities at SPM Capital Advisers Pvt. Ltd. Mr. Mehta is also on the Global Advisory Board of A T Kearney. He was a 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 Holcim Group), Sashakt India Asset Management Ltd., Welmo Fintech Pvt. Ltd. and Bodytronix Fitness Pvt. Ltd. He was on the Board of IL&FS group companies and a startup digital non-life insurance company - Acko General Insurance Ltd. He 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). He 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 as the founding Board Trustees of United Way India and Mumbai. He was the Chairman of both these organisations and also member of the Global Transition Board of United Way Worldwide.

He 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 for resolution of stressed assets. 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 ("RECN"), where he had been India MD & Country 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. Krishnamurti advised large MNCs on operational and strategic initiatives. Prior to his India assignment, Mr. 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 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.

As an Impact Advisor, he is steeped in Sustainability, and Environmental, Social, Governance (ESG) challenges. He is Advisor with BuzzOnEarth, a fast-growing online platform with a global audience that engages the masses and actively influences them towards positive action on Sustainability Development Goals.

Mr. Krishnamurti is also a senior Advisor on ESG and international operations with Vaco, LLC in the US, and select social impact and technology start-ups.

He has been Chairman, American Chamber of Commerce, India Western Region; Committee Member, Policy Research & Development, Bombay Chamber of Commerce; BIMTECH Advisory Council Member; He is currently a Charter Member of TiE (The Indus Entrepreneurs), and a Rotarian.

Corporate Governance Report

Mr. 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 attended management programs at the Wharton School, and MIT, Sloan School of Management. Having lived, grown up, studied, and worked in five different countries spanning Asia, Europe, and US, he is innately multicultural with capabilities in several languages..

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 since 36 years. He has experience in the areas of Tax, Bank and other Audits, Computer Software Development, Finance, Corporate laws and various other professional assignments 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 earlier was also part of Disciplinary Committee and Exam Committee and Board of Study of ICAI. He has represented ICAI on committees of SEBI, RBI, IRDA and XBRL International. He is a member of the Core group of chamber of tax consultants Mumbai and the Bombay Chartered Accountant Society. 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 the 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).

Mr. Rama Subramaniam Gandhi

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

Mr. Gandhi is a financial sector policy expert and adviser. He is on the Board of several financial sector entities like bank, market infrastructure, accounts aggregator, information utility as Fintech amongst other. He is prolific speaker and covers wide range of subjects. 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.

Mr. 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 payment systems entities, investors and funds on subjects ranging from financial regulation and Indian economy.

Mr. 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, 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.

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., Southern Ridges Macro Fund (Cayman Islands), Southern Ridges Master 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 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 December 2017, he was MD & 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 2012-2015, and Managing Director, Head of FX, Rates & Credit Trading South Asia, between 2009-2012.

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. and Standard Chartered Securities India Ltd. between 2012 and 2017. 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 & CIO, 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.

In his current role as DMD & CIO, SBI, he leads the entire IT ecosystem of the Bank including running of the Bank's Core banking system, Digital Channels etc. He is also responsible implementing future technologies like AI, ML, Blockchain etc.

In the immediate past, he was DMD (Strategy) & chief Digital Officer and his repertoire of skills include - Digital Transformation, Digital and Transaction Banking Solutions, Government Business Relationships and Strategy & Business development.

In the past Mr. Ravindra Pandey was 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 High Level Group on Digitalisation and Innovation of World Savings and Retail Banking Institute (WSBI), Brussels; Director on the Board of C-Edge Technologies Limited, Member, FinTECH Advisory Board, IIM, Udaipur etc..

Mr. Atul Malik

(Appointed as Non-Executive Director of the Bank w.e.f. August 30, 2021)

Mr. Atul Malik is a veteran banker with more than 30 years of widespread experience.

Mr. Malik is currently a Senior Advisor to TPG for their financial services portfolio. He represents TPG as the Chairman of UBC, one of the largest private sector banks in Sri Lanka.

Corporate Governance Report

Previously, he was a Senior Advisor to General Atlantic for their financial services portfolio.

Prior to joining General Atlantic, he was the CEO of Maritime Bank, one of the largest private banks in Vietnam, from 2012 to 2015 and a Senior Advisor to Asia Capital & Advisors, a boutique private equity firm, from 2011 to 2012.

Between 2007 and 2011, he was the Managing Director/Regional Head Asia – Private and Business Clients of Deutsche Bank with operations covering India, China and Vietnam. During this period, he was also a member of the DB Asia Pacific Executive Committee and the Global Private and Business Clients (PBC) Executive Committee, and was nominated as the Non-Executive Director of DB China Ltd.

During his 20-year-long career at Citibank that commenced in 1988 with Citibank India, Mr. Malik held a variety of senior roles, the last of which was as the Chief Executive Officer of Citibank Hong Kong (2004 to 2007).

Mr. Malik holds a Master's Degree in Business Administration from the Rice University, USA (1987) and B Tech Degree from IIT Bombay (1985).

Ms. Rekha Murthy

(Appointed as Non-Executive Director of the Bank w.e.f. August 30, 2021)

Ms. Rekha Murthy has nearly 30 years of extensive global experience in the Technology sector across India, Asia Pacific and the USA. Her professional experience spans a successful career in cross-functional operations, P&L oversight, global sales, new market development, strategic marketing and distribution. She has held senior and country leadership roles at leading global companies such as IBM, Harvard Business School Publishing, Wyse Technology, SAP, PeopleSoft, Digital Equipment Corporation and Korn Ferry International.

She is currently engaged with start-ups in an advisory role and as a mentor.

Her areas of interest are building leadership and management skills, global strategy, business and technology transformation and change management. She has extensive experience in advising and providing technology solutions to large enterprises across industries.

Ms. Murthy is an alumna of Harvard Business School and Indian Institute of Management, Bangalore and holds a Bachelor's degree in Engineering, Electronics and Telecommunications from Bangalore University.

Mr. Sharad Sharma

(Appointed as Non-Executive Director of the Bank w.e.f. November 01, 2021)

Mr. Sharad Sharma is a career banker with over forty years of banking experience. He was Managing Director of State Bank of Mysore, from August, 2012 to April, 2016, where he was seconded from State Bank of India (SBI). He joined Union Bank of India as Probationary Officer (PO) in 1975 before joining SBI in September, 1977.

He has held various assignments across all fields of a banking organisation, including exposure to international banking, when he was posted in SBI's 100%-owned Canadian banking subsidiary. His major interest has been primarily in the corporate and retail banking (Personal & SME segments).

He headed the Project Finance SBU of State Bank of India from 2005 - 2006, with key focus on infrastructure and wholesale lending. He also headed SBI's Global Markets Unit during 2009 to 2010, dealing with the mid- and back-office functions / correspondent banking of the Bank's forex operations. He drove policy-level intervention in the Risk Management area for SBI, where he headed the Risk Management Department, during 2010 - 2011, at the corporate level. As Chief General Manager, Chennai he primarily drove the Personal and SME businesses for SBI's Tamil Nadu and Puducherry operations during 2011- 2012.

In his nearly 4 years' role as MD, State Bank of Mysore, his key learning had been managing the external environment, through interface with the regulatory, social sector and State & Central Govt agencies. As the functional head of the Bank's Board, he was directly responsible for maintaining a high level of corporate governance, policy formulation and improved P&L of the Bank.

Mr. Sharma had been active in the banking industry, being in the Managing Committee of the Indian Banks Association, besides the Governing Board of Indian Institute of Banking & Finance.

He has a Bachelor of Arts degree and is also a Certified Associate of the Indian Institute of Bankers. He has attended senior / top management level training programs at IIMs (Ahmedabad & Lucknow), Duke University and Booth School, University of Chicago.

(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, Fifteen Meetings of the Board were held during the Financial Year ended March 31, 2022 i.e. on April 30, 2021, May 11, 2021, June 10, 2021, June 28, 2021, July 23, 2021, July 28, 2021, August 16, 2021, August 30, 2021, September 13, 2021, October 22, 2021, November 01, 2021, November 22, 2021, December 21, 2021, January 22, 2022 and March 11, 2022. The maximum gap between any two Board meetings was less than One Hundred and Twenty days.

The composition 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, 2022 are as under:

Name	No. of Board meetings attended/ held during their Tenure	Attendance at AGM held on August 27, 2021	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	15 / 15	Yes	2	4	2(1)	ACC Limited - Independent Director
Mr. Mahesh Krishnamurti	15 / 15	Yes	-	-	-	-
Mr. Atul Bheda	15 / 15	Yes	-	-	-	-
Mr. Rama Subramaniam Gandhi	15 / 15	Yes	4	4	3(0)	-
Mr. Ananth Narayan Gopalakrishnan	13 / 15	Yes	5	3	5 (1)	CARE Ratings Limited - Independent Director
Mr. Vadalur Subramanian Radhakrishnan	13 / 15	Yes	-	-	-	-
Mr. Ravindra Pandey	10/ 15	Yes	1	-	-	-
Mr. Atul Malik ¹	7/7	NA	-	2	-	-
Ms. Rekha Murthy ²	7/7	NA	-	-	-	-
Mr. Sharad Sharma ³	4/4	NA	2	1	2(0)	B L Kashyap and Sons Limited - Nominee Director
Mr. Prashant Kumar	15 / 15	Yes	1	-	-	-

Notes:

1. Mr. Atul Malik appointed as Director w.e.f. August 30, 2021.
2. Ms. Rekha Murthy appointed as Director w.e.f. August 30, 2021.
3. Mr. Sharad Sharma appointed as Director w.e.f. November 01, 2021.
4. # Includes directorship(s) held in Foreign Companies, Private Limited Companies and Companies under Section 8 of the Companies Act, 2013.
5. * 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.

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6. 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/she is a Director. All the Directors have made necessary disclosures regarding Committee positions occupied by them in other companies.
7. Due to business exigencies, few resolutions were passed through Circulation and the said resolutions have been noted at the subsequent Board meetings.
8. Quorum was present in all the Board Meetings.

(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 organisation.

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

The details of shareholding of Non-Executive Directors as on March 31, 2022 is as under:

Name of the Director	No. of Shares held
Mr. Sunil Mehta	192,000
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. Atul Malik	NIL
Ms. Rekha Murthy	NIL
Mr. Sharad Sharma	NIL

The Bank does not have any convertible instruments. Accordingly, none of the non-executive directors of the Bank hold any convertible instrument of the Bank as on March 31, 2022.

(e) Familiarisation Programme for Independent Director:

In compliance with the requirement of the SEBI LODR, the Bank had conducted various familiarisation programmes during the financial year for the Directors of the Bank, about their

roles, rights, responsibilities in the Bank, nature of the Banking Industry, Business Model, Financial Management, 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 2021-22, Certification programme by the Institute of Development and Research in Banking Technology ('IDRBT'), established by Reserve Bank of India was attended by the Directors of the Bank. The presentation was useful to the Board of Directors in understanding various aspects relating to Principles of Cyber Security, IT/Cyber Security Governance, IT/Cyber Risk, Cyber Risk Mitigation, Cyber Security Operation Centre, Cyber Insurance, Monitoring Cyber Security Preparedness at the Board Level and Internal Audit framework.

Further, the Bank had arranged training cum Induction programme for Non-Executive Directors co-opted during the year to familiarise them with various departments and functions of the Bank and the activities performed by them for growth of the Bank.

The programmes undertaken for familiarising the Non-Executive Directors who meet the criteria of Independence 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.

The 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, Risk Management, Financial Services, Insurance, Real Estate, Investments and Asset Management.
Mr. Mahesh Krishnamurti	Economics, Information Technology, Risk Management, Business Management, Finance, Human Resources, Financial Services, Strategy, Environment, Social & Governance and Consultancy.
Mr. Atul Bheda	Accountancy, Finance, Law, Audit, Tax and Consultancy.
Mr. Rama Subramaniam Gandhi	Banking, Economics, Finance, Information Technology, Payment & Settlement System, Risk Management, Financial Markets.
Mr. Ananth Narayan Gopalakrishnan	Banking and Financial Markets
Mr. Vadalur Subramanian Radhakrishnan	Corporate Banking, Business Management, Resolution of Stressed Assets, Forex Treasury and Retail Network
Mr. Ravindra Pandey	Banking, Small Scale Industry, Information Technology, Payment & Settlement Systems, Digital Transformation, Digital Strategy, Retail Banking, SME Credit, International Banking
Mr. Atul Malik	Banking, Finance, Risk Management, Technology and Business Management.
Ms. Rekha Murthy	Information Technology, Human Resources, Business Management, Small-Scale Industry and Marketing.
Mr. Sharad Sharma	Risk Management, Banking, Small Scale Industry and Global Markets/ Forex Operations.
Mr. Prashant Kumar	Banking, Credit, Retail Banking, Human Resources & Strategic Training and Finance, Agriculture & Rural Economy

(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 on Declaration by Independent Directors" on page 94.

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

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

(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 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 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

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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 has 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, Environmental Social and Governance, 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 adopted a robust and structured process of identifying critical roles and potential successors for the critical positions under Succession Planning activity. The list of positions and potential successors on parameters such as strategic impact, talent criticality, business continuity and potential to take on higher responsibilities is reviewed periodically for keeping it relevant to the Bank's future needs and context.

(n) Directors and Officers Insurance ('D&O'):

In line with the requirements of Regulation 25(10) of the SEBI LODR, the Bank has taken D&O for all its Directors and Officers for such quantum and for such risks as determined by the Board of Directors.

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 has 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 due to Co-option of Non-Executive Directors on the Board of Bank pursuant to the YBL Reconstruction Scheme.

During the year, the nomenclature of the Corporate Social Responsibility Committee was changed to "Corporate Social Responsibility & Environmental Social and Governance Committee" with effect from November 23, 2021 due to increasing significance of ESG goals.

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 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 and composition of the Audit Committee during the year was 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. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	November 23, 2021
Mr. Atul Malik	Member	Non-Executive Director	September 13, 2021	N.A.
Ms. Rekha Murthy	Member	Non-Executive Director	September 13, 2021	N.A.
Mr. Sharad Sharma	Member	Non-Executive Director	November 23, 2021	N.A.

Notes:

- As per RBI Notification No. RBI/2021-22/24 DOR. GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board the Chairman of the Board, Mr. Sunil Mehta is not a member of Audit Committee and Mr. Atul Bheda, Chairman of the Audit Committee is not a member of Board Credit Committee of the Bank.
- 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 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 present in all the Audit Committee Meeting held during the FY 2021-22
- In order to get the inputs and opinions of the Statutory Auditors, the Committee also held four separate one-to-one meetings on April 29, 2021, July 22, 2021, October 21, 2021 and January 21, 2022 with the Statutory Auditors without the presence of the management representatives.

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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 include the following

1. 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;
2. 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;
3. To create an open avenue for communication between the Board of Directors, Internal Auditors, Statutory Auditors and all other Auditors;
4. 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;
5. To appoint and determine the scope of the Concurrent auditors;
6. 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;
7. Review of internal audit reports relating to internal control weaknesses and review important concurrent audit findings;
8. 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;
9. 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;
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 analyse 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 judgement 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 transactions including material related party transactions with related parties including omnibus transactions and any subsequent material modification(s) thereto;
16. To review and approve related party transaction to which the subsidiary of the Bank is a party but the Bank is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Bank;
17. To review the financial statements, in particular, the investments made by the unlisted subsidiary;
18. 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;
19. To approve and recommend to the Board the appointment of CFO after assessing the qualifications, experience & background, etc. of the candidate;
20. To review the Whistle blower policy and Vigil Mechanism for Directors and Employees and functioning of the Whistle Blower Mechanism;
21. To deal with Whistle Blower complaints in time bound manner;
22. To review and monitor Vigilance function, its policies and implementation of Vigilance Framework of the Bank;
23. To review and monitor compliance function, its policies and Implementation of Compliance Frameworks of the Bank;
24. Review of Bank's Compliance in respect to Reports (Risk Assessment Report, Inspection Report, Major Area of Non Compliance and Risk Mitigation Plan) issued by RBI under Risk Based Supervision;
25. To review the implementation of RBI guidelines on KYC / AML and approve the changes in KYC Policy;
26. To review and approve the changes in Risk and Compliance Culture Policy and oversight on fostering the Compliance culture in the Bank;
27. To review Bank's Compliance to various Inspection Reports issued by various regulators (RBI, SEBI, NSDL, CDSL etc.);
28. To Review and approve the Conflict of Interest Policy with respect to Merchant Banking, Banker to Issue, Depository Participant, Custodian of Securities and Designated Depository Participants in line with the SEBI Circular dated August 27, 2013;
29. Review of compliance on directives issued by ACB / Board / RBI;
30. 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;
31. Review report on compliance of regulatory requirement of Regulators in Host Countries in respect of overseas branches;
32. To institute special investigation teams with complete access to all records, information and personnel of the Bank, if necessary;
33. To review all cases of frauds and attempted frauds involving amounts of ₹ 1 Crore and above;
34. To review the minutes of the quarterly, Apex Management Committee and Staff Accountability Committee meetings;
35. 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;
36. To review utilisation 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 is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision;
37. To review and monitor the auditor's independence and performance, effectiveness of audit process;
38. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

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39. Valuation of undertakings or assets of the Bank, wherever necessary;
40. 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;
41. 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;
42. To review on quarterly basis reports provided by compliance officer on violations and remedial/punitive action for the same;
43. To review the system of storage and retrieval, display or printout of books of account maintained in electronic mode during the required period under law;
44. Review of housekeeping - particularly balancing and reconciliation of long outstanding entries Suspense / Sundries / Drafts payable / paid / Funds in Transit / Clearing / SGL / CSGL accounts;
45. 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;
46. 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;
47. To review and approve the Internal Audit Policy (IAP) and amendments thereto (IS Audit policy embedded in the IAP) for undertaking risk-based internal audit and to review and approve risk based internal audit plan;
48. Review of Internal Audit plan and status of achievement thereof;
49. Review System Audit as per RBI Internal Control Guidelines;
50. To approve the concurrent audit policy;
51. KYC / AML Guidelines - Review of compliance of concurrent audit reports with respect to adherence to KYC / AML guidelines at branches;
52. Review of exposure to sensitive sectors i.e. capital market & real estate;
53. Review of information on violations by various functionaries in the exercise of discretionary powers;
54. Information in respect of equity share holdings in borrower companies more than 30% of their paid up capital;
55. 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;
56. Review of the bank's financial management policies;
57. Review penalties imposed / penal action taken against bank under various laws and statutes and action taken for corrective measures;
58. Review the management discussion and analysis of financial condition and results of operations;
59. Review of Management letters / letters of internal control weaknesses issued by the statutory auditors;
60. Scrutiny of inter-corporate loans and investments;
61. To conduct meeting of Credit Rating Agencies with the Committee at least once in a year, to discuss issues including related party transactions, internal financial control and other material disclosures made by the management, which have a bearing on rating of the listed NCDs;
62. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Bank and its shareholders;
63. 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.

3.a.3 Meetings & Attendance:

During the FY 2021-22, Seven Meetings of Audit Committee were held on April 29, 2021, June 09, 2021, July 22, 2021, October 21, 2021, November 23, 2021, January 21, 2022, and March 10, 2022 with an interval of less than one hundred and twenty days between two consecutive meetings. The participation of the Members at the meetings of the Committee held during the year is as under:

Name of Member	No. of Meetings		
	Held	Eligible to attend@	Attended
Mr. Atul Bheda	7	7	7
Mr. Rama Subramaniam Gandhi	7	7	7
Mr. Ananth Narayan Gopalakrishnan	7	7	7
Mr. Ravindra Pandey	7	5	3
Mr. Atul Malik	7	4	4
Ms. Rekha Murthy	7	4	4
Mr. Sharad Sharma	7	2	2

@ Number of meetings held during the tenure of the Director as a Member/Chairperson 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. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A.
Ms. Rekha Murthy	Member	Non-Executive Director	September 13, 2021	N.A.

Note:

- a. As per RBI Notification No. RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board, one member of Risk Management Committee is a member of Nomination & Remuneration Committee.
- b. The Chairman of the Bank, Mr. Sunil Mehta is a member of Nomination & Remuneration Committee and does not hold Chairmanship of the Committee.
- c. The Chairman of the Nomination & Remuneration Committee, Mr. Mahesh Krishnamurti was present at the last AGM.
- d. The MD&CEO is a permanent invitee to all Nomination & Remuneration Committee meetings. The Company Secretary acts as Secretary to the Committee.
- e. The quorum was met in all the Nomination & Remuneration Committee Meeting held during the FY 2021-22.

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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 terms of reference of the Nomination & Remuneration Committee includes the following:

- 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 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;
- 4) To scrutinise nominations for Independent/ Non-Executive Directors with reference to their qualifications and experience and making recommendations to the Board for appointment/filling of vacancies;
- 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/review the criteria for performance evaluation and carry out the performance evaluation of independent directors and the members of the Board of Directors;
- 7) Whether to extend or continue the term of appointment of the independent director on the basis of report of performance evaluation of independent directors;
- 8) 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;

- 9) To develop and recommend to the Board Corporate Governance guidelines applicable to the Bank for incorporating best practices;
- 10) To implement policies and processes relating to Corporate Governance principles;
- 11) To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- 12) Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
- 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 below 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;
 - 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 ; and
 - d. Recommend to the board all remuneration, in whatever form, payable to senior management.
- 17) To consider grant of Stock Options to employees 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 and Sweat Equity) Regulations, 2021 and is authorised 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 2021-22, Ten Meetings of Nomination & Remuneration Committee were held on April 14, 2021, April 27, 2021, May 06, 2021, June 09, 2021, August 05, 2021, August 19, 2021, August 30, 2021, September 09, 2021, November 01, 2021 and November 10, 2021.

The participation of the Members at the Meetings of the Committee held during the year is as under:

Name of Member	No. of Meetings		
	Held	Eligible to attend@	Attended
Mr. Mahesh Krishnamurti	10	10	10
Mr. Sunil Mehta	10	10	10
Mr. Atul Bheda	10	10	9
Mr. Ravindra Pandey	10	10	7
Ms. Rekha Murthy	10	2	2

@ Number of meetings held during the tenure of the Director as a Member/Chairperson 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 (NRC), 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 of the aforesaid provisions. Accordingly, the present Board is not subject to comply with the stipulated procedure of Performance Evaluation for FY 2021-22.

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However, as a matter of good governance, the Board Performance Evaluation for the FY 2021-22 was carried out as per below process:

- A structured questionnaire 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 and made necessary recommendations to the Board.
- 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 including providing necessary feedback to the concerned directors by the Chairman of NRC.

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.

Further, Mr. Ravindra Pandey and Mr. Vadalur Subramanian Radhakrishnan, the 2 (two) Nominee Directors appointed by the State Bank of India had opted out from the said process.

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 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 2021-22 are given below:

i) Executive Directors:

(Amount in ₹)	
Name of the Director	Mr. Prashant Kumar (MD & CEO)
Salary	21,275,000
Stock Options	-
Performance linked incentives	-
Value of perquisites u/s 17(2) Income-tax Act, 1961	3,401,512
Others	540,000
Commission for FY 2021-22	-
Total	25,216,512
Commission for FY 2020-21	-

No sitting fees was paid to Mr. Prashant Kumar, MD & CEO for attending meetings of the Board and/ or its Committees. Further, Mr. Prashant Kumar, MD & CEO of the Bank does not receive any remuneration or commission from the subsidiary of the Bank.

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, Residence Telephone, Life Insurance/ Personal Accident Insurance and Club

Memberships - 2 clubs (1 social and 1 business) 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 evaluation criteria duly approved by the Board.

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 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 Board at its Meeting held on May 06, 2022, approved payment of fixed remuneration of an amount not exceeding ₹ 20,00,000 per annum with effect from April 01, 2021 to each Non-Executive Director of the Bank (other than part-time Chairman and MD&CEO) to commensurate with an individual director's responsibilities and demands on time and which are considered sufficient to attract qualified competent individuals, subject to the approval of Members. The said payment of fixed remuneration is being proposed in the Notice of the forthcoming AGM through item no. 5.

The details of the remuneration paid to the Non-Executive Directors during FY 2021-22 are given below:

(Amount in ₹)					
Name of the Director	Salary	#Perquisites	Others	Sitting Fees	Total
Mr. Sunil Mehta	2,500,000	80,558	-	4,750,000	7,330,558
Mr. Mahesh Krishnamurti	-	-	-	4,650,000	4,650,000
Mr. Atul Bheda	-	-	-	3,350,000	3,350,000
Mr. Vadalur Subramanian Radhakrishnan	-	-	-	2,850,000	2,850,000
Mr. Ravindra Pandey	-	-	-	2,000,000	2,000,000
Mr. Atul Malik	-	-	-	2,750,000	2,750,000
Ms. Rekha Murthy	-	-	-	1,250,000	1,250,000
Mr. Sharad Sharma	-	-	-	950,000	950,000

#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 2021-22 are given below:

(Amount in ₹)				
Name of the Director	Salary	Others	Sitting Fees	Total
Mr. Rama Subramaniam Gandhi	-	-	1,850,000	1,850,000
Mr. Ananth Narayan Gopalakrishnan	-	-	1,650,000	1,650,000

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 2021-22. 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.
- The Bank does not grant any Stock Options to any Non-Executive Directors of the Bank.

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- d) The remuneration of the Chairperson of the Bank has been approved by the Reserve Bank of India.
- e) There were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Bank during FY 2021-22 (except normal banking transactions in the ordinary course of business and on arm's length basis).

c) Stakeholders Relationship Committee:

3.c.1 Constitution & Composition:

The composition of Stakeholders Relationship Committee during the year was as under:

Name of Member	Position	Category	Date of Appointment to the Committee	Date of Cessation of membership
Ms. Rekha Murthy ^a	Chairperson	Non-Executive Director	September 13, 2021	N.A.
Mr. Mahesh Krishnamurti ^b	Member	Non-Executive Director	October 23, 2020	N.A.
Mr. Atul Bheda	Member	Non-Executive Director	October 23, 2020	N.A.
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.
Mr. Sunil Mehta	Member	Non-Executive Director	November 23, 2021	N.A.

Notes:

- a. Ms. Rekha Murthy was appointed as Member and Chairperson w.e.f. September 13, 2021.
- b. Mr. Mahesh Krishnamurti ceased to be Chairman but continued as Member w.e.f. September 13, 2021.
- c. The Chairperson of the Stakeholders Relationship Committee, Ms. Rekha Murthy is a Non-Executive Director.
- d. The then Chairman of the Stakeholders Relationship Committee, Mr. Mahesh Krishnamurti was also present at the last AGM held on August 27, 2021 to answer shareholder queries.
- e. Mr. Shivanand R. Shettigar, Company Secretary acts as Secretary to the Committee.
- f. The quorum was met in all the Meetings of Stakeholders Relationship Committee held during the FY 2021-22.

3.c.2 Terms of Reference:

The terms of reference of the Stakeholders Relationship Committee includes the following:

- 1) To review mechanisms adopted by the Bank to redress the complaints received 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 and BSE;
- 2) To 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 Annual General Meeting /Extra-Ordinary General Meeting/ Postal Ballot Notice etc. by the shareholders of the Bank;
- 3) To oversee and review all matters connected with transfer, transmission, name deletion, transposition, dematerialisation, rematerialisation, splitting/subdivision, consolidation of securities issued by the Bank and transfer of unclaimed dividend/shares to Investor Education and Protection Fund (IEPF);
- 4) To review of movements in shareholding and ownership structure of the Bank;
- 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 Share Transfer Agent and recommends measures for overall improvement in the quality of Investor services;
- 6) To review the key highlights/developments pertaining to various Stakeholders including equity shareholders, 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 Stakeholders;
- 8) To review of measures taken for effective exercise of voting rights by shareholders;
- 9) To review Bank's perception amongst Stakeholders, which are not covered under the scope of Terms of Reference of any other Committee, including but not limited to Shareholders, Debenture holders/ Bondholders, Other Security holders, Strategic Investors, Analysts and Brokers, Rating Agencies, International Lenders, Proxy Advisory Firms, Depositories etc, and Regulators like Ministry of Corporate Affairs, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, etc.; and
- 10) To perform any other functions as stipulated by Ministry of Corporate Affairs, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, and any other regulatory authority through any applicable Acts/Laws/ Rules/Regulations/Notifications/Circulars etc., as amended from time to time.

3.c.3 Meetings & Attendance:

During FY 2021-22, four meetings of Stakeholders Relationship Committee were held on May 12, 2021, September 08, 2021, December 08, 2021 and March 08, 2022. The participation of the Members at the meetings of the Committee held during the year is as under:

Name of Member	No. of Meetings		
	Held	Eligible to attend@	Attended
Ms. Rekha Murthy	4	2	2
Mr. Mahesh Krishnamurti	4	4	4
Mr. Sunil Mehta	4	2	2
Mr. Atul Bheda	4	4	4
Mr. Vadalur Subramanian Radhakrishnan	4	4	1
Mr. Ravindra Pandey	4	4	1

@ Number of meetings held during the tenure of the Director as a Member/Chairperson 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.c.4 Status of Shareholders' Complaints/Requests:

Shareholders' Complaints during FY 2021-22:

Particulars	No. of Complaints
Shareholders complaints pending as at April 01, 2021	22
Shareholders complaints received during the year ended on March 31, 2022	1298
Shareholders complaints resolved during the year ended March 31, 2022	1315
Shareholders complaints pending as on March 31, 2022	5

Shareholders' Requests during FY 2021-22:

Particulars	No. of Requests
Shareholders requests pending as at April 01, 2021	119
Shareholders requests received during the year ended on March 31, 2022	6186
Shareholders requests resolved during the year ended March 31, 2022	6301
Shareholders requests pending as on March 31, 2022	4

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. None of the complaints remained unsolved to the satisfaction of the shareholders as on March 31, 2022.

The Bank has designated Email ID 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.

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3.c.5 Details of Compliance Officer:

Mr. Shivanand R. Shettigar, Company Secretary, acts as the Compliance Officer of the Bank as per SEBI LODR.

d) Customer Service Committee

3.d.1 Constitution & Composition:

The constitution and composition of Customer Service Committee during the year was as under:

Name of Member	Position	Category	Date of Appointment to the Committee	Date of Cessation of membership
Mr. Sharad Sharma ^a	Chairman	Non-Executive Director	November 23, 2021	N.A.
Mr. Mahesh Krishnamurti ^a	Chairman	Non-Executive Director	October 23, 2020	November 23, 2021
Mr. Atul Bheda	Member	Non-Executive Director	October 23, 2020	N.A.
Mr. Vadalur Subramanian Radhakrishnan	Member	Nominee Director of State Bank of India	October 23, 2020	N.A.
Mr. Atul Malik	Member	Non-Executive Director	September 13, 2021	N.A.
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	September 13, 2021

Note:

- Mr. Sharad Sharma was appointed as member and Chairman w.e.f. November 23, 2021 and Mr. Mahesh Krishnamurti ceased to be Chairman and Member w.e.f. the said date.
- The Company Secretary acts as Secretary to the Committee.
- The quorum was present in all the Meetings of Customer Service Committee held during the FY 2021-22.

3.d.2 Terms of Reference:

The terms of reference of Customer Service Committee includes the following:

- Review product approval process with a view to suitability and appropriateness;
- Formulation and review of comprehensive deposit policy;
- Review of customer feedback gathered through annual customer satisfaction survey of depositors and other customers and suggest action for improvement;
- Review of measures taken for enhancing the quality of customer service;
- Review the findings of tri-ennial audit on customer service;
- Review of branding, marketing and customer engagement activities of the bank;
- Review of activities undertaken to promote digital payments;
- Update on the Agenda, Minutes and Actionable of "Standing Committee of Customer Service";
- Update on the activities undertaken for promotion of digital products;
- Update on Customer Liability Cases - (Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions);
- Update on Internal Ombudsman activities & analysis of cases referred;
- Control measure for ATMs;
- Understanding the broad trends and concentration in the growth of customer grievances and their resolution including mis-selling, particularly third-party products;
- Appropriateness of products to different customer segments;
- Reconciliation of transactions at ATMs failure – time limit; and
- To review customer complaints addressed to the members of the Board.

3.d.3 Meetings & Attendance:

During FY 2021-22, four meetings of Customer Service Committee were held on June 18, 2021 September 08, 2021, December 08, 2021 and February 10, 2022. The participation of the Members at the meetings of the Committee held during the year is as under:

Name of Member	No. of Meetings		
	Held	Eligible to attend [@]	Attended
Mr. Mahesh Krishnamurti	4	2	2
Mr. Atul Bheda	4	4	4
Mr. Vadalur Subramanian Radhakrishnan	4	4	3
Mr. Ravindra Pandey	4	2	1
Mr. Atul Malik	4	2	2
Mr. Sharad Sharma	4	2	2

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

e) Risk Management Committee:

3.e.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. Atul Malik ^a	Chairman	Non-Executive Director	September 13, 2021	N.A.
Mr. Sunil Mehta ^a	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Atul Bheda	Member	Non-Executive Director	March 26, 2020	November 23, 2021
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.
Mr. Sharad Sharma	Member	Non-Executive Director	November 23, 2021	N.A.
Mr. Prashant Kumar	Member	Executive Director (MD&CEO)	March 26, 2020	N.A.

Notes:

- Mr. Atul Malik was appointed as member and Chairman w.e.f. September 13, 2021 and Mr. Sunil Mehta ceased to be Chairman but continued as Member w.e.f. the said date.
- The Company Secretary acts as Secretary to the Committee.
- The quorum was present in all the Meetings of Risk Management Committee held during the FY 2021-22.
- As per RBI Notification No. RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board, the chair of the Risk Management Committee does not hold chairmanship in other Committees of the Bank

3.e.2 Terms of Reference:

The terms of reference of the Risk Management Committee includes the following:

- Integrate risk management into the Bank's goals and compensation structure;
- Review and approve the changes in Risk and Compliance Culture Policy and oversight on fostering the Risk culture in the Bank;
- 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 /cyber security related risk, attrition 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;

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- 4) 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;
- 5) Oversee the Bank's Enterprise Risk Management framework, covering risk identification, measurement, monitoring and mitigation;
- 6) 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;
- 7) 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;
- 8) Review, assess and approve setting up of stress testing scenarios as well as review breaches therein; suggest remedial actions if any;
- 9) Monitoring compliance as well as critically analysing various risk parameters and providing direction for corrective action wherever necessary;
- 10) Review of the Bank's portfolio and providing necessary guidance to Management;
- 11) 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;
- 12) To review the Products and the Processes (new and existing) which has been approved the Product and Process Approval Committee (PPAC);
- 13) 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;

- 14) To review the appointment, removal and terms of remuneration of the Chief Risk Officer;
- 15) To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if necessary;
- 16) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- 17) 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;
- 18) To review on quarterly basis, the risk presentation made by the Wholly Owned Subsidiary company (WOS) of the Bank.

3.e.3 Meetings & Attendance:

During FY 2021-22, Eight meetings of the Risk Management Committee were held on April 29, 2021, July 22, 2021, July 28, 2021, October 20, 2021, December 9, 2021, January 20, 2022, February 28, 2022 and March 09, 2022.

The participation of the Members at the meetings of the Committee held during the year is as under:

Name of Member	No. of Meetings during the year		
	Held	Eligible to attend@	Attended
Mr. Atul Malik	8	5	5
Mr. Sunil Mehta	8	8	8
Mr. Atul Bheda	8	4	4
Mr. Vadalur Subramaniam Radhakrishnan	8	8	4
Mr. Ravindra Pandey	8	8	2
Mr. Sharad Sharma	8	4	4
Mr. Prashant Kumar	8	8	6

@ Number of meetings held during the tenure of the Director as a member/Chairperson of the Committee.

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

f) Corporate Social Responsibility & Environmental Social and Governance Committee:

3.f.1 Constitution & Composition:

The nomenclature of the Committee was changed from "Corporate Social Responsibility Committee" to "Corporate Social Responsibility & Environmental Social and Governance Committee" with effect from November 23, 2021 due to increasing significance of ESG goals.

The constitution and composition of the Corporate Social Responsibility & Environment, Social and Governance Committee during the year was as under:

Name of Member	Position	Category	Date of Appointment	Date of Cessation
Mr. Sharad Sharma ^a	Chairman	Non-Executive Director	November 23, 2021	N.A.
Ms. Rekha Murthy ^a	Member	Non-Executive Director	September 13, 2021	N.A.
Mr. Atul Bheda ^a	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Mahesh Krishnamurti	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A.
Mr. Sunil Mehta ^b	Member	Non-Executive Director	November 23, 2021	N.A.

Notes:

a. Ms. Rekha Murthy was inducted as a Chairperson w.e.f. September 13, 2021 in place of Mr. Atul Bheda who ceased as Chairman, however, he continued as a member of the Committee. Further, w.e.f. November 23, 2021 Mr. Sharad Sharma was inducted as a member & Chairman in place of Ms. Rekha Murthy who ceased to be a Chairperson w.e.f. the said date, however, she continued to be a member of the said committee.

b. Mr. Sunil Mehta inducted as member of the Committee w.e.f. November 23, 2021.

c. The Company Secretary acts as Secretary to the Committee.

3.f.2 Terms of Reference:

A. CORPORATE SOCIAL RESPONSIBILITY (CSR)

On the CSR matters, the Terms of Reference of the CSR & ESG Committee shall include the 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 utilisation, 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 utilisation 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 utilised 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;

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- 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 and recommend to the Board, the Third-Party Assurance provider for assurance services on non-financial reporting;
- 10) To get updates, if any, from CSR Implementation Partners;
- 5) Oversee and guide the Bank's efforts to capitalise on ESG related opportunities and align its business to low carbon transition;
- 6) Oversee and guide the Bank's efforts to integrate ESG considerations into its operations including, alignment of executive performance to ESG targets, improvement in eco-efficiency, and transition to sustainable supply chains;
- 7) Review and recommend to the Board policies created from time to time for the implementation of the ESG strategy;
- 8) Oversee and review the alignment of the Bank's ESG disclosures to global best practices, including the requirements of eminent ESG rating agencies/ indices;
- 9) Oversee and guide the Bank's work at mainstreaming ESG across its stakeholder spectrum through knowledge and advocacy, including internal capacity building initiatives.

B. ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

On the ESG matters, the Terms of Reference of the CSR & ESG Committee shall include the following:

- 1) Oversee and review the decisions of the Bank's Sustainability Council and make recommendations to the Board on the Bank's overall ESG strategy and performance;
- 2) Provide guidance and recommendations on the integration of ESG considerations into the Bank's business, in line with macro-level trends and peer banks commitment on ESG; global ESG policy developments; regulatory requirements;
- 3) Review and monitor the Bank's progress and alignment with key global sustainability-led frameworks including the Sustainable Development Goals (SDGs) and Principles for Responsible Banking and make recommendations on the Bank's long term ESG objectives and targets;
- 4) Oversee and review the Bank's governance frameworks and practices to monitor, assess and mitigate ESG related risks and climate risks;

3.f.3 Meetings & Attendance:

During FY 2021-22, Three meetings of the Corporate Social Responsibility & Environmental, Social and Governance Committee were held on May 24, 2021, September 08, 2021 and February 10, 2022. The participation of the Members at the meetings of the Committee held during the year is as under:

Name of Member	No. of Meetings during the year		
	Held	Eligible to attend@	Attended
Mr. Sharad Sharma	3	1	1
Ms. Rekha Murthy	3	1	1
Mr. Atul Bheda	3	3	3
Mr. Mahesh Krishnamurti	3	3	3
Mr. Ravindra Pandey	3	3	2
Mr. Sunil Mehta	3	1	1

@ Number of meetings held during the tenure of the Director as a member/Chairperson of the Committee

g) Board Credit Committee:

3.g.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. Vadalur Subramaniam Radhakrishnan	Member	Nominee Director of State Bank of India	August 07, 2020	N.A.
Mr. Atul Malik	Member	Non-Executive Director	September 13, 2021	N.A.
Mr. Prashant Kumar	Member	Executive Director (MD&CEO)	March 26, 2020	N.A.

3.g.2 Terms of Reference:

The broad terms of reference of the Board Credit Committee include the 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 and any other matters 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 lakh 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 Stressed Asset Management Committee (SAMC), or basis periodic review (on a semi-annual basis) of all NPAs above a threshold of ₹ 25 Cr, or for sale of a stressed asset outside of these lists.
- 7) To approve/review credit proposals/ transactions entered between the Bank as a holding company and its wholly owned subsidiary; also to approve/review credit proposals where the terms & conditions of such transactions with group entities are inconsistent with the terms & conditions/benchmarks/ credit standards for similarly rated non-group entities, subject to sufficient justification;

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- 8) 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;
- 9) To review the minutes of MCC and SAMC; and
- 10) 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.g.3 Meetings & Attendance:

During the FY 2021-22, Thirty Eight Meetings of the Board Credit Committee were held on April 07, 2021, April 15, 2021, April 20, 2021, May 05, 2021, May 21, 2021, May 27, 2021, June 02, 2021, June 16, 2021, June 23, 2021, July 7, 2021, July 14, 2021, July 20, 2021, August 04, 2021, August 11, 2021, August 18, 2021, September 01, 2021, September

15, 2021, September 22, 2021, October 06, 2021, October 13, 2021, October 23, 2021, October 27, 2021, November 09, 2021, November 24, 2021, December 01, 2021, December 15, 2021, December 22, 2021, January 05, 2022, January 12, 2022, January 20, 2022, January 24, 2022, February 02, 2022, February 16, 2022, February 23, 2022, March 02, 2022, March 16, 2022, March 23, 2022 and March 28, 2022.

The participation of the Members at the Meetings of the Committee held during the year is as under:

Name of Member	No. of Meetings during the year		
	Held	Eligible to attend@	Attended
Mr. Sunil Mehta	38	38	37
Mr. Mahesh Krishnamurti	38	38	33
Mr. Vadalur Subramanian Radhakrishnan	38	38	19
Mr. Atul Malik	38	22	22
Mr. Prashant Kumar	38	38	35

@ 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) IT Strategy Committee:

3.h.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
Ms. Rekha Murthy ^a	Chairperson	Non-Executive Director	September 13, 2021	N.A.
Mr. Mahesh Krishnamurti	Member	Non-Executive Director	March 26, 2020	N.A.
Mr. Sunil Mehta	Member	Non-Executive Director	March 26, 2020	September 13, 2021
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.
Mr. Atul Malik	Member	Non-Executive Director	September 13, 2021	N.A.

Notes:

a. Ms. Rekha Murthy was appointed as member and Chairperson w.e.f. September 13, 2021 and Mr. Mahesh Krishnamurti ceased to be Chairman w.e.f. the said date, however he continued to be a Member of the said Committee.

b. The Company Secretary acts as the Secretary to the Committee.

3.h.2 Terms of Reference:

The broad terms of reference of the IT Strategy Committee includes the 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;
- 10) To provide guidance on the IT organisational 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.h.3 Meetings & Attendance:

During FY 2021-22, Five meetings of the IT Strategy Committee were held on May 12, 2021, July 15, 2021, September 09, 2021, November 11, 2021 and February 09, 2022. The participation of the Members at the Meetings of the Committee held during the year is as under:

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Name of Member	No. of Meetings during the year		
	Held	Eligible to attend@	Attended
Ms. Rekha Murthy	5	2	2
Mr. Mahesh Krishnamurti	5	5	5
Mr. Sunil Mehta	5	3	3
Mr. Prashant Kumar	5	5	5
Mr. Ravindra Pandey	5	5	3
Mr. Atul Malik	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.

i) Fraud, Willful Defaulters and Non-Cooperative Borrowers Monitoring Committee:

3.i.1 Constitution & Composition:

The Constitution and Composition of Fraud, Willful Defaulters and Non-Cooperative Borrowers Monitoring Committee during the year was 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. Vadalur Subramanian Radhakrishnan	Member	Nominee Director of State Bank of India	August 07, 2020	N.A.
Mr. Mahesh Krishnamurti	Member	Non-Executive Director	November 12, 2020	September 13, 2021
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	N.A.
Mr. Atul Malik	Member	Non-Executive Director	September 13, 2021	November 23, 2021
Mr. Sharad Sharma	Member	Non-Executive Director	November 23, 2021	N.A.

Note:

- a. The Company Secretary acts as the Secretary to the Committee.

3.i.2 Terms of Reference:

The terms of reference of the Fraud, Willful Defaulters and Non-Cooperative Borrowers Monitoring Committee includes the 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 Police/Central Bureau of Investigation/ Economic Offences Wing or any other similar organisation 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 "Wilful Defaulter";
- 5) To review the status of "Non-Cooperative Borrowers" or "Wilful 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 "Wilful 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 "Wilful 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 Non-cooperative borrowers; 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;

- 10) Noting of the minutes of Executive Committee for Classification of Willful Defaulter & Non-Cooperative Borrowers.

3.i.3 Meeting and attendance:

During FY 2021-22, Six Meetings of Fraud, Willful Defaulters and Non-Cooperative Borrowers Monitoring Committee were held on April 16, 2021, July 15, 2021, September 21, 2021, October 14, 2021, January 13, 2022 and March 08, 2022. The participation of the Members at the Meetings of the Committee held during the year is as under:

Name of Member	No. of Meetings during the year		
	Held	Eligible to attend@	Attended
Mr. Prashant Kumar	6	6	6
Mr. Atul Bheda	6	6	6
Mr. Vadalur Subramanian Radhakrishnan	6	6	3
Mr. Mahesh Krishnamurti	6	2	2
Mr. Ravindra Pandey	6	6	1
Mr. Atul Malik	6	2	2
Mr. Sharad Sharma	6	2	2

@ Number of meetings held during the tenure of the Director as a member/Chairman of the Committee.

j) Capital Raising Committee:

3.j.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	September 13, 2021
Mr. Prashant Kumar	Member	Executive Director (MD&CEO)	March 26, 2020	N.A.
Mr. Vadalur Subramanian Radhakrishnan	Member	Nominee Director of State Bank of India	September 13, 2021	N.A.
Mr. Ravindra Pandey	Member	Nominee Director of State Bank of India	November 12, 2020	September 13, 2021
Mr. Atul Malik	Member	Non-Executive Director	September 13, 2021	N.A.

Note:

- a. The Company Secretary acts as the Secretary to the Committee.

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3.j.2 Terms of Reference:

The broad terms of reference of the Capital Raising Committee includes the following:

- 1) To analyse 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 approve early redemption of bond/debenture/ Medium term note and other securities which represent debt on the Bank;
- 4) To engage/appoint agencies related to capital and fund raising exercise and early redemption of bond/debenture/ Medium term note and other securities which represent debt on the Bank as the case may be;
- 5) To authorise / approve necessary expenditure relating to capital and fund raising exercise and early redemption of bond/debenture/ Medium term note and other securities which represent debt on the Bank;
- 6) To authorise the Management to approach the Regulators/ bondholders/ debenture trustee/ Stock Exchange for obtaining consent in connection with such early redemption (whether through buyback and extinguishment or direct redemption);
- 7) To perform all activities with regard to fund raising by various methods/means/ options under the authority of Board and Shareholders; and
- 8) To do all such acts, deeds as the Board may delegate in connection with the capital and fund raising exercise and early redemption of bond/debenture/ Medium term note and other securities which represent debt on the Bank (whether through buyback and extinguishment or direct redemption) and take all steps which are incidental and ancillary in this connection.

3.j.3 Meetings & Attendance:

During FY 2021-22, Four Meetings of the Capital Raising Committee were held on September 28, 2021, January 10, 2022, January 24, 2022 and February 11, 2022. The participation of the Members at the Meetings of the Committee held during the year is as under:

Name of Member	No. of Meetings during the year		
	Held	Eligible to attend@	Attended
Mr. Sunil Mehta	4	4	4
Mr. Mahesh Krishnamurti	4	4	4
Mr. Vadalur Subramanian Radhakrishnan	4	4	1
Mr. Atul Malik	4	4	4
Mr. Prashant Kumar	4	4	4

@ 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.

k) 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 of interest between the Bank and these parties. The details of the transactions with related parties, 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 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 September 30, 2021 and March 31, 2022 respectively.

The Board of Directors have 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?name=policies_pdf6.pdf.

(b) Strictures and Penalties by statutory authority for last three financial years:

For FY 2021-22

During the year, in the matter of alleged mis-selling of AT1 Bonds, SEBI vide order dated April 12, 2021 imposed a penalty of ₹ 25 crore on the Bank. The Bank has filed an appeal against the said order before the Securities Appellate Tribunal (SAT) on May 18, 2021 and allowed stay on SEBI order dated April 12, 2021. The Appeals are listed on June 28, 2022.

With respect to the Limited Purpose Inspection (LPI) conducted by NSE Clearing Limited (NCL) wherein the books of YES BANK were inspected in the matter of Action Financial Services India Limited, the Member and Core Settlement Guarantee Fund Committee (MCSGFC) of NCL vide order dated May 03, 2021 had directed the Bank to reinstate the securities with respect to client securities then amounting to ₹ 1.95 crore as mentioned in Annexure B of the said order within 15 calendar days from the receipt of the order. Further, considering the said violation and for maintaining the integrity of the settlement system of the Capital Market, Committee also levied a penalty of ₹ 1.95 lakh (1% of ₹ 1.95 crore). This penalty shall be payable by the Bank within a period of 15 days from the date of this order. The Bank has filed an appeal against the said order with Securities Appellate Tribunal (SAT), Mumbai and SAT passed the Stay Order on May 17, 2021. The matter has been adjourned to July 5, 2022.

In the matter of disclosure to the exchanges regarding Nil Divergences in the Bank's Assets classification and provisioning from the RBI norms the Bank along with other noticees, without admitting the guilt, filed Settlement Application(s) under SEBI (Settlement Proceedings) Regulations, 2018 with the Settlement Division of SEBI on April 21, 2021 (online) and April 29, 2021 (hard copy). After further proceedings, SEBI vide e-mail dated August 23, 2021 directed the Bank along with other Noticees to make payment of the Settlement Amount on joint or several liability basis, within 30 days. The Bank had made payment of the Settlement Amount of ₹ 16,537,500/- on August 27, 2021. Thereafter, SEBI vide order dated September 14, 2021, was pleased to dispose of the adjudication proceedings initiated against the Bank and other noticees vide SCN dated October 26, 2020.

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 May 21, 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

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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 ₹1,125,000/- (Rupees Eleven lakh 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 ₹ 5,160,000 (Rupees Fifty One lakh and Sixty Thousand only) and a sum of ₹ 1,445,000 (Rupees Fourteen lakh 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.

(c) Vigil Mechanism / Whistle Blower Policy:

In compliance with the provisions of Companies Act, 2013 and SEBI LODR 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 independent investigation. The framework of the policy endeavours 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 victimisation. As a responsible and vigilant organisation, 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 at <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) and [(t)] 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 for FY 2021-22 are with unmodified audit opinion.

D. Reporting of Internal Auditor: The Chief Internal Auditor of the Bank reports directly to the Audit Committee.

E. Separate posts of Chairperson and the Managing Director or the Chief Executive Officer: The Bank has separate persons to the post of the Chairperson and the Managing Director and CEO. Further, the Chairperson of the Bank is Non-Executive Director and not related to the Managing Director and CEO of the Bank.

(e) Subsidiary Companies:

The Bank did not have any material subsidiary during the FY 2021-22. 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 at https://www.yesbank.in/pdf?name=Policy_for_Determining_Material_Subsidiaries.pdf.

The Bank has one Wholly Owned Subsidiary as of March 31, 2022 viz. YES Securities (India) Limited ('YSIL'). Further, YES Asset Management (India) Limited ('YAMIL') and YES Trustee Limited ('YTL') have ceased to be Wholly Owned Subsidiary of the Bank w.e.f. November 1, 2021.

The Audited Annual Financial Statements of the subsidiary was placed before 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 were 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 were 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 utilisation of funds raised through Qualified Institutions Placement as specified under Regulation 32 (7A) of SEBI LODR:

During the FY 2021-22 no funds were raised through FPO, rights issue, preferential issue, qualified institutions placement, private placement or a combination thereof or issuance of GDRs, ADRs, FCCBs, fully convertible debentures/ partly convertible debentures/ non-convertible debentures with warrants, with a right exercisable

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by the warrant holder(s) to exchange the said warrants with Equity Shares / any other securities (other than warrants), which are convertible into or exchangeable with equity shares, whether rupee denominated or denominated in foreign currency (hereinafter collectively referred to as the "Securities") or any combination of Securities.

(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	Amount in (₹)			
	Audit Fee	Certification Fee	Out of Pocket Expenses	Total
YBL	30,000,000	3,282,820	557,839	33,840,659
Subsidiaries				
YSIL	3,00,000	-	1,000	301,000
YAMIL*	100,000	-	-	100,000
YTL*	37,500	-	8,000	45,500

Notes:

- » No services have been availed from network firm of statutory auditor.
- » Above numbers does not include taxes which are paid on actual basis.
- * Ceased to be subsidiary w.e.f. November 1, 2021.

(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	1
Number of Complaints filed during the Financial Year	15
Number of Complaints disposed of during the Financial Year	15
Number of Complaints pending as on the end of the Financial Year	1*

* The case is being investigated within the stipulated timeline.

(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 March 11, 2022 and also has been hosted on the website of the Bank at https://www.yesbank.in/pdf?name=Code_of_Business_Conduct_Ethics_for_the_Board_of_Directors_and_Senior_Management.pdf.

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 a certificate affirming the compliance of conditions of Corporate Governance from M/s. Bhandari & Associates, Practicing Company Secretaries, Mumbai which forms part of this 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 - Nil
- Number of shareholders to whom shares were transferred from suspense account during the year - Nil
- 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 have issued certificate pursuant to the provisions of Regulation 17(8) of the SEBI LODR, for the FY 2021-22 and the same was placed before the Board of Directors at its meeting held on April 30, 2022.

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 has formulated the Code of Conduct for Prevention of Insider Trading ("Bank's Code"), in accordance with the SEBI (Prohibition of Insider Trading Regulations) 2015 (the "PIT Regulations"), as amended from time to time, to regulate, monitor and report trading by the Designated Persons specified therein and their Immediate Relatives in securities of Yes Bank (the "Bank"), and for dealing in securities listed or proposed to be listed (other than securities of the Bank), by the Designated Persons specified therein and their Immediate Relatives, and enumerating practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information.

Thus, Bank endeavours 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, the Bank's Code ensures that the unpublished price sensitive information is not communicated except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. The Bank's Code also ensure curbing of fraudulent and unfair practices relating to securities market.

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 Persons and as a part of Bank's digitisation initiative, the reporting mechanism/ process which facilitates designated person in reporting of transactions in Securities of the Bank and seeking of pre-clearance for trading in other securities was automated by the Bank, which can be accessed by the designated person through intranet. The system allows employees to submit online disclosures while dealing in the Securities

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of the Bank, i.e. submission of initial disclosures, obtaining of pre-clearances and submission of periodic declarations and to obtain pre-clearance for trading in any other securities. Thus, enabling the Compliance Officer in monitoring of transactions, for certain acts of omissions/ commissions on the part of the Designated person and to take appropriate actions as per the PIT Regulations and Bank's Code.

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 Bank reports to the Stock Exchanges, violations by the Designated Persons as concluded by Disciplinary Committee of the Bank in the format as prescribed under the Regulations.

The Bank from time to time creates awareness through webinars, quiz, e-mails, mandatory declaration amongst the Designated Persons on the compliance and obligation requirements under the PIT Regulations read with the Bank's Code.

(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 dividend policy of the Bank states that the bank shall recommend first dividend payout post moratorium only after the Bank has demonstrated profitability for a continuous period of three successive financial years. Since the Bank has returned to profitability for the first-time post moratorium, recommending dividend is not allowed

for the year in line with the policy. 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?name=dividend_policy_pdf.pdf.

(r) Integrated Reporting:

SEBI issued a circular dated February 06, 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. Since FY 2015-16, the Bank has adopted key elements of the International Integrated Reporting Council's Integrated Reporting (IR) framework. The Bank's Annual Report for FY 2021-22 continues to follow key elements of the IR framework.

(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 and the guidelines issued by the Reserve Bank of India (RBI) from time to time. 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. GENERAL SHAREHOLDERS INFORMATION:

(a) General Body Meetings:

The details of General Body Meeting(s) for the previous three financial years held and the Special Resolutions passed therein:

Meeting Type and Day, Date and time	Special Resolution
*17 th Annual General Meeting – Friday, August 27, 2021 at 11.00 a.m.	1. To authorise capital raising through issuance of debt securities.
*16 th Annual General Meeting - Thursday, September 10, 2020 at 11.00 a.m.	1. To approve Alteration of the Articles of Association of the Bank. 2. To approve amendments to Employee Stock Options Scheme – 'YBL ESOS – 2018'.
#Extra-Ordinary General Meeting – Friday, February 07, 2020 at 11:00 a.m.	1. To Authorise 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.	1. Re-appointment of Mr. Brahm Dutt (DIN: 05308908) as an Independent Director for the second term. 2. Authorisation for capital raising through an issuance of debt instruments. 3. Authorisation for capital raising through issuance of Equity Shares or other convertible securities.

*In compliance with the provisions of the Ministry of Corporate Affairs ("MCA") General Circular No. 20/2020 dated May 05, 2020 read together with MCA General Circular Nos. 14 & 17/2020 dated April 08, 2020 and April 13, 2020 respectively, and Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, the Company conducted the AGM through Video Conferencing /Other Audio Visual Means ("VC"/"OAVM").

Further, in accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated April 15, 2020 issued by the ICSI, the proceedings of the AGM are deemed to be conducted at the Registered Office of the Bank being the deemed venue of the AGM.

#The above Meetings were held at Hall of Culture, Ground Floor, Nehru Centre, Discovery of India, Dr. A. B. Road, Worli, Mumbai – 400 018.

(b) Passing of Resolution through Postal Ballot:

During the previous three Financial Years, the Bank approached the Shareholders/Bondholders through Postal Ballot. The details of the Postal Ballot exercise for the last three financial years are as follows:

A. Resolutions approved by Shareholders:

(i) Date of Postal Ballot Notice: February 28, 2022

Voting period: March 02, 2022 at 10:00 a.m. to March 31, 2022 at 5:00 p.m.

Date of declaration of result: March 31, 2022

Date of approval: March 31, 2022

Name of resolution	Type of resolution	No. of votes polled	Vote cast in favour		Vote cast in against	
			No. of votes	%	No. of votes	%
To authorise raising of Capital through the issuance of equity shares or other securities	Special Resolution	11,987,452,199	11,783,704,200	98.300	203,747,999	1.700
To approve material related party transactions with State Bank of India	Ordinary Resolution	5,515,158,696	5,477,327,292	99.314	37,831,404	0.686

(ii) Date of Postal Ballot Notice: January 22, 2021

Voting period: January 31, 2021 at 10:00 a.m. to March 01, 2021 at 5:00 p.m.

Date of declaration of result: March 02, 2021

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Date of approval: March 01, 2021

Name of resolution	Type of resolution	No. of Votes polled	Vote cast in favour		Vote cast in against	
			No. of votes	%	No. of votes	%
To authorise raising of Capital through the issuance of equity shares or other securities	Special Resolution	13,772,746,537	13,604,677,323	98.780	168,069,214	1.220

(iii) Date of Postal Ballot Notice: April 21, 2020

Voting period: April 23, 2020 at 10:00 a.m. to May 22, 2020 at 05:00 p.m.

Date of declaration of result: May 22, 2020

Date of approval: May 22, 2020

Name of resolution	Type of resolution	No. of Votes polled	Vote cast in favour		Vote cast in against	
			No. of votes	%	No. of votes	%
To Authorise Capital Raising through Issuance of Equity Shares or Other Convertible Securities	Special Resolution	7,055,911,706	7,039,910,208	99.7732	16,001,498	0.2268

B. Resolutions approved/dis-approved by Bondholders:

Date of Postal Ballot Notice: March 09, 2022

Voting period: March 11, 2022 at 9:00 a.m. To April 09, 2022 at 5:00 p.m.

Date of declaration of result: April 11, 2022

Date of approval: April 09, 2022

Name of resolution	Type of resolution	Resolution Status	No. of Votes polled	Vote cast in favour		Vote cast in against	
				No. of votes	%	No. of votes	%
To consider and approve early redemption of Unsecured Upper Tier II Bonds in the nature of Debentures bearing ISIN INE528G08253	Special Resolution	Passed	1	1	100.00	0	0.00
To consider and approve early redemption of Unsecured Redeemable Non Convertible Lower Tier II Subordinated Bonds in nature of Debentures bearing ISIN INE528G08220	Special Resolution	Passed	1	1	100.00	0	0.00
To consider and approve early redemption of Unsecured Redeemable Non Convertible Lower Tier II Subordinated Bonds in nature of Debentures bearing ISIN INE528G08238	Special Resolution	Passed	3	3	100.00	0	0.00
To consider and approve early redemption of Unsecured Redeemable Non Convertible Lower Tier II Subordinated Bonds in nature of Debentures bearing ISIN INE528G08246	Special Resolution	Not Passed	66	4	16.17	62	70.27
To consider and approve early redemption of Unsecured Upper Tier II Bonds in the nature of Promissory Notes bearing ISIN INE528G09103	Special Resolution	Not Passed	5	4	66.67	1	16.67
To consider and approve early redemption of Unsecured Upper Tier II Bonds in the nature of Promissory Notes bearing ISIN INE528G09111	Special Resolution	Not Passed	13	8	27.20	5	65.00
To consider and approve early redemption of Unsecured Redeemable Non Convertible Lower Tier II Subordinated Bonds bearing ISIN INE528G09129	Special Resolution	Not Passed	2	0	0.00	2	100.00
To consider and approve early redemption of Unsecured Upper Tier II Bonds in the nature of Promissory Notes bearing ISIN INE528G09137	Special Resolution	Not Passed	18	11	21.82	7	27.56

No special resolution is proposed to be passed through postal ballot.

(c) Procedure for Postal Ballot:

Equity shares:

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 National Securities Depository Limited for Postal Ballot held in January 2021 and March 2022 and KFIN Technologies Limited for Postal Ballot held in April, 2020 respectively for the purpose of providing remote e-voting facility to all its Members.

The Board of Directors of the Bank appointed Scrutiniser 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 read with Rule 22 of the Companies (Management & Administration) Rules, 2014, as amended and General Circular No. 14/2020 dated April 08, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 22/2020 dated 15 June, 2020, General Circular No. 33/2020 dated September 28, 2020 General Circular No. 39/2020 dated 31 December, 2020, General Circular No. 10/2021 dated June 23, 2021 and General Circular No. 20/2021 dated December 08, 2021, ("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 e-mail to all its members who have registered their e-mail addresses with the Bank or Depository/ Depository Participants and the communication of assent/ dissent of the members were taken place through the remote e-voting system. The Postal Ballot exercise was accordingly in compliance with the General Circulars.

The Postal Ballot Notice was sent to all 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 Scrutiniser 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 Scrutiniser were disclosed to the Stock Exchanges within 2 working days of such declaration, in terms of Regulation 44(3) of the SEBI LODR and uploaded on the website of the Bank. The resolutions 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.

Debenture/Bonds:

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 59 of the SEBI LODR,

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the Bank provided e-voting facility to all the Bondholders of Basel II compliant Lower Tier II & Upper Tier II Bond instruments bearing ISINs : INE528G08220, INE528G08238, INE528G09129, INE528G08246, INE528G09103, INE528G09111, INE528G08253 and INE528G09137 to enable them to cast their votes through Postal Ballot by way of remote electronic voting (E-voting) only on the matters included in Postal Ballot Notice.

The Bank had engaged the services of National Securities Depository Limited in March 2022 for above Postal Ballot process for the purpose of providing e-voting facility to the Bondholders.

Axis Trustee Private Limited, the Debenture Trustee for the Bonds issued by the Bank appointed Scrutiniser 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 read with Rule 22 of the Companies (Management & Administration) Rules, 2014, as amended and General Circular No. 14/2020 dated April 08, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 General Circular No. 10/2021 dated June 23, 2021 and General Circular No. 20/2021 dated December 08, 2021, ("General Circulars") issued by the Ministry of Corporate Affairs (the "MCA") for seeking the approval of the Bondholders.

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 e-mail to all its members who have registered their e-mail addresses with the Bank or Depository/ Depository Participants and the communication of assent/ dissent of the members

were taken place through the remote e-voting system. The Postal Ballot exercise was accordingly in compliance with the General Circulars.

The Postal Ballot Notices were sent to all Bondholders of Basel II compliant Lower Tier II & Upper Tier II Bond instruments bearing ISINs : INE528G08220, INE528G08238, INE528G09129, INE528G08246, INE528G09103, INE528G09111, INE528G08253 and INE528G09137 whose names appear on the Register of bondholders provided by the Depositories as on the cut-off date as on Friday, March 04, 2022.

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 & the said Rules.

The Resolutions shall be considered as passed upon receipt of the consent/assent of the holders of at least three-fourth of the outstanding amount of the Bonds registered in the names of the Bondholders as on the said cut-off date..

The Scrutiniser had submitted his report to the Chairman of the Meeting, the Trustee, after verification of the records and thereafter the consolidated results of the voting were declared.

Subsequently, the said results alongwith the report of the Scrutiniser was disclosed to the Stock Exchanges within 48 hours of such declaration and, uploaded on the website of the Bank. The resolutions, passed on April 09, 2022 (being the last date of e-voting) by requisite majority of three-fourth of value of the holder(s) of the Bond(s) for the series having ISINs: INE528G08220, INE528G08238, and INE528G08253.

(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 at <https://www.yesbank.in/about-us/investor-relations/financial-information/financial-results>.

- (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 at <https://www.yesbank.in/about-us/investor-relations/financial-information/financial-results>. The Bank also informs the Schedule of meeting with the Institutional Investors and Financial Analysts to the Stock Exchanges. No unpublished price sensitive information is discussed in the presentation made to Institutional Investors and Financial Analysts.
- (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.

(e) Changes in Equity Share Capital of the Bank:

As on March 31, 2022 the paid-up equity share capital of the Bank was comprising of 25,054,952,981 (Two Thousand Five Hundred Five Crore Forty Nine lakh Fifty Two Thousand Nine Hundred And Eighty One) equity shares of ₹ 2 each aggregating to ₹ 50,109,905,962 (Rupees Five Thousand And Ten Crore Ninety Nine lakh Five Thousand Nine Hundred And Sixty Two 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)
February 01, 2022	ESOP	32,250	2.00	25,054,938,231
February 21, 2022	ESOP	14,750	2.00	25,054,952,981

(f) Dividend:

During FY 2021-22, the Bank had not declared any dividend on equity shares.

- (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.
- (9) SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.
- (10) Periodically reminders to the shareholders are sent for claiming unclaimed dividend.

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(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 ('IEPF Rules'), 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 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 MCA. Unpaid/ Un-claimed Dividends amounting to ₹1,881,000 for Financial Year ended March 31, 2014 have already been transferred to the IEPF and Dividend for the Financial Year ended March 31, 2015 shall be liable to transferred to IEPF after the due date i.e. July 05, 2022.

The details of Unclaimed Dividend for the Financial Year ended March 31, 2015 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, 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 Unclaimed Dividends as specified above are advised to send their request letter to KFIN Technologies Limited (Formerly known as KFin Technologies Private Limited) mentioning the relevant Folio number(s)/ DP ID and Client ID, with updated Bank account details enabling Bank to remit the unclaimed dividend via electronic bank transfer. The details of unpaid/unclaimed dividends are available on the website of the Bank at <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 ('IEPF Rules'), 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 (e.g. 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 letter(s) 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.

In compliance with the IEPF Rules, in September 2021, the Bank transferred 27,588 equity shares of ₹ 2/- each corresponding to the unclaimed dividend for the Financial Year ended March 31, 2014 to IEPF. The aforesaid Rules also prescribe the procedure to be followed by a shareholder 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 at <https://www.yesbank.in/about-us/investors-relation/shareholder-information/ir-regulations>.

Intimation to the Investors for claiming of Dividends:

During the year under review the Bank has undertaken the following initiatives to reduce the quantum of unpaid/unclaimed dividend:

- annual reminders to the concerned shareholders to claim dividend; and
- direct credit of unpaid/unclaimed dividend to those shareholders' accounts, who have updated their bank account details with the Bank/ Depository Participant.

Procedure to claim Unclaimed Dividends/Shares:

The Shareholders whose dividend/shares have been transferred to IEPF can claim the dividend and/or shares after following the procedure prescribed by the MCA which is available on the website of IEPF at <http://www.iepf.gov.in/IEPF/refund.html>.

The Bank on receipt of the complete set of prescribed documents shall submit its e-verification report to the IEPF Authority within the timeline prescribed under the IEPF Rules. Upon submission of the e-verification report by the Bank, the corresponding action shall solely be at the discretion of the IEPF Authority.

(h) Queries at Annual General Meeting:

Shareholders who wish to ask questions/express their views on the items of the businesses to be transacted at the meeting are requested to write to the Bank's investor e-mail-id: AGM@yesbank.in with regard to the accounts at least 48 hours before the time fixed for the AGM mentioning their name, demat account number/folio number, e-mail ID, mobile number etc. The queries may be raised precisely and in brief to enable the Bank to answer the same suitably depending on the availability of time at the AGM.

(i) Details of utilisation of funds:

During the FY 2021-22 no funds were raised by way of a FPO, rights issue, preferential issue, qualified institutions placement, private placement

or a combination thereof or issuance of GDRs, ADRs, FCCBs, fully convertible debentures/ partly convertible debentures/ non-convertible debentures with warrants, with a right exercisable by the warrant holder(s) to exchange the said warrants with Equity Shares/any other securities (other than warrants), which are convertible into or exchangeable with equity shares, whether rupee denominated or denominated in foreign currency (hereinafter collectively referred to as the "Securities") or any combination of Securities.

(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 18th Annual General Meeting of the Bank is as under:

Date: 15/07/2022 Time: 10.30 a.m.

Venue: Through Video Conferencing (VC)/Other Audio Visual Means (OAVM) the deemed venue of the meeting is the Registered 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 Bank starts on April 01 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 is mentioned in the AGM Notice.

Corporate Governance Report

(d) Dividend Payment Date:

The Bank has not proposed any Dividend for the FY 2021-22.

(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)	(Equity Shares & Debt Securities)
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	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Stock Code: 532648

Notes:

- (1) Listing Fees for the FY 2021-22 has been paid to the above-mentioned Stock Exchanges.
- (2) The Security 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)

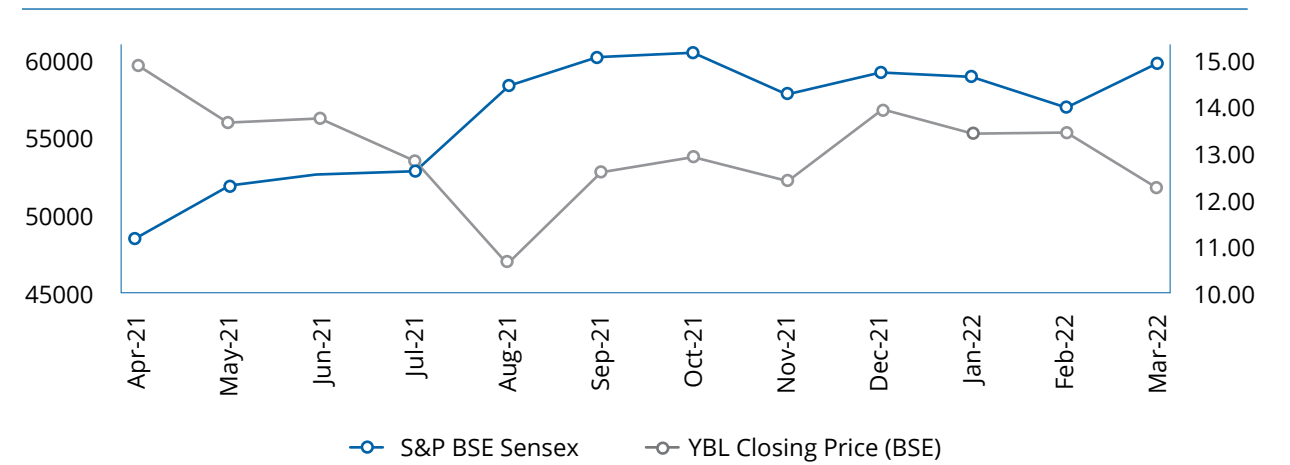
The Singapore Exchange Securities Trading Ltd. 2, Shenton Way #02-02, SGX Centre 1, Singapore - 068804.	The London Stock Exchange International Securities Market 10, Paternoster Square, London, EC4M 7LS, United Kingdom.
India International Exchange (IFSC) Limited 1 st Floor, Unit No. 101, The Signature, Building No. 13B, Road 1C, Zone 1, GIFT SEZ, GIFT City, Gandhinagar, Gujarat - 382 355, India.	

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

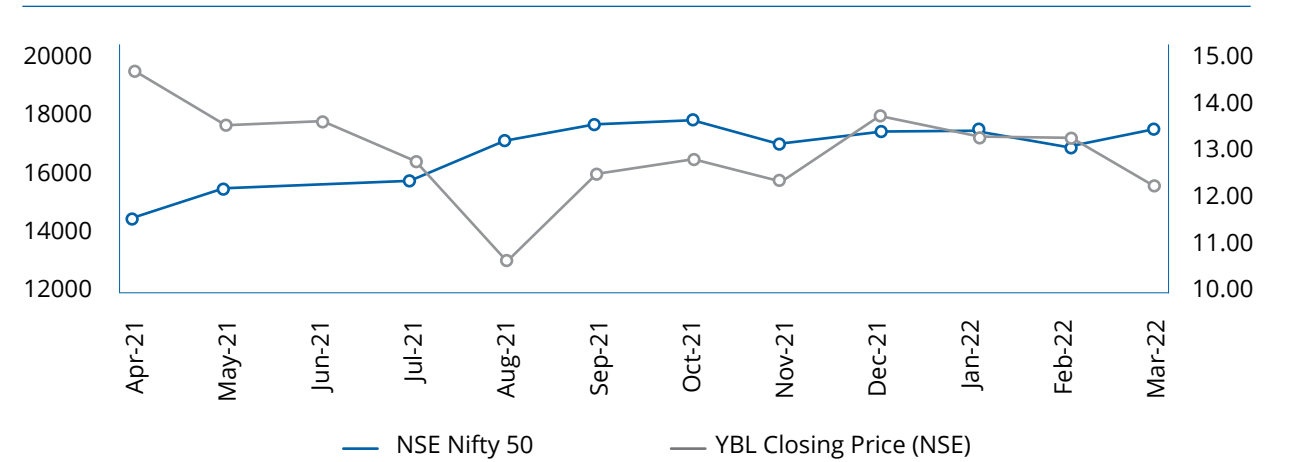
Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-21	15.95	13.90	1,524,657,115	15.95	13.90	184,752,081
May-21	14.15	12.85	2,463,028,252	14.15	12.60	402,230,548
Jun-21	15.55	13.30	2,950,570,848	15.51	13.33	472,491,156
Jul-21	14.10	12.70	1,989,734,369	14.05	12.72	397,777,899
Aug-21	12.95	10.50	1,864,250,240	12.95	10.51	480,430,664
Sep-21	15.05	10.75	4,465,928,061	15.04	10.75	746,689,407
Oct-21	14.65	12.40	2,858,237,845	14.62	12.40	571,322,496
Nov-21	13.60	12.10	1,346,561,917	13.55	12.09	300,053,885
Dec-21	14.95	12.15	3,035,829,680	14.93	12.17	600,550,890
Jan-22	14.95	13.20	2,454,434,521	14.94	13.22	542,591,251
Feb-22	14.35	12.50	1,932,191,548	14.34	12.50	386,933,839
Mar-22	13.45	12.10	2,776,055,822	13.45	12.11	442,045,484

(g) Performance of the Bank's Equity Shares as compared with Indices:

YBL via-a-vis SENSEX - FY 2021-22



YBL via-a-vis NIFTY - FY 2021-22



(h) Registrar and Share Transfer Agents:

EQUITY	DEBT
KFIN Technologies Limited Selenium Building, Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana - 500032 Phone No: 040- 6716 2222 Fax No: 040-2300 1153 Contact Person: Ms. Shobha Anand/Mr. Sridhar B E-mail: einward.ris@kfin.com	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 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 dematerialised 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.

Update of Permanent Account Number (PAN) and Bank Details:

The Bank had sent individual letters to all the Members holding shares of the Bank in physical form for furnishing their PAN, KYC details and Nomination pursuant to the SEBI/HO/MIRSD/MIRSD_RTAMB/P/ CIR/2021/655, November 03, 2021 and SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687, December 14, 2021. The aforesaid communication is available on the website of the Bank. Attention of the Members holding shares of the Bank in physical form is invited to go through the said important communication under the web link at https://www.yesbank.in/pdf?name=normsforprocessinginvestorservice_.pdf.pdf.

Members may please note that SEBI vide its Circular No. SEBI/ HO/MIRSD/MIRSD_RTAMB/P/ CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate, claim from Unclaimed Suspense Account; Renewal/ Exchange of securities certificate; Endorsement; Sub-division/ Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition. Accordingly, Shareholders are requested to make service requests by

submitting a duly filled and signed Form ISR - 4, the format of which is available on the Company's website under the link at https://www.yesbank.in/pdf?name=normsforprocessinginvestorservice_.pdf.pdf. Members holding equity shares of the Company in physical form are requested to kindly get their equity shares converted into demat/ electronic form to get inherent benefits of dematerialisation and also considering that physical transfer of equity shares/ issuance of equity shares in physical form have been disallowed by SEBI.

Nomination facility for shareholding:

As per the provisions of Section 72 of the Companies Act, 2013 facility for making nomination is available for the members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form (Form SH-13), from the Bank's RTA or download the same from the Company's website through the weblink at https://www.yesbank.in/pdf?name=normsforprocessinginvestorservice_.pdf.pdf. Members holding shares in dematerialised form should contact their Depository Participants (DP) in this regard.

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 dematerialised 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 Limited and BSE Limited 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, 2022:

Category	No. of shareholders	%	Total Shares	Amount	%
				in ₹	of Amount
1-5000	4,072,985	88.20	1,661,117,176	3,322,234,352	6.63
5001- 10000	249,652	5.41	922,121,370	1,844,242,740	3.68
10001- 20000	146,360	3.17	1,079,237,418	2,158,474,836	4.31
20001- 30000	55,911	1.21	705,178,982	1,410,357,964	2.81
30001- 40000	27,431	0.59	486,583,115	973,166,230	1.94
40001- 50000	15,403	0.33	350,414,119	700,828,238	1.40
50001- 100000	28,921	0.63	1,029,316,201	2,058,632,402	4.11
100001& Above	21,362	0.46	18,820,984,600	37,641,969,200	75.12
Total	4,618,025	100.00	25,054,952,981	50,109,905,962	100.00

Shareholding Pattern as on March 31, 2022:

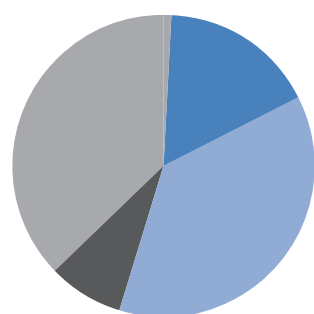
Sr. No.	Category of Shareholders	No. of Shares	% To Total Share Capital
I	Promoter & Promoter Group	0	0.00
II	Other Institutions:	4,186,737,644	16.71
	(a) Mutual Funds /UTI	117,987,989	0.47
	(b) Alternate Investment Funds	5,134,681	0.02
	(c) Foreign Portfolio Investors:	2,749,144,462	10.97
	(i) Amansa Holding Private Limited	290,219,786	1.20
	(d) Qualified Institutional Buyer:	1,314,243,114	5.25
	(i) Life Insurance Corporation of India	1,248,365,988	4.98
	(e) Foreign Corporate Bodies	227,398	0.00
III	Financial Institutions /Banks:	9,587,677,451	38.27
	(a) ICICI Bank Ltd	750,150,770	2.99
	(b) State Bank of India	7,516,666,000	30.00
	(c) Axis Bank Limited	491,311,025	1.96
	(d) Bandhan Bank Limited	300,000,000	1.20
	(e) IDFC First Bank Limited	288,627,680	1.15
	(f) Other Financial Institutions /Banks	240,921,976	0.96
IV	Other Non-Institutions:	1,992,371,731	7.95
	(a) Bodies Corporates	1,854,579,757	7.40
	(b) NBFCs Registered with RBI	61,275,861	0.24
	(c) I E P F	191,659	0.00
	(d) Trusts	724,867	0.00
	(e) Clearing Members	75,599,587	0.30

Corporate Governance Report

Sr. No.	Category of Shareholders	No. of Shares	% To Total Share Capital
V	Individuals:	9,288,166,155	37.07
	(a) Individuals holding nominal share capital up to ₹ 2 lakh	6,576,721,606	26.25
	(b) Individuals holding nominal share capital in excess of ₹ 2 lakh	1,992,897,760	7.95
	(c) H U F	242,859,489	0.97
	(d) Non-Resident Indians	286,902,761	1.15
	(e) Non-Resident Indian Non-Repatriable	106,262,437	0.42
	(f) Employees	82,240,703	0.33
	(g) Foreign Nationals	9,209	0.00
	(h) Directors	272,190	0.00
	Total	25,054,905,981	100.00

Shareholding Pattern (in %)

% To Total Share Capital



- 16.71% Other Institutions:
 - 38.27% Financial Institutions / Banks
 - 7.95% Other Non-Institutions:
 - 37.07 Individuals
- NIL holding of promoter & Promoter Group

(k) Dematerialisation of shares and liquidity:

The equity shares of the Bank are to be compulsorily traded on the floor of the stock exchanges in electronic form by all investors.

As on March 31, 2022, out of total paid-up equity share capital of the Bank, 99.998% is held in dematerialised form and 0.002% is held in physical form.

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 1122 Branches; 95 BC Banking Outlets located across India and 1,244 ATMs and Bunch Note Acceptor/Recycler. 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-".

- In the month of August 2021, CRISIL upgraded "CRISIL BBB+" ratings towards Basel III Tier II Bonds and Infrastructure bonds respectively from "CRISIL BBB" in August 2020 and the same was maintained as on March 31, 2022. Further CRISIL upgraded to "CRISIL A1" rating towards Certificate of Deposit programme in August 2021 from "CRISIL A2+" in August 2020 and the same was maintained as on March 31, 2022.
- India Ratings reaffirmed the ratings for Bank's Infrastructure Bonds, Basel III Tier II Bonds to "IND BBB" and "IND BBB-" respectively in August 2021 and the same were maintained as on March 31, 2022.
- ICRA reaffirmed the Ratings in September 2021 for Basel II Lower Tier II bonds and Infrastructure bonds at "ICRA BBB" and same was maintained as on March 31, 2022. ICRA reaffirmed the Ratings in September 2021 for Basel III Compliant Tier II bonds at "ICRA BBB-" and Basel III Additional Tier I Bonds at "ICRA C" and same were maintained as on March 31, 2022. Ratings for Basel II Tier I Bonds and Upper Tier II Bonds were reaffirmed at "ICRA BB+" in September 2021 and same were maintained as on March 31, 2022.
- CARE upgraded the ratings for Basel II Upper Tier II Bonds and Basel II Tier I Bonds to "CARE BB+" in November 2020 from "CARE D" in June 2020, the

same was reaffirmed in January 2021 & October 2021 and maintained as on March 31, 2022. CARE upgraded the ratings for Basel II Lower Tier II Bonds and Infrastructure Bonds to "CARE BBB" in November 2020 from "CARE B" in June 2020, the same was reaffirmed in January 2021 & October 2021 and maintained as on March 31, 2022. CARE upgraded the ratings for Basel III Tier II Bonds to "CARE BBB" in November 2020 from "CARE C" in June 2020, the same was reaffirmed in January 2021 & October 2021 and maintained as on March 31, 2022.

- As on March 31, 2022, Outlook maintained by CRISIL, India Ratings, ICRA is "Stable" and by Care is "Positive"
- The Bank's FCY ratings was upgraded to "B2" in November 2021 from "B3" and same was maintained as on March 31, 2022 and outlook was positive.

(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 Number 2020 – 62300451

For and on behalf of the Board of Directors

YES BANK Limited

Prashant Kumar
 Managing Director & CEO
 (DIN: 07562475)

Sunil Mehta
 Chairman
 (DIN: 00065343)

Place: Mumbai
 Date: May 06, 2022

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: 07562475)

Place: Mumbai
Date: May 06, 2022

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, 2022 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**

Place: Mumbai
Date: April 30, 2022

For **YES BANK LIMITED**

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Niranjan Banodkar
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 March 31, 2022, 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.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari

Partner
FCS No: 761; C P No.: 366
Place: Mumbai
Date: May 06, 2022
ICSI UDIN: F000761D000266422

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.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
YES BANK Limited,
 YES BANK House,
 Off Western Express Highway,
 Santacruz East,
 Mumbai – 400055

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 House, Off Western Express Highway, Santacruz East, Mumbai, Maharashtra -400055 (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 clause 10(h)(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, 2022 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. Prashant Kumar	07562475	26/03/2020
3.	Mr. Mahesh Krishnamurti	02205868	26/03/2020
4.	Mr. Rama Subramaniam Gandhi	03341633	26/03/2020
5.	Mr. Atul Chunilal Bheda	03502424	26/03/2020
6.	Mr. Ananth Narayan Gopalakrishnan	05250681	26/03/2020
7.	Mr. Radhakrishnan Subramanian Vadalur	08064705	31/07/2020
8.	Mr. Ravindra Pandey	07188637	03/11/2020
9.	Mr. Atul Malik	07872539	30/08/2021
10.	Ms. Rekha Murthy	07825183	30/08/2021
11.	Mr. Sharad Sharma	05160057	01/11/2021

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
 Place: Mumbai
 Date: May 06, 2022
 ICSI UDIN: F000761D000266411

BUSINESS RESPONSIBILITY REPORT (BRR)

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company:** L65190 MH 2003 PLC 143249
- Name of the Company:** YES BANK Limited
- Registered address:** YES BANK House, Off Western Express Highway, Santacruz East, Mumbai 400055, Maharashtra, India
- Website:** www.yesbank.in
- E-mail id:** shareholders@yesbank.in
- Financial Year reported:** FY 2021-22
- 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
- List three key products/services that the Company manufactures/provides (as in balance sheet):**
 - Retail Banking
 - Corporate Banking
 - Treasury
- Total number of locations where business activity is undertaken by the Company**
 - 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)
 - Number of National Locations**
 The Bank has 1,122 branches, 11 Major Offices and 1,244 ATMs/CRMs/BNAs – (292 ATMs, 929 CRMs & 23 BNAs), as on March 31, 2022.
- 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) 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

- Paid up Capital (₹): 5,010.99 crore
- Total Turnover (₹): 22,285.98 crore
- Total profit after taxes (₹): 1,066.21 crore
- 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)
- List of activities in which expenditure in 4 above has been incurred: Not Applicable

Business Responsibility Report (BRR)

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

As on March 31, 2022 Bank has only one subsidiary namely Yes Securities (India) Limited. During FY 2021-22 the Bank had three subsidiaries. However, w.e.f. November 1, 2021, Yes Asset Management (India) Limited and Yes Trustee Limited ceased as subsidiaries of the Bank.

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):

One subsidiary namely Yes Securities (India) Limited participates in some BR activities of YES BANK

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

DIN Number: 07562475

Name: Mr. Prashant Kumar

Designation: Managing Director and CEO

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	N	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 ⁷	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?	N 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 & research on best practices adopted by banks and organisations, in line with national and international industry norms, and as per the requirements of the Bank.

- The Code of Conduct for employees 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
- Yes, for certain policies and procedures
- The Bank has in place an 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?name=ybl_esp_summary_pdf.pdf. The Bank has an 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?name=yes_bank_environmental_management_policy_summary_pdf.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 marginalised 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 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.

Business Responsibility Report (BRR)

7. The Bank's Environmental Management Policy is available on the Bank's website at https://www.yesbank.in/pdf?name=yes_bank_environmental_management_policy_summary_pdf.pdf. The Bank's Human rights Policy is available on the Bank's website at https://www.yesbank.in/pdf?name=human_rights_policy_yes_bank.pdf. Bank's CSR Policy is accessible at https://www.yesbank.in/pdf/ybl_corporate_social_responsibility_policy. The Bank's complete response to its environmental priorities and commitments, through business activities, CSR, and other activities, is available in its sustainability disclosures, 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 the Sustainability Disclosures 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

a) 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 an Executive-level Sustainability Council chaired by the 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 and Environment, Social and Governance Committee (CSR & ESGC) of the Board, which meets at least twice in a year.

b) 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 aligned to the Global Reporting Initiative (GRI) standards, UN Principles for Responsible Banking and Taskforce on Climate-related Financial Disclosures in its annual Sustainability Reports which 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 account 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 9 corruption-related complaints during the period between April 01, 2021 to March 31, 2022, of which 6 complaints are under investigation.

The Bank received 18 whistle-blower cases during FY 2021-22, of which 44.4% cases were resolved as on March 31, 2022.

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, Transit & Toll Collection, Aadhar Enabled Payment Scheme (AEPS), Micro ATMs, Yuva Pay solution

iii. **Corporate & Government Advisory** – Leveraging its expertise in the e-mobility sector, the unit is working closely with several state governments in policy development, implementation, project structuring and investment promotion. The team has supported several States such as Punjab, Rajasthan, Telangana, Chandigarh and Goa for the development of the state's EV Policy. CGA has leveraged its strong ecosystem connects to support various Government schemes such as the Ministry of Electronics & Information Technology (MeitY) R&D programme on development of Electric Vehicle Systems. CGA is actively supporting the private sector in their growth and expansion plans through customised studies, facilitating strategic partnerships, scheme advisory assistance and industry intelligence. CGA also works closely with municipal administration and urban authorities to develop smart city ecosystem through advisory and implementation support for technological solutions and digital banking products

iv. **Sustainable Investment Banking and Infra Product & Loan Syndication** – Lending and advisory in clean energy

Business Responsibility Report (BRR)

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 digitisation, greater employee awareness, reduction in waste generation, and improved waste management.

YES BANK has instituted a robust Environment Management System (EMS), covering 732 facilities (including 5 corporate offices, YES Securities and the Abu Dhabi Representative Office) and which was certified ISO 14001:2015 compliant for the 9th year in a row in FY 2021-22. The certification highlights the Bank's efforts at conserving natural resources, improving key resource efficiencies, and reducing its carbon footprint.

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. YES BANK has instituted a robust Environment Management System (EMS) designed to conserve the use natural resources, improve key resource efficiencies, and reduce its carbon footprint. The Bank's EMS covering 732 facilities (including 5 corporate offices, YES Securities and the Abu Dhabi Representative Office) was certified ISO 14001:2015 compliant for the 9th year in a row in FY 2021-22.

The Bank is rapidly adopting technology to digitise 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 the Environment section (Page 26), 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 teams, and negotiated by the Strategic Procurement Unit. The Bank strives to achieve greater transparency, compliance and adoption of environmental and labour best practices in its procurement process. YES BANK has switched to procuring recycled paper (A4) for internal operations and back-end processes, across India. Recycled paper accounts for 96% of the Bank's paper consumption. From January 01, 2022, the Bank began sourcing renewable energy to power its head office, YES BANK House (YBH), which represents approximately 9% of the Bank's overall electricity consumption and Green House Gas emissions (Scope 2).

The Bank procured renewable energy partly through open access, Power Purchase Agreements (PPAs) with renewable energy producers along with subscribing to Green Power Tariff programmes.

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 digital financial services to local community. These BCAs are trained about basic banking services and related operations.

In addition to the Bank's procurement carried out centrally through the Strategic Procurement Unit, the Bank also has branches in all states and Union Territories in India, and 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 authorised third-party vendors. For waste paper disposal, the Bank has local authorised vendors to ensure recycling of waste paper in all corporate locations across India and branches in Mumbai. For e-waste handling, the Bank has a national authorised vendor for centralised collection and handling of e-waste to ensure >10% of its e-waste is responsibly disposed/ recycled.

The Bank's waste management practices are included in the Environment section (Page 26), as part of this Annual Report.

Principle 3

1. Please indicate the Total number of employees.

YES BANK had 24,346 employees as on March 31, 2022.

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, 2020	25
Head Count as on March 31, 2021	18
Head Count as on March 31, 2022	42

3. Please indicate the Number of permanent women employees.

The Bank had 4,569 permanent women employees on March 31, 2022.

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 of March 31, 2022.

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

The Bank does not have an employee association.

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

Not applicable 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	15	01*
3.	Discriminatory employment	Nil	Nil

* The case is being investigated within the stipulated timeline

Business Responsibility Report (BRR)

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

a) Permanent Employees

The Bank, through a dedicated team, YES SCHOOL OF BANKING, provides training on skill and personality development. The Bank's training programmes 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, 89% (21,688) employees were trained under 5,817 live digital and classroom-based training programmes.

b) Permanent Women Employees

4,439 women employees were imparted Live digital training, E-Learning & classroom-based training during the year, which is 97% of the Bank's total women employees.

c) Casual/Temporary/Contractual Employees

The Bank provides training on the Bank's policies and process to advisors, trainees etc. as and when required.

d) Employees with Disabilities

The Bank, being an Equal Opportunity Employer, makes no distinction between employees based on disabilities. All employees are imparted training basis their training requirements & 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 & marginalised stakeholders?

The under-banked and unbanked population in rural, semi-urban 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 marginalised 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, while there were no new spends for CSR, the Bank continued to monitor ongoing positive impact projects initiated in previous years and to oversee the utilisation of corpus donations made in previous years to YES Foundation. Through its Employee Volunteering Virtual Experience (EVOLVE) initiative, the Bank enabled its employees to contribute towards community development. This year, more than 2,000 YES BANKers contributed nearly 3,000 volunteering hours towards social causes. The objective of employee volunteering activities was to reach out and support COVID patients, rural farmers, and underprivileged youth. Details are available in the Management Discussion & Analysis section and Annexure 3 of 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's Human Rights Policy highlights its commitment to the United Nations Guiding Principles on Business and Human Rights and is applicable to all employees and stakeholders (including suppliers and clients). The Bank recognises the valuable role that businesses can play in the longer-term protection of human rights and is committed to respecting the human rights of its workforce, communities and all stakeholders, in line with internationally recognised frameworks. The Bank expects all its stakeholders to respect human rights in their own operations and maintain positive legal compliance with applicable constitutional and regulatory human rights requirements and conformance to fundamental labour principles.

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 to 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 an Environmental Management Policy that guides the Bank towards, achieving internal resource efficiency, creating employee awareness, and communicating positive environmental action among its stakeholders.

The Bank has instituted an 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 towards creating 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.

YES BANK is cognisant of its environmental impacts and responsibility towards addressing climate action. The Bank continually endeavours to conserve natural resources and support climate action through initiatives that are aimed at greening its core operations, minimising environmental and climate impacts of the Bank's portfolio, and mobilising finance to spur growth in climate-aligned sectors.

In FY 2021-22, the Bank announced a target of reducing greenhouse gas (GHG) emissions from its operations, across the country, to net zero by 2030. From January 01, 2022, the Bank began sourcing renewable energy to power its head office, YES BANK House (YBH), thereby eliminating approximately 1,105 tCO₂e of emissions in FY 2021-22.

The Bank has instituted a robust Environment Management System (EMS) designed to conserve the use of natural resources, improve key resource efficiencies, and reduce its carbon footprint. The Bank's EMS covering 732 facilities (including 5 corporate offices, YES Securities and the Abu Dhabi Representative Office) was certified ISO 14001:2015 compliant for the 9th year in a row in FY 2021-22.

The Bank also mitigates environmental issues in its lending through the implementation of its Environment and Social Policy (ESP). The Bank is also committed to aligning its business to the Paris Climate Agreement's goal of limiting global temperature rise, starting with definitive actions towards measuring and reporting its financed emissions and developing targets to align with sectoral decarbonisation pathways.

YES BANK is one of the founding member banks and signatory of the UNEP FI Principles for Responsible Banking and is also a signatory of the Collective Commitment to Climate Action.

Details of the Bank's climate and environmental strategy and initiatives are published in its annual Sustainability Reports which can be accessed at <https://www.yesbank.in/about-us/sustainability-at-yes-bank/esg-disclosures/sustainability-reports>

Business Responsibility Report (BRR)

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

Yes. The Bank has instituted an Environment and Social Risk Management System (ESMS) to assess and mitigate Environment and Social (E&S) Risk in its financing activities, centred around its Environment and Social Policy which integrates E&S risks management into its overall credit risk assessment framework. The Bank has also adopted an Environmental Management Policy and instituted a robust Environment Management System (EMS) designed to assess environmental risks of its operations, conserve the use natural resources, improve key resource efficiencies, and reduce its carbon footprint.

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.

If yes, please give hyperlink for web page etc.

The Bank's clean technology portfolio in debt and advisory is included in Environment section (Page 26) of this Annual Report.

In FY 2021-22, the Bank announced a target of reducing greenhouse gas (GHG) emissions from its operations, across the country, to net zero by 2030. As a first step, the Bank began sourcing renewable energy to power its head office, YES BANK House (YBH), thereby eliminating approximately 1,105 tCO₂e of emissions. The Bank procured renewable energy partly through open access, Power Purchase Agreements (PPAs) with renewable energy producers along with subscribing to Green Power Tariff programmes.

YES BANK has also explored the potential use of rooftop solar (as a pilot), by installing a 5 KVA solar power system at its Pune Bundh garden branch.

Details of the Bank's initiatives related to clean technology, energy efficiency, renewable energy

are included in the Environment section (Page 26) of 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.

There were two notices issued by the Chandigarh Pollution Control Committee (CPCC) against the Bank regarding the renewal of authorisation for the DG Sets at Manimajra and Sector 35B branches respectively. These were resolved as the Bank obtained the renewal certificates for the same. Hence, no show cause/legal notices are pending as on end of the Financial 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:

FICCI, ASSOCHAM, CII, FIMMDA, FEDAI

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No;

If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

The Bank, through broad level actions and initiatives, actively works towards policy advocacy and driving industry action on pertinent causes such as climate action, natural capital, sustainable finance, digital economy, amongst others.

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, semi-urban and urban India. Additionally, the Bank also undertakes Financial Literacy initiatives for the underserved. The Bank has designed customised modules in vernacular languages and over 8.6 lakh ISB customers have been provided basic financial literacy training through these modules till date (2.5 lakh in this FY). Besides, over 1,320 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 organisation?

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 primarily through eligible organisations, including YES Foundation, for ensuring impact on ground.

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

The Bank conducted an impact assessment study of its drinking water project in Raigad district of Maharashtra. The study, undertaken by an independent third party, concluded that the project met its objective of providing safe drinking water to 1,600 rural households.

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

In FY 2021-22, YES BANK's CSR Budget was Nil as per the CSR Rule of Companies Act 2013. The Bank continued to monitor projects initiated in previous years and oversaw the utilisation of corpus donations made in previous years to YES Foundation.

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

YES 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, with a focus on long term sustainability and active community ownership.

One of the myriad ways in which the Bank assesses sustainability and community ownership of its projects is through an impact assessment study. This year, impact assessment study for drinking water project in Raigad district of Maharashtra was conducted. The study, undertaken by an independent third party, concluded that the project met its objective of providing safe drinking water to 1,600 rural households, raised awareness on waterborne diseases and enabled the community to save electricity costs through installation of solar panels. The Social Return on Investment calculated for this project was that for every ₹ 1 invested in the project, ₹ 10.17 of social value was generated. The study also concluded that the project was sustainable since 99% of the respondents knew whom to contact in case of repairs and 85% of the respondents were confident that the water structures will be regularly maintained through the water committees formed.

Business Responsibility Report (BRR)

Principle 9

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

Please refer to page number 263 (17.5.71 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.

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

There are two Show Cause Notices issued by the Securities and Exchange Board of India ("SEBI") against the Bank, *inter alia*, regarding unfair trade practices during the last five years. Out of the said two Show Cause Notices, one has been disposed of and one is pending at the end of financial year.

A. Show Cause Notice issued by SEBI on October 26, 2020:

SEBI has issued a Show Cause Notice dated October 26, 2020, to the Bank and few employees/ex-employees of the Bank, in relation to alleged violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and SEBI Act, 1992 (collectively "the said Regulations"). SEBI observed that a disclosure made by the Bank to the Stock Exchange(s) in connection with the assessment made by Reserve Bank of India ("RBI") that there was 'Nil' divergence in the Non-Performing Assets ("NPAs") as against Bank's own self-assessment of NPAs, was in violation of the said Regulations.

Thereafter, the Bank and other noticee(s), filed settlement application(s) under SEBI (Settlement Proceedings) Regulations, 2018,

without admitting the guilt/accusations made by SEBI. The said settlement application(s) were allowed, and SEBI *vide* order dated September 14, 2021, was pleased to dispose of the proceedings initiated against the Bank and other noticee(s) on payment of ₹ 16,537,500/- (Rupees One Crore Sixty Five lakh and Thirty Seven Thousand and Five Hundred Only).

B. Show Cause Notice issued by SEBI on October 28, 2020:

The Bank issued Additional Tier 1 Bonds ("AT-1 Bonds") in three tranches (*issued in the year 2013, 2016 and 2017*) in compliance with the applicable laws/regulations.

On March 05, 2020, RBI invoked Section 45 of the Banking Regulation Act, 1949 ("BR Act"), and imposed a moratorium on the Bank. Further, RBI in exercise of its powers conferred under Section 36ACA of the BR Act superseded the Board of Directors and appointed an Administrator to manage the affairs of the Bank.

Clause 2.15 of Annex 16 of the Master Circular - Basel III Capital Regulations dated July 1, 2015 issued by the RBI, provides that "*If the relevant authorities decide to reconstitute a bank or amalgamate a bank with any other bank under the Section 45 of BR Act, such a bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability for conversion / write-down of AT1 instruments will be activated. Accordingly, the AT1 instruments will be converted /written-down before amalgamation/reconstitution in accordance with these rules.*"

Accordingly, the Administrator, on behalf of the Bank was constrained to write down two tranches of the AT-1 Bonds, i.e., AT-1 Bonds issued in 2016 and 2017 in accordance with the RBI guidelines/regulations and the relevant provisions in the Information Memorandum(s) of the said AT-1 Bonds, to protect the interests of the Bank and its depositors.

SEBI issued a Show Cause Notice dated October 28, 2020 to the Bank and other noticee(s) (ex-employees of the Bank) alleging violation of provisions of SEBI (Prohibition of Fraudulent

and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

Thereafter, SEBI *vide* its order dated April 12, 2021 imposed a penalty of ₹ 25 Crore on the Bank under Section 15 HA of SEBI Act, 1992 for the alleged mis-selling of AT-1 Bonds in the secondary market. SEBI also imposed penalties on other noticee(s).

Aggrieved by the above-mentioned SEBI order, the Bank and other noticee(s) preferred separate Appeal(s) before the Hon'ble Securities Appellate Tribunal, Mumbai ("SAT"). SAT heard the Appeal(s) and was pleased to stay the effect and operation of the SEBI order dated April 12, 2021. The said Appeal(s) are pending final hearing.

Please also refer to page 240 of this Annual Report for Section 17.5.44 - Disclosure of Penalties imposed by RBI. Please refer to page 107 and 108 for show cause notices issued by SEBI.

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

Yes, we have a robust Customer Experience Framework wherein we measure customer feedback post their interactions across channels. We measure The Net Promoter score (NPS) across channels like Branch Banking, Digital channels, Call Centers, Relationship Managers etc and share customer insights with the teams across the Bank.

INDEPENDENT AUDITORS' 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, 2022, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including 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, 2022, and its profit, 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 ('the ICAI') 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the standalone financial statements of the current year. 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
<p>Recognition and Measurement of Deferred Tax Asset</p> <p>The Bank has recognised a net deferred tax asset of ₹ 918,420 lakh as on March 31, 2022, including net decrease of ₹ 36,964 lakh during the year.</p> <p>Besides objective estimation, recognition and measurement of deferred tax asset is based on the judgement 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:</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 standalone financial statements. • assessed the method for determining the Deferred Tax Asset with reference to applicable tax rates and tested the arithmetical accuracy.

Key Audit Matters	Auditor's Response
<p>Income Recognition and Asset Classification of Advances and Investments (IRAC) and Provisioning as per regulatory norms</p> <p>Please refer to schedule 5, schedule 8, schedule 9, read with Note nos. 17.5.11, 17.5.19 and 17.5.13(ii) relating to provisions and contingencies, 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>As required under 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, "Resolution framework for COVID-19 related Stress" (the "Resolution Framework") issued by the RBI on August 06, 2020 and May 05, 2021 and relevant other circulars, notifications and directives issued by the RBI which were collectively considered by the Bank till March 31, 2022, classifies advances into performing and non-performing advances (NPA) which consists of Standard, Sub-standard, Doubtful and Loss and makes appropriate provisions.</p> <p>The Bank, as per its governing framework, made the performing and non-performing advances provisions based on Management's assessment of the degree of impairment of the advances subject to and guided by minimum provisioning levels prescribed under RBI guidelines.</p> <p>The Classification, Provisioning and Write off of Advances including Investments is a Key Audit Matter as the Bank has significant credit risk exposure to a large number of borrowers across various sectors, products, industries and geographies and there is a high degree of complexity, uncertainty and judgment involved in recoverability of advances, nature of transactions and estimation of provisions thereon and identification of accounts to be written off 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 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 viz. standard, sub-standard, doubtful and loss with reference to their days-past-due (DPD) status (including consideration of non-financial parameters of NPA, restructuring guidelines, the Regulatory Package and Resolution framework) 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 selected restructured accounts on sample basis and tested their compliance with relevant RBI guidelines; • For the selected non-performing advances, we assessed Management's forecast and inputs of recoverable cash flows, borrower's audited financial statements, valuation of underlying security and collaterals, estimation of recoverable amounts on default and other sources of repayment; • Reviewed Bank's policy including Standard Operating Procedures with respect to implementation of Regulatory package and Resolution framework ('guidelines') and tested sample to ascertain the implementation of those guidelines by the Bank. <p>Provisions for advances:</p> <ul style="list-style-type: none"> • Tested the Bank's processes for making provision on advances for compliance with RBI regulations and internally laid down policies for provisioning; • Tested the completeness and accuracy of data transferred from underlying source systems used for computing collective provision; • We had undertaken the walk-through for the new automated E-NPA deployed in the current financial year and tested the core functionality for selected sample considering the audit universe; • Validated the parameters used to calculate collective provisions with reference to IRAC norms, and Regulatory Package; • Tested provision created for fraud accounts as at March 31, 2022 as per the RBI circular; • Re-performed, for a sample of retail and corporate portfolios, the calculation of provisions, to determine the accuracy of the same; (Collective for standard portfolio and case specific for non-performing portfolio) • Reviewed the Bank's process for granting moratorium to borrowers as per the Regulatory Package announced by the RBI. We tested the completeness and accuracy of the data used for computing general provision in line with Regulatory package updates issued by RBI. • Assessed the adequacy of disclosures against the RBI Guidelines.

Independent Auditors' Report

Key Audit Matters	Auditor's Response
<p>IT Systems and Controls over financial reporting</p> <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. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process and each application has different rules and a different set of user access and authority matrix. These applications are interlinked using different technologies so that data transfer happens in real time or at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces, 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. The Bank has a process for identifying the applications where the controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Bank's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC). Such controls contribute to risk mitigation of erroneous output data.</p> <p>We have identified IT Controls Framework as a Key Audit Matter as the Bank's business is highly dependent on technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on its financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.</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. As part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the various parameters such as Completeness, Validity, Identification/Authentication, Authorisation, Integrity and Accountability. On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect unauthorised transactions and support financial objectives including completeness, accuracy, authorisation and validity of transactions. 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 ITGC testing, on sample basis, we reviewed control areas such as User Management, Change Management, Systems Security, cyber security, interface testing, deployment of new applications, Incident Management, Physical & Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement. For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded. We tested the control environment using various techniques such as inquiry, walk-throughs in live environment, review of documentation/ record/ reports, observation and re-performance. We had taken adequate samples of instances for our tests considering the audit universe. Wherever deviations were noted either the same were explained to our satisfaction or we tested compensating controls and performed alternate procedures, where necessary, to draw comfort. 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.

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 and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures) (collectively called as "Other Information") but does not include the standalone financial statements and our auditor's report thereon. 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 as 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 financial position, financial performance and cash flows of the Bank 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, as applicable to the Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and the RBI Guidelines 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 judgements 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 Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are 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 judgement 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.

Independent Auditors' Report

- 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 year 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

One of the current Joint Statutory Auditors has carried out audit of the standalone financial statements of the Bank for the year ended March 31, 2021 and issued an unmodified opinion vide their report dated April 30, 2021.

Our opinion on the standalone financial statements is not modified in respect of this matter.

Report on other legal and regulatory requirements

1. The balance sheet and the profit and loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.
2. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - (c) 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. Nevertheless, during the course of our audit we have visited 30 branches to examine the records maintained at such branches for the purpose of our audit.
3. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - (c) the 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;
 - (d) 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;
 - (e) on the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to standalone

financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.

4. 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, as amended in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) the Bank has disclosed the impact of pending litigations as at March 31, 2022 on its financial position in its standalone financial statements - Refer Note 17.5.78 to the standalone financial statements;
 - (b) 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 17.5.76 to the standalone financial statements;
 - (c) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank - Refer Note 17.5.65 to the standalone financial statements.
 - (d) (i) The management of the Bank has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts (Refer note no.17.5.37), no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (ii) The management of the Bank has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts (Refer note no. 17.5.37) no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, and
- (iii) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

- (e) No dividend has been declared or paid during the year by the Bank.

5. With respect to the matter to be included in the Auditors' 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
(Firm Regn. No. 101851W)

Anagha Thatte

Partner
(Membership No. 105525)
UDIN: 22105525AIIJYD4233

Place: Mumbai
Date: April 30, 2022

For Chokshi & Chokshi LLP

Chartered Accountants
(Firm Regn. No. 101872W/W100045)

Vineet Saxena

Partner
(Membership No. 100770)
UDIN: 22100770AILAIH9870

Place: Mumbai
Date: April 30, 2022

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

of even date on the standalone financial statements of YES BANK Limited for the year ended March 31, 2022

(Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of YES BANK Limited on the standalone financial statements for the year ended March 31, 2022)

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, 2022 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 with reference to standalone financial statements based on the 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").

Auditors' 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 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 with reference to standalone 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 judgement, 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. The 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 Bank;
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 Bank are being made only in accordance with authorisations of management and directors of the Bank; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank'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 standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

For M P Chitale & Co.

Chartered Accountants
(Firm Regn. No. 101851W)

Anagha Thatte

Partner
(Membership No. 105525)
UDIN: 22105525AIJUYD4233

Place: Mumbai
Date: April 30, 2022

For Chokshi & Chokshi LLP

Chartered Accountants
(Firm Regn. No. 101872W/W100045)

Vineet Saxena

Partner
(Membership No. 100770)
UDIN: 22100770AILAIH9870

Place: Mumbai
Date: April 30, 2022

STANDALONE BALANCE SHEET

as at March 31, 2022

	Schedule	As at March 31, 2022	As at March 31, 2021
(₹ in thousands)			
CAPITAL AND LIABILITIES			
Capital	1	50,109,906	50,109,812
Reserves and surplus	2	287,308,864	281,853,472
Deposits	3	1,971,917,331	1,629,466,422
Borrowings	4	722,045,835	639,490,848
Other liabilities and provisions	5	150,820,314	134,507,099
TOTAL		3,182,202,250	2,735,427,653
ASSETS			
Cash and balances with Reserve Bank of India	6	90,672,666	68,127,898
Balances with banks and money at call and short notice	7	375,723,228	224,959,426
Investments	8	518,955,557	433,191,476
Advances	9	1,810,519,910	1,668,929,938
Fixed assets	10	21,331,268	21,485,304
Other assets	11	364,999,621	318,733,611
TOTAL		3,182,202,250	2,735,427,653
Contingent liabilities	12	6,801,462,379	4,596,422,189
Bills for collection		49,919,078	22,140,477
Significant Accounting Policies and Notes to Accounts forming part of financial statements	17		

The Schedules referred to above form an integral part of the Standalone Balance Sheet.

The Balance Sheet has been prepared in conformity with Form A of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date attached.

For M P Chitale & Co.
Chartered Accountants
Firm's Registration No. 101851W

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

Anagha Thatte
Partner
Membership No. 105525

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Sunil Mehta
Chairman
(DIN: 00065343)

Atul Bheda
Director
(DIN: 03502424)

For Chokshi & Chokshi LLP
Chartered Accountants
Firm's Registration No. 101872W/W100045

Vineet Saxena
Partner
Membership No. 100770

Mahesh Krishnamurti
Director
(DIN: 02205868)

Niranjan Banodkar
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

Mumbai
April 30, 2022

STANDALONE PROFIT AND LOSS

for the period ended March 31, 2022

	Schedule	For the year ended March 31, 2022	For the year ended March 31, 2021
(₹ in thousands)			
I. INCOME			
Interest earned	13	190,235,113	200,418,353
Other income	14	32,624,693	30,116,944
TOTAL		222,859,806	230,535,297
II. EXPENDITURE			
Interest expended	15	125,256,577	126,132,337
Operating expenses	16	68,443,940	57,920,152
Provisions and contingencies (Refer note 17.5.11)		18,497,165	81,105,072
TOTAL		212,197,682	265,157,561
III. PROFIT / (LOSS)			
Net profit/(loss) for the year		10,662,124	(34,622,264)
Profit/(loss) brought forward		(108,719,603)	(68,973,880)
TOTAL		(98,057,479)	(103,596,144)
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		2,665,531	-
Transfer to Capital Reserve		108,307	4,969,760
Transfer to Investment Reserve		34,300	153,699
Transfer to Investment Fluctuation Reserve		1,347,886	-
Transfer to Revenue and other Reserves (Refer note 17.5.8)		4,752,161	-
Dividend paid		-	-
Balance carried over to balance sheet		(106,965,664)	(108,719,603)
TOTAL		(98,057,479)	(103,596,144)
Significant Accounting Policies and Notes to Accounts forming part of financial statements	17		
Earning per share (Refer Sch. 17.5.42)			
Basic (₹)		0.43	(1.63)
Diluted (₹)		0.43	(1.63)
(Face Value of Equity Share is ₹2/-)			

The Schedules referred to above form an integral part of the Standalone Profit and Loss Account

The Profit and Loss Account has been prepared in conformity with Form B of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date attached.

For M P Chitale & Co.
Chartered Accountants
Firm's Registration No. 101851W

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

Anagha Thatte
Partner
Membership No. 105525

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Sunil Mehta
Chairman
(DIN: 00065343)

Atul Bheda
Director
(DIN: 03502424)

For Chokshi & Chokshi LLP
Chartered Accountants
Firm's Registration No. 101872W/W100045

Vineet Saxena
Partner
Membership No. 100770

Mahesh Krishnamurti
Director
(DIN: 02205868)

Niranjan Banodkar
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

Mumbai
April 30, 2022

STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2022

	(₹ in thousands)	
	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from/(used in) Operating Activities		
Net profit before taxes	14,358,481	(47,350,739)
Adjustment for:		
ESOP Compensation Expense	82,420	-
Depreciation for the year	3,983,619	3,532,333
Amortisation of premium on investments	3,400,038	1,785,855
Impairment/Revaluation on Investments	7,596,484	16,165,437
Provision for standard advances	(251,526)	6,895,356
Provision/write-off of non-performing advances	21,157,827	71,158,190
Other provisions	(2,190)	2,904,826
(Profit)/Loss on sale of subsidiaries	(149,403)	-
(Profit)/Loss on sale of land, building and other assets	125,884	34,601
	(i) 50,301,634	55,125,859
Adjustments for:		
Increase/(Decrease) in Deposits	342,450,909	575,826,988
Increase/(Decrease) in Other Liabilities	8,126,433	(29,280,403)
(Increase)/Decrease in Investments	44,367,908	(18,471,961)
(Increase)/Decrease in Advances	(162,747,799)	(38,052,715)
(Increase)/Decrease in Other assets	(45,294,296)	17,142,679
	(ii) 186,903,155	507,164,588
Payment of direct taxes	(iii) (971,711)	(8,013,982)
Net cash generated from/(used in) operating activities (A) (i+ii+iii)	236,233,078	554,276,465
Cash flow from (used in) investing activities		
Purchase of fixed assets	(4,065,749)	(2,660,219)
Proceeds from sale of fixed assets	110,282	96,390
Investment in subsidiaries	(30,000)	(203,000)
Proceeds from sale of subsidiaries	844,578	-
(Increase)/Decrease in Held To Maturity (HTM) securities	(141,793,687)	6,680,453
Net cash generated/(used in) from investing activities (B)	(144,934,576)	3,913,624
Cash flow from/(used in) financing activities		
Increase/(decrease) in Borrowings	96,683,237	(483,088,554)
Innovative Perpetual Debt (paid)/raised	-	(3,070,000)
Tier II Debt repaid during the year	(14,128,250)	(12,064,000)
Proceeds from issue of Share Capital (net of share issue expense)	635	148,802,131
Dividend paid during the year	-	-
Net cash generated from/(used in) financing activities (C)	82,555,622	(349,420,423)
Effect of exchange fluctuation on translation reserve (D)	(545,554)	487,649
Net increase in cash and cash equivalents (A+B+C+D)	173,308,570	209,257,315

STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2022

	(₹ in thousands)	
	Year ended March 31, 2022	Year ended March 31, 2021
Cash and cash equivalents as at April 1st	293,087,324	83,830,009
Cash and cash equivalents as at March 31st	466,395,894	293,087,324
Notes to the Cash flow statement:		
Cash and cash equivalents includes the following:		
Cash and Balances with Reserve Bank of India	90,672,666	68,127,898
Balances with Banks and Money at Call and Short Notice	375,723,228	224,959,426
Cash and cash equivalents as at March 31st	466,395,894	293,087,324

As per our report of even date attached.

For M P Chitale & Co.
Chartered Accountants
Firm's Registration No. 101851W

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

Anagha Thatte
Partner
Membership No. 105525

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Sunil Mehta
Chairman
(DIN: 00065343)

Atul Bheda
Director
(DIN: 03502424)

For Chokshi & Chokshi LLP
Chartered Accountants
Firm's Registration No. 101872W/W100045

Vineet Saxena
Partner
Membership No. 100770

Mahesh Krishnamurti
Director
(DIN: 02205868)

Niranjan Banodkar
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

Mumbai
April 30, 2022

SCHEDULES

forming a part of Standalone Balance Sheet

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
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 and subscribed capital (Refer Sch 17.5.1)		
25,054,952,981 equity shares of ₹2/- each	50,109,906	50,109,812
(March 31, 2021: 25,054,905,981 equity shares of ₹2/- each)		
TOTAL	50,109,906	50,109,812
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening balance	48,934,100	48,934,100
Additions during the year	2,665,531	-
Deductions during the year	-	-
Closing balance	51,599,631	48,934,100
II. Share Premium		
Opening balance	322,949,240	199,155,977
Additions during the year (Refer Sch 17.5.1)	541	125,068,632
Deductions during the year	-	1,275,369
Closing balance	322,949,781	322,949,240
III. Capital Reserve		
Opening balance	17,159,844	12,190,084
Additions during the year (Refer Sch 17.5.3)	108,307	4,969,760
Deductions during the year	-	-
Closing balance	17,268,151	17,159,844
IV. Investment Reserve		
Opening balance	533,829	380,130
Additions during the year (Refer Sch 17.5.4)	34,300	153,699
Deductions during the year	-	-
Closing balance	568,129	533,829
V. Foreign Currency Translation Reserve		
Opening balance	465,018	(22,630)
Additions during the year	(545,554)	487,648
Deductions during the year	-	-
Closing balance	(80,536)	465,018
VI. Cash Flow Hedge Reserve		
Opening balance	(8,020)	(40,856)
Additions during the year (Refer Sch 17.5.5)	8,020	32,836
Deductions during the year	-	-
Closing balance	-	(8,020)
VII. Investment Fluctuation Reserve		
Opening balance	539,066	539,066
Additions during the year (Refer Sch 17.5.6)	1,347,886	-
Deductions during the year	-	-
Closing balance	1,886,952	539,066

SCHEDULES

forming a part of Standalone Balance Sheet

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
VIII. ESOP Compensation Reserve		
Opening balance	-	-
Additions during the year (Refer Sch 17.5.7)	82,420	-
Deductions during the year	-	-
Closing balance	82,420	-
IX. Balance in Profit and Loss Account		
TOTAL	(106,965,664)	(108,719,603)
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i) From Banks	21,632,926	13,696,165
ii) From others	242,258,230	176,276,709
II. Savings Bank Deposit		
	349,704,727	235,898,654
III. Term Deposits		
i) From Banks	128,534,720	164,737,144
ii) From others (incl. CD's issued)	1,229,786,728	1,038,857,750
TOTAL	1,971,917,331	1,629,466,422
B. I. Deposits of branches in India		
	1,971,567,528	1,629,028,160
II. Deposits of branches outside India		
	349,803	438,262
TOTAL	1,971,917,331	1,629,466,422
SCHEDULE 4 - BORROWINGS		
A. Borrowing in India		
i) Reserve Bank of India ¹	70,600,000	54,150,000
ii) Other banks	24,948,125	21,752,150
iii) Other institutions and agencies ^{1 & 2}	359,432,742	295,643,624
iv) Innovative Perpetual Debt Instruments (IPDI)	2,800,000	2,800,000
v) Tier II Borrowings	157,050,000	165,695,000
TOTAL (A)	614,830,867	540,040,774
B. Borrowings outside India		
i) Borrowings outside India ³	107,214,968	93,966,824
ii) Innovative Perpetual Debt Instruments (IPDI)	-	-
iii) Tier II Borrowings	-	5,483,250
TOTAL (B)	107,214,968	99,450,074
TOTAL (A+B)	722,045,835	639,490,848

(1) Secured borrowings are ₹ 126,362,748 thousands (March 31, 2021 : ₹ 54,150,000 thousands).

(2) ₹ 265,869,994 thousands of refinance borrowing (March 31, 2021: ₹ 257,843,624 thousands) ₹ 16,450,000 thousands (March 31 2021: ₹ 16,450,000 thousands) of Green Infrastructure Bonds raised to fund 'Green Projects' and ₹ 21,350,000 thousands (March 31, 2021: ₹ 21,350,000 thousands) of Long Term Infrastructure Bonds raised to finance affordable housing and infrastructure projects.

(3) Bonds of ₹ 36,143,131 thousands (March 31, 2021: ₹34,839,972 thousands) of Medium Term Notes issued in earlier year by IFSC Banking Unit (IBU) in GIFT city Gujarat.

SCHEDULES

forming a part of Standalone Balance Sheet

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	7,317,200	5,686,395
II. Inter-office adjustments (net)	-	-
III. Interest accrued	17,847,891	15,304,090
IV. Others (including provisions)		
- Provision for standard advances	19,241,018	19,492,544
- Country risk provision	103,851	69,400
- Others	106,310,354	93,954,670
- Income Tax Provision	-	-
TOTAL	150,820,314	134,507,099
SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	7,929,037	7,903,956
II. Balances with Reserve Bank of India		
- In current account	82,743,629	60,223,942
- In other account	-	-
TOTAL	90,672,666	68,127,898
SCHEDULE 7 – BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
Balances with banks-		
i) In current accounts	2,571,584	1,431,658
ii) In other deposit accounts	2,615,052	3,019,052
Money at call and short notice		
i) With Banks	-	-
ii) With other institutions	-	-
iii) Lending under reverse repo (RBI & Banks)	343,850,000	173,960,000
TOTAL (I)	349,036,636	178,410,710
II. Outside India		
i) In current account	25,246,534	45,159,626
ii) In other deposit account	-	-
iii) Money at call and short notice	1,440,058	1,389,090
TOTAL (II)	26,686,592	46,548,716
TOTAL (I+II)	375,723,228	224,959,426

SCHEDULES

forming a part of Standalone Balance Sheet

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 8 – INVESTMENTS (Net of provisions)		
A. Investments in India		
i) Government Securities*	437,084,560	334,737,624
ii) Other approved securities	-	-
iii) Shares	214,321	241,978
iv) Debentures and bonds	53,921,028	66,924,747
v) Subsidiaries and/or joint ventures	1,490,000	2,155,176
vi) Others (CPs, CDs, Security Receipts, Pass through certificates, MFs, VCF etc.)	21,541,552	24,523,848
TOTAL (I)	514,251,461	428,583,373
B. Investments outside India		
i) Government Securities	3,030,418	2,924,350
ii) Shares	6,243	10,401
iii) Debentures and bonds	-	-
iv) Others (MFs)	1,667,435	1,673,352
TOTAL (II)	4,704,096	4,608,103
TOTAL (I+II)	518,955,557	433,191,476

* Includes securities of face value ₹135,100,288 thousands (Previous year ₹66,333,080 thousands) pledged for clearing facility and margin requirements.

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 9 – ADVANCES (Net of provisions)		
A.		
i) Bills purchased and discounted	31,753,105	23,281,200
ii) Cash credit, overdrafts and loans repayable on demand	427,745,858	339,366,705
iii) Term loans	1,351,020,947	1,306,282,033
TOTAL	1,810,519,910	1,668,929,938
B.		
i) Secured by tangible assets ³	1,349,680,924	1,317,749,179
ii) Covered by Bank/Government guarantees	28,727,222	14,232,450
iii) Unsecured ^{1 & 2}	432,111,764	336,948,309
TOTAL	1,810,519,910	1,668,929,938
(1) Includes at March 31, 2022 advances of ₹36,761,150 thousands (March 31, 2021: ₹80,805,626 thousands) for which security documentation is either being obtained or being registered.		
(2) Includes at March 31, 2022 advances amounting to ₹14,363,265 thousands (March 31, 2021: ₹1,588,072 thousands) has been secured by intangible securities such as charge over the rights, licenses, authority, etc.		
(3) Includes advances secured by book debts of ₹ 91,079,788 thousands (March 31, 2021: ₹ 63,017,987 thousands) pertaining to NBFC & Service Sector, factoring exposure and dealer financing loans to customer.		
C. I. Advances in India		
i) Priority sectors	634,489,440	500,119,882
ii) Public sector	62,480	234,014
iii) Banks	7,751,064	1,223,832
iv) Others	1,090,783,392	1,068,753,027
TOTAL (I)	1,733,086,377	1,570,330,755
II. Advances outside India		
i) Due from Banks	336,186	146,219
ii) Due from Others	77,097,347	98,452,964
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	7,108,155	14,236,912
(c) others	69,989,192	84,216,052
TOTAL (II)	77,433,533	98,599,183
TOTAL (I+II)	1,810,519,910	1,668,929,938

SCHEDULES

forming a part of Standalone Balance Sheet

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 10 – FIXED ASSETS		
I. Premises		
At cost as on March 31 st of preceding year	12,480,561	378,031
Additions during the year	-	12,102,530
Deductions during the year	-	-
Accumulated depreciation to date	(219,207)	(41,583)
TOTAL (I)	12,261,354	12,438,978
II. Other Fixed Assets (including furniture and fixtures and software)		
At cost as on March 31 st of preceding year	25,492,391	20,704,250
Additions during the year	3,443,719	5,270,062
Deductions during the year	(1,932,888)	(481,921)
Accumulated depreciation to date	(19,174,133)	(17,064,860)
TOTAL (II)	7,829,089	8,427,531
TOTAL (I+II)	20,090,443	20,866,509
Capital work-in-progress (net of provision)	1,240,825	618,795
TOTAL	21,331,268	21,485,304
	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 11 – OTHER ASSETS		
I. Interest Accrued	17,761,146	15,058,370
II. Advance tax and tax deducted at source (net of provision)	6,035,353	5,064,254
III. Deferred tax asset (Refer Sch 17.5.54)	91,842,076	95,538,433
IV. Stationery and stamps	5,544	4,915
V. Non-Banking assets acquired in satisfaction of claims	353,000	353,000
VI. Others*	249,002,502	202,714,639
TOTAL	364,999,621	318,733,611

*Includes deposits placed with NABARD/ SIDBI/ NHB, etc. of ₹172,696,815 thousands (Previous year ₹133,437,163 thousands) on account of shortfall in priority sector targets.

SCHEDULES

forming a part of Standalone Balance Sheet

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 12 – CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	1,208,279	612,500
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	3,421,931,086	2,021,391,776
IV. Liability on account of outstanding derivative contracts		
(a) Single currency Interest Rate Swap	2,294,845,134	1,574,827,703
(b) Others	314,403,390	355,127,777
V. Guarantees given on behalf on constituents		
(a) In India	399,862,550	393,303,132
(b) Outside India	-	-
VI. Acceptances, endorsement and other obligations	148,184,168	131,798,720
VII. Other items for which the bank is contingently liable		
(a) Purchase of securities pending settlement	4,995,690	849,834
(b) Capital commitment	2,811,655	3,797,311
(c) Amount deposited with RBI under Depositor Education and Awareness Fund (DEAF)	119,099	77,756
(d) Foreign exchange contracts (Tom & Spot)	211,190,532	113,029,721
(e) Custody	1,910,795	1,605,959
(f) Bills Rediscounting	-	-
(g) Undrawn partial credit enhancement facilities	-	-
(h) When Issued ('WI') securities	-	-
TOTAL	6,801,462,379	4,596,422,189

Contingent Liability on account of outstanding forward exchange contracts and single currency interest rate swap as on March 31, 2022 includes notional amount of ₹2,760,893,820 thousands and ₹750,794,782 thousands (March 31, 2021: ₹1,592,382,517 thousands and ₹318,138,617 thousands) guaranteed by CCIL representing 80.68% and 32.72% (March 31, 2021: 78.78% and 20.20%) of total outstanding forward exchange contracts and single currency interest rate swaps respectively.

SCHEDULES

forming a part of Standalone Profit and Loss Account

	(₹ in thousands)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
SCHEDULE 13 – INTEREST EARNED		
I. Interest/ discount on advances/ bills	150,949,108	166,419,712
II. Income on investments (including dividend)	28,780,909	26,800,743
III. Interest on balances with Reserve Bank of India and other inter-bank funds	7,020,739	3,320,253
IV. Others	3,484,357	3,877,645
TOTAL	190,235,113	200,418,353

	(₹ in thousands)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
SCHEDULE 14 – OTHER INCOME		
I. Commission, exchange and brokerage	16,380,441	12,352,338
II. Profit/(Loss) on the sale of investments (net)	2,594,601	11,080,030
III. Profit/(Loss) on the revaluation of investments (net)	307,297	(2,092,086)
IV. Profit/(Loss) on sale of land, building and other assets	(125,884)	(34,601)
V. Profit on exchange transactions (net)	6,008,156	4,845,890
VI. Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-	-
VII. Miscellaneous income	7,460,082	3,965,373
TOTAL	32,624,693	30,116,944

	(₹ in thousands)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
SCHEDULE 15 – INTEREST EXPENDED		
I. Interest on deposits	84,574,353	76,662,398
II. Interest on Reserve Bank of India/ inter-bank borrowings/ Tier I and Tier II debt instruments	40,705,478	52,366,790
III. Others*	(23,254)	(2,896,851)
*includes reversal of provision created for penalty on SLR breach of ₹3,344,384 in thousands in March 2021.		
TOTAL	125,256,577	126,132,337

	(₹ in thousands)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
SCHEDULE 16 – OPERATING EXPENSES		
I. Payments to and provisions for employees	28,556,914	24,303,780
II. Rent, taxes and lighting	3,948,022	4,404,592
III. Printing and stationery	310,977	297,330
IV. Advertisement and publicity	243,645	363,209
V. Depreciation on Bank's property	3,983,619	3,532,333
VI. Directors' fees, allowances and expenses	44,410	28,102
VII. Auditors' fees and expenses	34,501	37,339
VIII. Law charges	401,314	190,286
IX. Postage, telegrams, telephones, etc.	447,379	448,327
X. Repairs and maintenance	364,063	321,327
XI. Insurance	2,009,943	1,357,814
XII. Other expenditure	28,099,153	22,635,713
TOTAL	68,443,940	57,920,152

STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2022

17.1 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.

17.2 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.

17.3 Use of estimates

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

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. In FY2022, India witnessed two more waves of the COVID-19 pandemic and the re-imposition of localised/regional lock-down measures in certain parts of the country. Currently, while the number of new COVID-19 cases have reduced significantly and the Government of India has withdrawn most of the COVID-19 related restrictions, however, the extent to which the COVID-19 pandemic will continue to impact the Bank's results will depend on ongoing as well as future developments, which are uncertain.

Significant Accounting Policies

17.4.1 Revenue recognition

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

- Interest income is recognised in the profit and loss account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognised as per the prudential norms of the RBI. Penal Interest for covenant breach is recognised upon certainty of its realisation. Late payment penalty on retail loans is recognised on cash basis.
- Dividend income is recognised when the right to receive payment is established.
- Commission on Guarantees and Letters of Credit ('LC') issued by the Bank is recognised as income over the period of the Guarantee and LC respectively.
- Income on non-coupon bearing discounted instruments is recognised over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognised over the tenor of the instrument on yield basis.

STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

- 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 recognised 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 realisable.
- Other fees and commission are accounted for as and when they became due.

17.4.2 Investments

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021.

Accounting and Classification

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

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/book value and investments placed in the HTM category at a premium are transferred to AFS/ HFT at the amortised cost.

On transfer from HTM to AFS / HFT category, securities are immediately revalued and resultant depreciation, if any, is provided.

Transfer of investments from AFS to HFT or vice- a- versa (in exceptional circumstances and with the approval of the Board of Directors/ ALCO/Investment Committee) is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

d) Valuation

Investments categorised 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 recognised in the profit and loss account. The net appreciation, if any, in the category under each classification is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to periodic valuation of investments.

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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. Amortisation expense of premium on investments in the HTM category is deducted from interest income in accordance with RBI Circular DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021. 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 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 recognised 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 categorised 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 recognised 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 realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date. In case of investment in Security Receipts on or after April 01, 2017

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

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 collateralised borrowing and lending transactions respectively in accordance with RBI Circular DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021. The first leg of the repo transaction is contracted at the prevailing market rates. The difference between consideration amounts of first and second (reversal of first) leg reflects interest and is recognised as interest income/expense over the period of transaction.

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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 02, 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.

17.4.3 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.

Assets transferred through direct assignment of cash flows are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Bank.

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. In relation to non-performing derivative contracts, as per the extant RBI guidelines, the Bank makes provision for the entire amount of overdue and future receivables relating to positive marked to market value of the said derivative contracts.

The Bank considers an account as restructured, where for economic or legal reasons relating to the borrower's financial difficulty, the Bank grants concessions to the borrower, that the Bank would not otherwise consider. The moratorium granted to the borrowers based on RBI guidelines is not accounted as restructuring of loan. The RBI guidelines on 'Resolution Framework for COVID-19-related Stress' provide a prudential framework for resolution plan of certain loans. The borrowers where resolution plan was implemented under these guidelines are classified as standard restructured.

In respect of non-retail loans reported as fraud to RBI the entire amount, is provided for over a period not exceeding four quarters starting from the quarter in which fraud has been detected. In respect of non-retail loans where there has been delay in reporting the fraud to the RBI or which are classified as loss accounts, the entire amount is provided immediately. In case of fraud in retail accounts, the entire amount is provided immediately.

The Bank makes additional provisions as per RBI guidelines for the cases where viable resolution plan has not been implemented within timelines prescribed by RBI, from the date of default. These additional provisions are written back on satisfying the conditions for reversal as per RBI guidelines.

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. The general provision also includes 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'.

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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 Provisions and Contingencies.

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 categorised 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%.

17.4.4 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 amortised 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 risk-free rates ('RFRs')/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.

Financial conduct authority ('FCA') of the United Kingdom has phased out London interbank offered rate ('LIBOR') on December 2021, replacing it by Alternate Reference rate ('ARR'). Libor was used by the Bank as benchmark for funded as well as Non-funded exposure. Accordingly, MIFOR (derived with LIBOR and forward premium in forex markets) has also been replaced by Modified MIFOR.

RBI vide the press release CO.FMRD.DIRD.S39/14.02.001/2021-22 on July 08, 2021 has encouraged the Banks to cease entering into new financial contracts that has reference LIBOR/MIFOR as a benchmark and instead use widely accepted ARR. Bank has started offering new transaction based on ARR curve w.e.f Jan 1, 2022 except existing underlying transactions linked to LIBOR/MIFOR as permissible by the regulations.

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.

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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.

17.4.5 Earnings per share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20, "Earnings per Share" notified under Section 133 of the Companies Act, 2013. 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.

17.4.6 Accounting for derivative transactions

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

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

Cross currency interest rate swaps which are used by the Bank to hedge its foreign currency borrowings have been designated as cash flow hedges (effective 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 recognised as income/expense on expiry or early termination of the transaction. Mark to market (MTM) gain/loss (adjusted for premium received/paid on option contracts) is recorded under 'Other Income'.

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

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

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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.

17.4.7 Fixed assets

Fixed assets are stated at cost less accumulated depreciation, amortisation 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.

17.4.8 Depreciation

Depreciation on fixed assets is provided on straight-line method, over estimated useful lives, as determined by the management, at the rates mentioned below:

Class of asset	Useful life of Assets 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
Vehicles ¹	8 years	5 years
Furniture and Fixtures	10 years	10 years
Leasehold improvements to premises		- Over the lease period or 9 years whichever is less.

* As per RBI Guidelines.

¹ Based 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.

- Asset 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.

17.4.9 Impairment of assets

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

17.4.10 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.

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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. RBI, vide its clarification dated August 30, 2021 on Guidelines on Compensation of Whole time Directors/ Chief Executive Officers/Material Risk Takers and Control Function Staff, advised Banks that the fair value of share-linked instruments on the date of grant should be recognised as an expense for all instruments granted after the accounting period ending March 31, 2021. Accordingly, the Bank has changed its accounting policy from the intrinsic value method to the fair value method for all share-linked instruments granted after March 31, 2021. The fair value of the stock-based compensation is estimated on the date of grant using Black-Scholes model is recognised as compensation expense over the vesting period.

Options granted till March 31, 2021, 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/unutilised leave subject to a maximum limit. The employees cannot encash unavailed/unutilised 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 recognised 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.

17.4.11 Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term in accordance with Accounting Standard -19, Leases.

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17.4.12 Income taxes

Tax expense comprises of 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 taxes reflect 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.

17.4.13 Provisions and contingent assets/liabilities

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.

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 recognised 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 recognise a contingent liability but discloses its existence in the financial statements.

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

17.4.14 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.

17.4.15 Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss account.

17.4.16 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.

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17.4.17 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.

17.4.18 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

17.4.19 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

17.4.20 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 PSLCs. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLCs is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income' and the same is amortised on a straight line basis over the life of the certificate.

17.4.21 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.

17.5 Capital

17.5.1 Equity Issue

FY 2021-22

During FY 2021-22, the Bank has issued 47,000 equity shares of face value of ₹2 each pursuant to the exercise of stock options by employees under the approved stock option schemes.

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 crore 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. The Bank has issued 'Nil' shares pursuant to the exercise of stock options.

Movement in Share Capital

	(₹ in million)	
	As at March 31, 2022	As at March 31, 2021
Opening Share Capital	50,109.81	25,100.94
Addition due to exercise of Stock Option	0.09	-
Addition due to shares issued for QIP / FPO	-	25,008.87
Addition due to shares issued under Reconstruction scheme	-	-
Closing Share Capital	50,109.90	50,109.81

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17.5.2 Proposed Dividend

During FY 2021-22, the Bank had not declared any dividend on equity shares. RBI vide circular dated April 22, 2021 allowed banks to pay dividend 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 had reported a loss and as a consequence to that the Bank had not declared any dividend.

17.5.3 Capital Reserve

Profit on sale of investments in the Held to Maturity (HTM) category is credited to the Profit and Loss Account and thereafter appropriated to capital reserve (net of applicable taxes and transfer to statutory reserve requirements). During the year ₹108.31 million (net of applicable taxes and transfer to statutory reserve requirements) (previous year: ₹4,969.76 million) was transferred to Capital Reserve.

17.5.4 Investment Reserve

The Bank has transferred ₹ 34.30 million to Investment Reserve (Previous year: ₹ 153.70 million) (net of applicable taxes and transfer to statutory reserve requirements) on provisions for depreciation on investments credited to Profit and Loss Account.

17.5.5 Cash Flow Hedge Reserve

The Bank has utilised ₹ 8.02 million to Cash Flow Hedge Reserve (Previous year: utilised ₹ 32.84 million) on cross currency interest rate swaps which were used by the Bank to hedge its foreign currency borrowings has been expired and hence the Cash Flow Hedge Reserve has been nullified.

17.5.6 Investment Fluctuation Reserve (IFR)

The Bank has transferred ₹ 1,347.89 million (net of applicable taxes and transfer to statutory reserve requirements) to Investment Fluctuation Reserve during the year ended March 31, 2022 (Previous year: ₹ 'Nil').

17.5.7 Employee Stock Option Plan (ESOP) Compensation Reserves

The Bank has transferred ₹ 82.42 million to ESOP Compensation Reserves during the year ended March 31, 2022 (Previous year: ₹ 'Nil').

17.5.8 Transfer to Revenue and other Reserves

With respect to three borrower accounts classified as fraud during Q4 FY22, the Bank has transferred ₹ 4,752.16 million to Revenue and other Reserves on account of unamortised fraud provision in terms of RBI circular DOR.No.STR.REC.55/21.04.048/2021-22 dated October 01, 2021 during the year ended March 31, 2022 (Previous year: ₹ 'Nil').

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17.5.9 Capital Adequacy Ratio

Capital Adequacy Ratio as per RBI guidelines as at March 31, 2022 and March 31, 2021 are given below:

		(₹ in million)	
Sr. No.	Particulars	Current Year	Previous Year
i)	Common Equity Tier 1 capital (CET 1) (net of deductions, if any)	268,806.67	257,330.42
ii)	Additional Tier 1 capital *	-	2,800.00
iii)	Tier 1 capital (i + ii)	268,806.67	260,130.42
iv)	Tier 2 capital	135,137.76	143,075.29
v)	Total capital (Tier 1+Tier 2)	403,944.44	403,205.71
vi)	Total Risk Weighted Assets (RWAs)	2,317,659.08	2,307,492.34
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	11.6%	11.2%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	11.6%	11.3%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	5.8%	6.2%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	17.4%	17.5%
xi)	Leverage Ratio	7.0%	7.9%
xii)	Percentage of the shareholding of	Nil	Nil
	a) Government of India		
	b) State Government (specify name)		
	c) Sponsor Bank		
xiii)	Amount of paid-up equity capital raised during the year	0.09	25,008.87
xiv)	Amount of non-equity Tier 1 capital raised during the year	Nil	Nil
xv)	Amount of non-equity Tier 2 capital raised during the year	Nil	Nil

* The Bank had issued Additional Tier-I capital of ₹ 2,800 million in Dec 2013, however the same has not been considered for regulatory capital for FY 2022 basis guidance received from RBI.

17.5.10 Tier I and Tier II Capital

During the financial year ended March 31, 2022 and March 31, 2021, the Bank has not issued any Tier I or Tier II instruments.

Write Down of AT1 Bonds

The Bank issued Additional Tier 1 Bonds ("AT-1 Bonds") in three tranches (issued in the year 2013, 2016 and 2017) in compliance with the applicable laws/regulations.

On March 05, 2020, RBI invoked Section 45 of the Banking Regulation Act, 1949 ("BR Act"), and imposed a moratorium on the Bank. Further, RBI in exercise of its powers conferred under Section 36ACA of the BR Act superseded the Board of Directors and appointed an Administrator to manage the affairs of the Bank.

Clause 2.15 of Annex 16 of the Master Circular - Basel III Capital Regulations dated July 01, 2015 issued by the RBI, provides that "If the relevant authorities decide to reconstitute a bank or amalgamate a bank with any other bank under the Section 45 of the BR Act, such a bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability for conversion/ write-down of AT1 instruments will be activated. Accordingly, the AT1 instruments will be converted/written-down before amalgamation/reconstitution in accordance with these rules."

Accordingly, the Administrator, on behalf of the Bank was constrained to write down two tranches of the AT-1 Bonds, i.e. AT-1 Bonds issued in 2016 and 2017 in accordance with the RBI guidelines/regulations and the relevant provisions in the Information Memorandum(s) of the said AT-1 Bonds, to protect the interests of the Bank and its depositors.

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The Axis Trustee Services Limited (Trustee on behalf of the bondholders of AT 1 Bonds) and other bondholders filed various writ petition(s) and consumer complaint(s) across India challenging the decision of the Bank to write down the AT 1 Bonds. The same is pending adjudication. 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, Securities and Exchange Board of India ("SEBI") issued a Show Cause Notice dated October 28, 2020 to the Bank and other noticee(s) (ex-employees of the Bank) alleging violation of provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. Thereafter, SEBI vide its order dated April 12, 2021 imposed penalty of ₹25 Crore on the Bank under Section 15 HA of Securities and Exchange Board of India Act, 1992 for the alleged mis-selling of AT-1 Bonds in the secondary market. SEBI also imposed penalties on other noticee(s). Aggrieved by the above-mentioned SEBI order, the Bank and other noticee(s) preferred separate Appeal(s) before the Hon'ble Securities Appellate Tribunal, Mumbai ("SAT"). SAT heard the Appeal(s) and the effect and operation of the SEBI order dated April 12, 2021 has been stayed. The said Appeal(s) are pending final hearing.

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.

17.5.11 Provisions and Contingencies

The breakup of provisions of the Bank for the year ended March 31, 2022 and March 31, 2021 are given below:

Particulars	(₹ in million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Provision for taxation	3,696.36	(12,728.47)
Provision for investments#	7,903.78	14,073.35
Provision for standard advances	(251.53)	6,895.36
Provision made/write-off for non-performing advances#	7,185.19	70,447.66
Other Provisions*#	(36.64)	2,417.18
TOTAL	18,497.17	81,105.07

#In compliance with the RBI circular dated August 30, 2021 (further updated on November 15, 2021), on Master Direction on Financial Statements-Presentation and Disclosures, the Bank has regrouped/reclassified provision for depreciation on investments, Foreign Currency Translation Reserve (FCTR) and bad debt recovery from written off accounts. Though there is no change in the net profit/loss for the previous periods, the previous period figures regrouped/reclassified wherever necessary to conform to current period classification.

* Other Provisions includes provision made against other assets.

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17.5.12 Investments

i) Composition of Investment Portfolio

Composition of Investment Portfolio as at March 31, 2022 is given below:

	(₹ in million)											
	Investments in India					Investments outside India						
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	418,228.07	-	-	19,370.10	1,490.00	-	439,088.17	-	-	-	-	439,088.17
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	418,228.07	-	-	19,370.10	1,490.00	-	439,088.17	-	-	-	-	439,088.17
Available for Sale												
Gross	16,537.31	-	1,210.70	74,561.26	-	36,412.20	128,721.48	3,030.42	-	1,673.68	4,704.10	133,425.58
Less: Provision for depreciation and NPI	(325.94)	-	(996.38)	(41,410.33)	-	(23,226.53)	(65,959.18)	-	-	-	-	(65,959.18)
Net	16,211.37	-	214.32	33,150.93	-	13,185.68	62,762.30	3,030.42	-	1,673.68	4,704.10	67,466.39
Held for Trading												
Gross	2,645.11	-	-	1,400.42	-	8,355.87	12,401.41	-	-	-	-	12,401.41
Less: Provision for depreciation and NPI	-	-	-	(0.42)	-	-	(0.42)	-	-	-	-	(0.42)
Net	2,645.11	-	-	1,400.00	-	8,355.87	12,400.99	-	-	-	-	12,400.99
Total Investments	437,410.50	-	1,210.70	95,331.78	1,490.00	44,768.08	580,211.07	3,030.42	-	1,673.68	4,704.10	584,915.16
Less: Provision for non-performing investments	-	-	(869.73)	(40,365.20)	-	(8,972.77)	(50,207.70)	-	-	-	-	(50,207.70)
Less: Provision for depreciation and NPI	(325.94)	-	(126.65)	(1,045.55)	-	(14,253.76)	(15,751.90)	-	-	-	-	(15,751.90)
Net	437,084.56	-	214.32	53,921.03	1,490.00	21,541.55	514,251.46	3,030.42	-	1,673.68	4,704.10	518,955.56

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Composition of Investment Portfolio as at March 31, 2021 is given below:

	Investments in India				Investments outside India				Total Investments			
	Government Securities	Other Approved Securities	Shares	Debtures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)		Subsidiaries and/or joint ventures	Others	Total Investments outside India
Held to Maturity												
Gross	292,846.51	-	-	5,920.19	2,593.00	-	301,359.70	-	-	-	-	301,359.70
Less: Provision for non-performing investments (NPI) *	-	-	-	-	(437.82)	-	(437.82)	-	-	-	-	(437.82)
Net	292,846.51	-	-	5,920.19	2,155.18	-	300,921.88	-	-	-	-	300,921.88
Available for Sale												
Gross	29,821.27	-	1,685.10	105,343.85	-	39,162.31	176,012.54	2,924.35	-	4,419.73	7,344.08	183,356.61
Less: Provision for depreciation and NPI	(202.48)	-	(1,471.93)	(48,339.30)	-	(16,634.76)	(66,648.47)	-	-	(2,735.98)	(2,735.98)	(69,384.45)
Net	29,618.78	-	213.17	57,004.55	-	22,527.55	109,364.06	2,924.35	-	1,683.75	4,608.10	113,972.17
Held for Trading												
Gross	12,272.33	-	28.81	4,000.00	-	1,996.29	18,297.43	-	-	-	-	18,297.43
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	12,272.33	-	28.81	4,000.00	-	1,996.29	18,297.43	-	-	-	-	18,297.43
Total Investments	334,940.11	-	1,713.91	115,264.05	2,593.00	41,158.61	495,669.67	2,924.35	-	4,419.73	7,344.08	503,013.75
Less: Provision for non-performing investments	-	-	(1,296.16)	(47,597.33)	-	(8,972.77)	(57,866.26)	-	-	(2,800.91)	(2,800.91)	(60,667.17)
Less: Provision for depreciation and NPI	(202.48)	-	(175.77)	(741.97)	(437.82)	(7,661.99)	(9,220.03)	-	-	64.93	64.93	(9,155.10)
Net	334,737.62	-	241.98	66,924.75	2,155.18	24,523.85	428,583.37	2,924.35	-	1,683.75	4,608.10	433,191.48

*Includes provision due to permanent diminution in value of investments.

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II) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

Particulars	As at	
	March 31, 2022	March 31, 2021
i) Movement of provisions held towards depreciation on investments		
a) Opening balance	69,822.27	75,317.25
b) Add: Provisions made during the year	9,459.71	22,081.34
c) Less: Write-off/write back of excess provisions during the year	13,322.38	27,576.32
d) Closing balance	65,959.61	69,822.27
ii) Movement of Investment Fluctuation Reserve		
a) Opening balance	539.07	539.07
b) Add: Amount transferred during the year	1,347.89	-
c) Less: Drawdown	-	-
d) Closing balance	1,886.95	539.07
iii) Closing balance in IFR as a percentage of closing balance of net investments in AFS and HFT/Current category	2.36%	0.41%

III) Sales and transfers of securities to/from Held to Maturity (HTM) category

During the year ended March 31, 2022, the Bank has not 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 book value of HTM investment sold exceeding 5%, during the year ended March 31, 2022 was ₹ Nil. Hence, in line with RBI guidelines, specific disclosures on book value, market value, and provisions if any, relating to such sale and transfers are not made.

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 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.

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)/switch operations auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

IV) Repo Transactions (in face value terms)

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2022:

	As at			
	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	March 31, 2022
Securities sold under repos				
i) Government Securities	52,289.68	166,952.19	88,450.41	123,681.96
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	79,280.32	351,423.05	180,435.25	351,423.05
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-

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The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2021:

	(₹ in million)			
	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at March 31, 2021
Securities sold under repos				
i) Government Securities	3,841.87	115,474.96	20,015.95	52,380.58
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	250.00	189,424.06	77,960.26	174,328.27
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-

The above tables represents the face value of securities sold and purchased under repos, triparty repos (TREPS), reverse repos with interbank counterparties. It also includes securities sold and purchased under Liquidity Adjusted Facility (LAF) with RBI.

17.5.13 Non-SLR Investment Portfolio

i. Issuer composition of Non-SLR investments

Issuer composition of Non-SLR investments as at March 31, 2022 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	84,067.03	84,067.03	42,321.77	-	9,734.08
iii)	Banks	-	-	-	-	-
iv)	Private Corporates	29,578.51	28,994.96	9,033.41	1,955.20	8,133.37
v)	Subsidiaries/Joint ventures	1,490.00	1,490.00	-	-	1,490.00
vi)	Others	32,369.12	29,106.87	-	-	29,106.87
vii)	Provision held towards depreciation**	(65,633.66)				
Total		81,871.00	143,658.85	51,355.18	1,955.20	48,464.32

* Of the investments disclosed ₹ 44,914.32 million are exempted from applicability of RBI prudential limit for Unlisted Non-SLR securities.

Excludes investment in equity shares & units, non-Indian government securities by IBU and non-SLR government of India securities.

** Includes a provision of ₹ 50,207.70 million held for non-performing investments.

Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.

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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.

ii. Non-Performing Investments

		(₹ in million)	
Particulars	March 31, 2022	March 31, 2021	
Opening Balance	65,859.67	92,223.76	
Additions during the year	563.82	1,331.23	
Reductions during the year	13,748.29	27,695.32	
Closing Balance	52,675.20	65,859.67	
Total Provision Held	50,207.70	60,667.17	

17.5.14 Derivatives

Forward Rate Agreement/Interest Rate Swap

The details of Forward Rate Agreements/Interest Rate Swaps outstanding as at March 31, 2022 is given below:

		(₹ in million)	
Sr. No	Items	As at March 31, 2022	As at March 31, 2021
i)	The notional principal of swap agreements	2,294,845.13	1,574,827.70
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements ¹	2,958.74	3,034.62
iii)	Collateral required by the bank upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps		
	[Percentage Exposure to Banks] ¹	6.73%	15.48%
	[Percentage Exposure to PSUs] ¹	84.05%	28.06%
v)	The fair value of the swap book ²	(198.27)	(459.64)
	- INBMK	(867.23)	(1,023.45)
	- MIBOR	214.74	10.52
	- MIFOR	(372.76)	(538.35)
	- FCY IRS	826.97	1,091.64

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

² Fair values represent mark-to-market including accrued interest.

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The nature and terms of the Rupee IRS as on March 31, 2022 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	1147	371,361.44	MIBOR	Fixed Payable V/S Floating Receivable
Trading	62	28,908.00	MIFOR	Fixed Payable V/S Floating Receivable
Trading	6	3,200.00	MOD MIFOR	Fixed Payable V/S Floating Receivable
Trading	1171	373,746.46	MIBOR	Fixed Receivable V/S Floating Payable
Trading	71	31,537.76	MIFOR	Fixed Receivable V/S Floating Payable
Trading	24	10,200.00	MOD MIFOR	Fixed Receivable V/S Floating Payable

The nature and terms of the FCY IRS as on March 31, 2022 are set out below:

(₹ in million)				
Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	32,211.81	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	955	466,373.48	USD LIBOR	Fixed Payable V/S Floating Receivable
Trading	893	435,406.35	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	104	148,310.76	USD LIBOR	Floating Payable V/S Floating Receivable
Trading	396	171,572.75	USD SOFR	Fixed Receivable V/S Floating Payable
Trading	412	180,178.25	USD SOFR	Fixed Payable V/S Floating Receivable
Trading	20	2,993.41	EURIBOR	Fixed Payable V/S Floating Receivable
Trading	47	3,364.45	EURIBOR	Fixed Receivable V/S Floating Payable
Trading	2	421.10	EUR ESTR	Fixed Payable V/S Floating Receivable
Trading	1	522.14	GBP LIBOR	Fixed Payable V/S Floating Receivable
Trading	13	11,582.53	GBP SONIA	Fixed Receivable V/S Floating Payable
Trading	17	13,894.56	GBP SONIA	Fixed Payable V/S Floating Receivable
Trading	1	59.87	AUD LIBOR	Fixed Receivable V/S Floating Payable

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

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17.5.15 Net Overnight Open Position (NOOP)

The Net Overnight Open Position (NOOP) as at March 31, 2022 is ₹ 1,868.11 million (March 31, 2021: ₹ 2,743.24 million).

17.5.16 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, 2022	As at March 31, 2021
1	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year:		
	-6.45% Government Securities 2029	-	21,113.00
	-5.77% Government Securities 2030	-	19,392.00
	-5.85% Government Securities 2030	3,251.20	2,900.00
	-7.95% Government Securities 2032	750.00	1,250.00
	-7.57% Government Securities 2033	700.00	2,100.00
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 st March 2022 (instrument-wise)		
	-7.95% Government Securities 2032	-	750.00
	-7.57% Government Securities 2033	-	700.00
	-5.85% Government Securities 2030	-	-
3	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"		NA
4	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective"		NA

17.5.17 Currency Futures

The Bank had dealt in exchange traded currency forwards (Futures) during the financial year ended March 31, 2022 and March 31, 2021. As at March 31, 2022, the open contracts on the exchange were ₹4.26 million and at March 31, 2021 the open contracts on the exchange were 'Nil'.

17.5.18 Disclosures on risk exposure in derivatives

As per RBI Master circular DOR.ACC.REC.No.45/21.04.018/2021-22 dated August 30, 2021, the following disclosures are being made with respect to risk exposure in derivatives of the Bank:

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

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- 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 account 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, 2022 and March 31, 2021 are given below:

Sr. No	Particular	(₹ in million)			
		Currency derivatives ¹		Interest rate derivatives ⁴	
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
i) Derivatives (Notional Principal Amount)					
a) For hedging	0.00	2,340.00	32,211.81	31,071.75	
b) For trading	314,403.39	351,224.31	2,262,633.32	1,545,319.42	
ii) Marked to market positions²					
a) Asset (+)	10,186.55	10,861.02	24,561.93	22,406.46	
b) Liability (-)	11,585.66	11,350.40	25,169.63	24,342.95	
iii) Credit exposure³	32,668.55	37,537.03	52,632.15	38,418.71	
iv) Likely impact of one percentage change in interest rate (100*PV01) (Refer Note 1&2 below)					
a) on hedging derivatives	0.00	18.15	165.22	487.98	
b) on trading derivatives	308.35	458.31	715.98	958.62	
v) Maximum and minimum of 100*PV01 observed during the year (Refer Note 1&2 below)					
a) on hedging					
Maximum	17.48	70.90	576.53	1,047.67	
Minimum	0.00	17.85	0.00	483.69	
b) on trading					
Maximum	560.79	948.03	1,276.41	1,434.48	
Minimum	279.34	449.68	268.61	701.02	

¹ Currency derivatives includes options purchased and sold, cross currency interest rate swaps and currency futures.

² Trading portfolio including accrued interest.

³ Mark to Market for credit exposure includes accrued interest.

⁴ Interest rate derivatives include Interest Rate Swaps, forward rate agreements and exchange traded interest rate derivatives.

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Notes:

- Denotes absolute value of loss which the Bank could suffer on account of a change in interest rates by 1% which however doesn't capture the off-setting exposures between interest rate and currency derivatives.
- PV01 exposures reported above may not necessarily indicate the interest rate risk the Bank is exposed to, given that PV01 exposures in Investments (which may offset the PV01 reflected above) do not form part of the above table.
- The notional principal amount of foreign exchange contracts classified as trading at March 31, 2022 amounted to ₹3,414,165.71 million (previous year: ₹2,004,598.80 million). For these trading contracts, as on March 31, 2022, marked to market position was asset of ₹14,614.09 million (Previous year: ₹10,075.82 million) and liability of ₹16,937.80 million (Previous Year: ₹10,163.47 million). The notional principal amount of foreign exchange contracts classified as hedging at March 31, 2022 amounted to ₹7,765.38 million (previous year: ₹16,792.97 million). Credit exposure on forward exchange contracts at March 31, 2022 was ₹142,555.85 million (Previous Year: ₹58,733.82 million) of which exposure on CCIL is ₹1,18,448.02 million (Previous Year: ₹40,822.85 million).

Asset Quality

17.5.19 Non-Performing Advances

Classification of advances and provisions held for the year ended March 31, 2022

	(₹ in million)					Total
	Standard		Non-Performing		Total Non Performing Advances	
	Total Standard Advances	Substandard	Doubtful	Loss		
Gross Standard Advances and NPAs						
Opening Balance	1,570,796.35	108,271.56	155,952.66	21,871.06	286,095.29	1,856,891.64
Add: Additions during the year					57,953.92	
Less: Reductions during the year					64,289.44	
Closing balance	1,728,474.59	28,382.81	187,522.96	63,853.99	279,759.76	2,008,234.36
Reductions in Gross NPAs due to:						
i) Upgradation					35,904.78	
ii) Recoveries (excluding recoveries from upgraded accounts)					18,675.53	
iii) Technical/ Prudential Write-offs					-	
iv) Write-offs other than those under (iii) above					9,709.13	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	19,492.54	38,863.57	127,227.07	21,871.06	187,961.71	207,454.25
Add: Fresh provisions made during the year					46,247.29	
Less: Excess provision reversed/ Write-off loans					36,494.55	
Closing balance of provisions held	19,241.02	7,968.69	127,776.70	61,969.06	197,714.45	216,955.47
Net NPAs						
Opening Balance		69,407.99	28,725.59	-	98,133.58	
Add: Fresh additions during the year					11,706.63	
Less: Reductions during the year					27,794.90	
Closing Balance		20,414.12	59,746.27	1,884.93#	82,045.32	82,045.32
Floating Provisions						
Opening Balance					-	-
Add: Additional provisions made during the year					-	-
Less: Amount drawn down during the year					-	-

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	Standard		Non-Performing		Total
	Total Standard Advances	Substandard	Doubtful	Loss	
Closing balance of floating provisions					-
Technical write-offs and the recoveries made thereon					
Opening balance of Technical/ Prudential written-off accounts					172,084.30
Add: Technical/ Prudential write-offs during the year					-
Less: Recoveries made from previously technical/ prudential written-off accounts during the year					9,060.12
Closing balance					163,024.18

The amount pertains to unamortised fraud cases.

Classification of advances and provisions held for the year ended March 31, 2021

	Standard		Non-Performing		Total
	Total Standard Advances	Substandard	Doubtful	Loss	
Gross Standard Advances and NPAs					
Opening Balance	1,628,195.15	187,142.11	70,642.82	70,990.95	328,775.88
Add: Additions during the year					120,347.89
Less: Reductions during the year					163,028.47
Closing balance	1,570,796.35	108,271.56	155,952.66	21,871.06	286,095.29
Reductions in Gross NPAs due to:					
i) Upgradation					7,773.10
ii) Recoveries (excluding recoveries from upgraded accounts)					32,853.93
iii) Technical/ Prudential Write-offs					-
iv) Write-offs other than those under (iii) above					122,401.44
Provisions (excluding Floating Provisions)					
Opening balance of provisions held	12,597.19	116,232.17	55,314.97	70,990.95	242,538.09
Add: Fresh provisions made during the year					80,603.85
Less: Excess provision reversed/ Write-off loans					135,180.23
Closing balance of provisions held	19,492.54	38,863.57	127,227.07	21,871.06	187,961.71
Net NPAs					
Opening Balance		70,909.93	15,327.86	-	86,237.79
Add: Fresh additions during the year					39,744.03
Less: Reductions during the year					27,848.24
Closing Balance		69,407.99	28,725.59	-	98,133.58

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	Standard		Non-Performing		Total
	Total Standard Advances	Substandard	Doubtful	Loss	
Floating Provisions					
Opening Balance					-
Add: Additional provisions made during the year					-
Less: Amount drawn down during the year					-
Closing balance of floating provisions					-
Technical write-offs and the recoveries made thereon					
Opening balance of Technical/ Prudential written-off accounts					63,580.60
Add: Technical/Prudential write-offs during the year					108,642.53
Less: Recoveries made from previously technical/prudential written-off accounts during the year					138.83
Closing balance					172,084.30

* Auditors have relied upon the information presented by management as above.

Ratios (in percentage terms)	31-Mar-22	31-Mar-21
Gross NPA to Gross Advances	13.93%	15.41%
Net NPA to Net Advances	4.53%	5.88%
Provision coverage ratio	70.67%	65.70%

17.5.20 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 01, 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 condition mentioned in RBI circular, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory process for FY 2020 and FY 2021.

17.5.21 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 07, 2019, below mentioned are details as of March 31, 2022 and March 31, 2021 respectively.

Sr. No.	Description of Resolution Plan (RP)	No. of cases	Aggregate Loan Outstanding (₹ in million)
1	Payment of overdues by the borrower (deemed implementation of RP as per RBI circular)	43	69,487.26
2	Restructuring/change in ownership outside IBC	3	295.59
3	Resolution pursued under IBC	4	-
4	Assignment of debt/recovery proceedings	1	-

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Sr. No.	Description of Resolution Plan (RP)	No. of cases	Aggregate Loan Outstanding (₹ in million)
1	Payment of overdues by the borrower (deemed implementation of RP as per RBI circular)	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

17.5.22 Sector-wise Advances and Gross NPAs

The details of Sector-wise Gross Advances and Gross NPAs as at March 31, 2022 and March 31, 2021 are given below:

Sector	As at March 31, 2022			As at March 31, 2021		
	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
A) Priority Sector						
a) Agriculture and Allied activities	76,907.66	9,144.49	11.89%	84,669.33	9,693.95	11.45%
b) Advances to industries sector eligible as priority sector lending	218,985.68	3,039.03	1.39%	130,440.08	3,101.48	2.38%
<i>Gems and Jewellery</i>	22,096.76	254.09	1.15%	25,426.07	536.96	2.11%
<i>Textile</i>	24,720.46	227.04	0.92%	15,765.32	258.27	1.64%
c) Services	285,809.97	6,598.36	2.31%	265,142.66	11,540.36	4.35%
d) Personal Loans	-	-	-	-	-	-
e) Others	64,911.99	1,936.30	2.98%	37,180.68	1,881.73	5.06%
Sub-Total (A)	646,615.30	20,718.18	3.20%	517,432.75	26,217.52	5.07%
B) Non-Priority Sector						
a) Agriculture and Allied activities	8,287.82	935.99	11.29%	5,813.05	596.51	10.26%
b) Industry	616,584.40	136,231.43	22.09%	663,000.05	132,654.60	20.01%
<i>Construction</i>	70,506.73	52,431.36	74.36%	79,968.66	56,354.22	70.47%
<i>Electricity (generation-transmission and distribution)</i>	-	-	-	64,036.29	5,918.33	9.24%
c) Services	358,451.30	116,515.97	32.51%	393,257.26	119,645.98	30.42%
<i>Commercial Real Estate</i>	121,242.94	66,725.30	55.03%	156,118.60	68,138.98	43.65%
<i>Tourism, Hotel and Restaurants</i>	69,886.33	13,193.59	18.88%	78,567.03	16,650.24	21.19%
d) Personal Loans	101,168.95	670.22	0.66%	59,389.78	1,192.19	2.01%
e) Others	277,126.59	4,687.97	1.69%	217,998.75	5,788.51	2.66%
Sub-Total (B)	1,361,619.06	259,041.58	19.02%	1,339,458.89	259,877.79	19.40%
Total (A+B)	2,008,234.36	279,759.76	13.93%	1,856,891.64	286,095.31	15.41%

17.5.23 Unsecured advances

The details of Unsecured Advances as at March 31, 2022 and March 31, 2021 are given below:

Particulars	As at March 31, 2022		As at March 31, 2021	
	₹	(₹ in million)	₹	(₹ in million)
Total unsecured advances of the bank	432,111.76		336,948.30	
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	14,363.27		1,588.07	
Estimated value of such intangible securities	26,640.28		4,255.52	

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17.5.24 Restructured Accounts

The details of accounts Restructured during the year ended March 31, 2022 are given below:

Type of Restructuring	Restructured Accounts as on April 1 of the FY (opening figures)		Fresh restructuring/Additional sanction during the year		Downgradations of restructured accounts during the FY		Upgradations to restructured standard category during the FY		Restructured Advances ceases to be shown as restructured standard advances at the beginning of the next year		Write-offs/sale/recovery of restructured accounts during the FY		Restructured Accounts as on March 31 of the FY (Closing figures)	
	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding
1 CDR														
Standard	-	0.00	-	0.00	-	-	-	-	-	-	-	-	-	0.00
Substandard	-	(0.00)	-	(0.00)	-	-	-	-	-	-	-	-	-	(0.00)
Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss	1.00	66.63	66.63	-	-	-	-	-	-	-	-	-	-	(0.00)
Total	1.00	66.63	66.63	-	-	-	-	-	-	-	-	(1.00)	(66.63)	(0.00)
2 SME														
Standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Others														
Standard	-	0.00	0.00	-	-	-	-	-	-	-	-	-	-	0.00
Substandard	-	0.00	0.00	-	-	-	-	-	-	-	-	-	-	0.00
Doubtful	1.00	57.49	57.49	-	-	-	-	-	-	-	-	-	-	15.49
Loss	2.00	252.60	252.60	-	-	-	-	-	-	-	-	-	-	248.21
Total	3.00	310.10	310.10	-	-	-	-	-	-	-	(46.40)	(46.40)	3.00	263.70
4 Grand Total														
Standard	-	0.00	0.00	-	-	-	-	-	-	-	-	-	-	0.00
Substandard	-	0.00	0.00	-	-	-	-	-	-	-	-	-	-	0.00
Doubtful	1.00	57.49	57.49	-	-	-	-	-	-	-	-	-	-	15.49
Loss	3.00	319.23	319.23	-	-	-	-	-	-	-	-	-	-	248.21
Total	4.00	376.73	376.73	-	-	-	-	-	-	(1.00)	(113.02)	(113.02)	3.00	263.70

Notes:

- There have been no accounts upgraded from restructured advances during the year ended March 31, 2022.
- The outstanding amount and number of borrowers as at March 31, 2022 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, the 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, 2021 are given below:

Type of Restructuring No.	Restructured Accounts as on April 1 of the FY (opening figures)		Fresh restructuring/Additional sanction during the year		Downgradations of restructured accounts during the FY		Upgradations to restructured standard category during the FY		Restructured Advances ceases to be shown as restructured standard advances at the beginning of the next year		Write-offs/sale/recovery of restructured accounts during the FY		Restructured Accounts as on March 31 of the FY (Closing figures)	
	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding	No. of borrowers	Amount outstanding
1 CDR														
Standard	-	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	0.00
Substandard	-	(0.00)	(0.00)	(0.00)	-	-	-	-	-	-	-	-	-	(0.00)
Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss	2.00	242.97	242.97	242.97	-	-	-	-	-	(1.00)	(176.34)	(176.34)	1.00	66.63
Total	2.00	242.97	242.97	242.97	-	-	-	-	-	(1.00)	(176.34)	(176.34)	1.00	66.63
2 SME														
Standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Others														
Standard	-	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	0.00
Substandard	-	0.00	0.00	0.00	-	-	-	-	-	(1.00)	(359.30)	(359.30)	1.00	57.49
Doubtful	2.00	416.79	416.79	416.79	-	-	-	-	-	-	-	-	-	57.49
Loss	2.00	265.10	265.10	265.10	-	-	-	-	-	-	(12.50)	(12.50)	2.00	252.60
Total	4.00	681.90	681.90	681.90	-	-	-	-	-	(1.00)	(371.80)	(371.80)	3.00	310.10
4 Grand Total														
Standard	-	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	0.00
Substandard	-	0.00	0.00	0.00	-	-	-	-	-	(1.00)	(359.30)	(359.30)	1.00	57.49
Doubtful	2.00	416.79	416.79	416.79	-	-	-	-	-	(1.00)	(188.84)	(188.84)	3.00	319.23
Loss	4.00	508.07	508.07	508.07	-	-	-	-	-	(2.00)	(548.14)	(548.14)	4.00	376.73
Total	6.00	924.87	924.87	924.87	-	-	-	-	-	(2.00)	(548.14)	(548.14)	4.00	376.73

Notes:

- 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, the 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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17.5.25 Resolution Framework for COVID-19 related Stress

Details of resolution plans implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 (Resolution Framework 1.0) and May 5, 2021 (Resolution Framework 2.0) at March 31, 2022 are given below:

Type of borrower	(₹ in million)				
	(A)	(B)	(C)	(D)	(E)
	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during half-year	Of (A), amount written off during the half-year	Of (A), amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year
Personal Loans	1,269.17	63.20	3.07	28.54	1,174.35
Corporate Person's*	44,191.38	508.42	6.64	1,149.17	42,008.75
<i>Of which, MSME's</i>	2,960.50	158.42	6.64	419.17	2,158.50
Others	7,759.98	238.69	122.54	870.20	6,684.71
Total	53,220.53	810.31	132.25	2,047.92	49,867.81

* Includes Non-Fund Based Exposure amounting to ₹ 9,738.59 million as at the end of this half-year.

17.5.26 Restructuring of Advances - Micro Small and Medium Enterprises.

During the year ended March 31, 2022, the Bank has restructured advances amounting to ₹ 11,455.24 million (Previous year: ₹ 1,202.68 million) to Micro Small and Medium Enterprises.

Particulars	As at March 31, 2022	As at March 31, 2021
No. of accounts restructured	4,950	365
Amount (₹ in million)	11,455.24	1,202.68

17.5.27 Disclosure under COVID-19 Regulatory Package

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localized lockdowns in areas with a significant number of COVID-19 cases. In FY2022, India witnessed two more waves of the COVID-19 pandemic and the re-imposition of localised/regional lock-down measures in certain parts of the country. Currently, while the number of new COVID-19 cases have reduced significantly and the Government of India has withdrawn most of the COVID-19 related restrictions, however, the extent to which the COVID-19 pandemic will continue to impact the Bank's results will depend on ongoing as well as future developments, which are uncertain.

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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 COVID-19 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.

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.

17.5.28 Financial assets sold to Securitisation Company/Reconstruction Company for Asset Reconstruction

a) Details of Financial assets sold to Securitisation/Reconstruction Company during the year ended March 31, 2022 are as follows-

Particulars	(₹ in million)	
	Year ended March 31, 2022	Year ended March 31, 2021
(i) No. of accounts	-	-
(ii) Aggregate principal value (net of specific provisions) of accounts sold to SC / RC	-	-
(iii) Aggregate consideration received in Cash	-	-
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value*	-	-

* As per the extant RBI guidelines, the Bank has not recognised the gains in the financial statements and has recorded the Security Receipts at Net Book Value (NBV). If the sale value is lower than the net book value, the entire loss has been written off in the year of sale.

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b) Details of Investments held as Security Receipts received by sale of NPA to Securitisation/Reconstruction Company as at March 31, 2022 and March 31, 2021 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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
	Net Book value of investments in security receipts	7,174.83	14,207.87	-	-	7,174.83

* 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, 2022 are as follows-

	(₹ 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	13,043.65	7,723.46	489.11
Provision held against (i)	11,316.74	2,275.54	489.11
(ii) Book value of SRs backed by NPAs* sold by other banks/ financial institutions/ non-banking financial companies as underlying	-	-	122.40
Provision held against (ii)	-	-	122.40
Total (i) + (ii)	13,043.65	7,723.46	611.50

* 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.

Details of ageing of Investments held as Security Receipts as at March 31, 2021 are as follows-

	(₹ 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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17.5.29 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, 2022 and March 31, 2021.

17.5.30 Transfer of Loan Exposure

Details of loans transferred/acquired for the period October 01, 2021 to March 31, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

- The Bank has not transferred/acquired any non-performing assets (NPAs).
- The Bank has not transferred/acquired any Special Mention Account (SMA) and loan not in default.
- Details of loans not in default acquired through assignment are given below:

Aggregate amount of loans acquired (₹ in million)	11,589.91
Weighted average residual maturity (in years)	11.55
Weighted average holding period by originator (in years)	0.75
Retention of beneficial economic interest by the originator (in %)	14.23%
Tangible security coverage (in %)	90.19%

In the above table, the loans acquired are unrated.

- The Bank has not transferred/acquired any stressed loan.

17.5.31 Provisions for Standard Assets

Provision on standard advances for the year FY 2021-22 was ₹ 19,241.02 million. Provision on standard advances for the year FY 2020-21 was ₹ 19,492.54 million.

17.5.32 Business ratios

Business Ratios	As at March 31, 2022	As at March 31, 2021
i) Interest income as a percentage to working funds ¹	6.8%	8.3%
ii) Non-interest income as a percentage to working funds ¹	1.2%	1.4%
iii) Cost of Deposits	5.0%	6.0%
iv) Net Interest Margin	2.3%	2.8%
v) Operating profit as a percentage to working funds ¹	1.0%	2.0%
vi) Return on assets ¹	0.4%	(1.4)%
vii) Business (deposits + net advances) per employee ² (₹ in million)	155.84	136.00
viii) Profit per employee ² (₹ in million)	0.46	(1.51)

¹ Working funds represents the average of total assets as reported in Return Form X to RBI under Section 27 of the Banking Regulation Act, 1949.

² For the purpose of computation of business per employee and profit per employee (deposits plus advances), interbank deposits have been excluded and average employees have been considered.

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17.5.33 Asset Liability Management

The following table sets forth the maturity pattern of assets and liabilities of the Bank as on March 31, 2022.

(₹ in million)						
Maturity Buckets	Loans & Advances	Investment Securities	Deposits	Borrowings	FCY Assets	FCY Liabilities
1 Day	2,430.87	59,396.64	8,368.36	-	26,861.55	252.51
2-7 days	6,787.63	8,074.21	109,436.97	55,767.42	2,453.09	773.28
8-14 Days	13,447.17	8,153.91	50,194.56	42.05	5,765.22	1,217.54
15-30 Days	25,978.29	31,129.22	96,238.21	4,178.04	9,751.72	2,281.46
1-2 Months	30,413.88	10,818.76	72,471.03	98.13	16,080.59	7,899.37
2-3 Months	28,849.42	16,058.29	103,392.11	11,030.26	23,037.16	5,634.92
3-6 Months	58,996.52	30,723.81	181,537.59	37,287.61	15,159.48	8,339.19
6-12 Months	102,340.79	59,364.40	325,454.73	181,713.05	17,495.81	90,769.51
1-3 Years	815,190.81	145,691.97	358,505.64	240,561.19	29,412.84	37,618.41
3-5 Years	341,628.27	91,601.53	650,382.94	73,831.62	7,261.12	15,940.56
Over 5 Years	384,456.26	57,942.81	15,935.18	117,536.47	19,823.16	17,301.55
TOTAL	1,810,519.91	518,955.56	1,971,917.33	722,045.83	173,101.74	188,028.30

* Auditors have relied upon the information presented by management as above on maturity buckets.

The following table sets forth the maturity pattern of assets and liabilities of the Bank as on March 31, 2021.

(₹ in million)						
Maturity Buckets	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
Over 5 Years	3,45,409.49	37,712.66	9,211.09	1,46,330.14	22,592.12	19,462.25
TOTAL	1,668,929.94	433,191.48	1,629,466.42	639,490.85	193,691.23	172,604.98

* Auditors have relied upon the information presented by management as above on maturity buckets.

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.

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17.5.34 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, 2022	As at March 31, 2021
i)	Direct exposure		
	Residential Mortgages	112,357.36	81,623.15
	<i>Of total Residential Mortgages- Individual housing loans eligible for inclusion in priority sector advances</i>	38,181.69	27,265.08
	<i>Fund based</i>	38,181.69	27,265.08
	<i>Non fund based</i>	-	-
	Commercial Real Estate*	181,981.80	204,767.75
	<i>Of total Commercial Real Estate-outstanding as advances</i>	162,005.55	183,392.04
	Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
	- Residential	1,691.30	2,247.45
	- Commercial Real Estate	-	-
ii)	Indirect exposure		
	Fund based and non fund based exposures on National Housing Board and Housing Finance Companies	54,697.06	63,096.41
	Total Exposure to Real Estate Sector	350,727.52	351,734.76

* Commercial real estate exposure classification is based on RBI circular DBOD.BP.BC.No. 42/08.12.015/2009-10 dated September 09, 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, 2022	As at March 31, 2021
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;	68.25	59.41
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;	7,755.58	6,060.73
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;	16,522.38	8,966.02
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;*	8,490.97	6,484.58
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;	10,561.83	10,429.38

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		(₹ in million)	
Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
vii)	Financing for acquisition of equity in overseas companies/financing for acquisition of equity in Indian companies	4,073.29	4,136.25
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)	233.17	205.82
	Total Exposure to Capital Market	47,705.47	36,342.19

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 ₹2,708.97 million is exposure to YES Securities (India) Limited, which is a subsidiary of the Bank.

17.5.35 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, 2022, the net funded country exposure (direct) of the Bank as a percentage of total funded assets for United States of America was 1.19% (for previous year March 31, 2021 Singapore was 1.01%). As the net funded exposure to United States of America exceeded 1.0% of total funded assets, the Bank held a provision of ₹ 103.85 million on country exposure (direct and indirect) at March 31, 2022 (March 31, 2021: ₹ 69.38 million) based on RBI guidelines.

		(₹ in million)			
Risk Category	Exposure (net) as at March 31, 2022	Provision held as at March 31, 2022	Exposure (net) as at March 31, 2021	Provision held as at March 31, 2021	
Insignificant	141,336.68	103.85	147,316.64	69.38	
Low	36,325.76	-	49,104.14	-	
Moderately Low	4,980.68	-	5,184.19	-	
Moderate	7.15	-	134.00	-	
Moderate High	-	-	-	-	
High	-	-	-	-	
Very High	-	-	-	-	
TOTAL	141,336.68	103.85	201,738.98	69.38	

17.5.36 Details of factoring exposure

The factoring exposure of the Bank outstanding as on March 31, 2022 is ₹ 2,581.17 million (Previous year: ₹ 385.62 million).

Miscellaneous

17.5.37 Disclosure on borrowing and lending activities

The Bank, as part of its normal banking business, grants loans and advances, makes investments, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons. These transactions are part of the Bank's normal banking business and are undertaken in accordance with the guidelines prescribed by the Reserve Bank of India.

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Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in other persons or entities identified by or on behalf of the Bank (Ultimate Beneficiaries) or provide any guarantee, security or like on behalf of the Ultimate Beneficiaries.

The Bank has also not received any fund from any persons or entities, including foreign entities ("Funding Party") with the understanding, whether recorded in writing or otherwise, that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

17.5.38 Concentration of Deposits

The below table represents the deposits of top 20 depositors (excluding certificate of deposits, which are tradable instruments) as at March 31, 2022 and March 31, 2021.

Particulars	(₹ in million)	
	As at March 31, 2022	As at March 31, 2021
Total deposits of the twenty largest depositors	279,595.80	285,237.23
Percentage of deposits of twenty largest depositors to total deposits of the bank	14.18%	17.50%

17.5.39 Concentration of Advances

Particulars	(₹ in million)	
	As at March 31, 2022	As at March 31, 2021
Total advances to the twenty largest borrowers	342,575.79	381,576.76
Percentage of advances to twenty largest borrowers to total advances of the bank	9.77%	11.77%

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.

17.5.40 Concentration of Exposures

Particulars	(₹ in million)	
	As at March 31, 2022	As at March 31, 2021
Total exposure to the twenty largest borrowers/customers	370,734.79	418,476.21
Percentage of exposures to the twenty largest borrowers/ customers to the total exposure of the bank on borrowers/ customers	10.15%	12.27%

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.

17.5.41 Concentration of NPAs

Particulars	(₹ in million)	
	As at March 31, 2022	As at March 31, 2021
Total Exposure to the top twenty NPA accounts	175,607.90	173,424.39
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	56.93%	54.79%

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17.5.42 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, 2022	Year ended March 31, 2021
Basic (annualised)		
Weighted average no. of equity shares outstanding	25,054,915,063	21,183,670,327
Net profit/(loss) (₹)	10,662.12	(34,622.27)
Basic earnings per share (₹)	0.43	(1.63)
Diluted (annualised)		
Weighted average no. of equity shares outstanding	25,057,565,654	21,186,000,617
Net profit/(loss) (₹)	10,662.12	(34,622.27)
Diluted earnings per share (₹)	0.43	(1.63)
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 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.

17.5.43 Income Taxes

Provisions made for Income Tax during the year

Particulars	(₹ in million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Current income tax expense	-	-
Deferred income tax credit	3,696.36	(12,728.47)
Total	3,696.36	(12,728.47)

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17.5.44 Disclosure of penalties imposed by RBI

During the financial year ended March 31, 2022, following are the list of penalties imposed on the Bank by RBI.

Sl no.	Date	Topic	Detail	Amount (₹)
1.	August 02, 2021	SGL Bounce	There was an instance of bouncing of SGL for ₹ 500 million on July 20, 2021. The Bank had immediately intimated this SGL Bounce instance to RBI vide email dated July 20, 2021. RBI vide letter dated July 23, 2021 had sought explanation in detail of the circumstances which led to the shortfall. The Bank had submitted its response to the RBI vide email dated July 28, 2021 providing explanation leading to the shortfall and requested RBI to condone the error. Subsequently, RBI vide letter dated August 02, 2021 had imposed a penalty of ₹ 5,00,000 on this matter. The penalty has been paid by the Bank on August 4, 2021.	5,00,000
2.	November 30, 2021 and December 13, 2021	Irregularities observed in the soiled note remittance received from Currency Chest	RBI has imposed a penalty of ₹550/- on November 30, 2021 and a penalty of ₹200/- on December 13, 2021 on account of irregularities observed in the soiled note remittance received from Yes Bank, Chembur Currency Chest. The same was informed to the Bank vide emails dated December 01, 2021 and December 13, 2021 respectively.	750
3.	February 22, 2022	Irregularities observed in the soiled note remittance	RBI vide email dated February 23, 2022 has informed that a penalty of ₹500 has been levied on February 22, 2022 on account of the irregularities observed in the soiled note remittance received on November 26, 2021 from Yes Bank Chembur Currency Chest.	500

During the financial year ended March 31, 2021, there were no penalties imposed on the Bank by RBI.

17.5.45 Fees/Remuneration received from Bancassurance

Bank has earned ₹1,785.54 million from bancassurance business during year ended March 31, 2022 (previous year: ₹1,301.96 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, 2022	For the year ended March 31, 2021
Income from selling life insurance policies	1,464.65	1,146.70
Income from selling non-life insurance policies	320.90	155.26
TOTAL	1,785.54	1,301.96

17.5.46 Overseas Assets, NPAs and Revenue

The below table shows total assets, NPAs and revenue for the overseas branch (IBU) of the Bank.

Particulars	(₹ in million)	
	Year ended March 31, 2022	Year ended March 31, 2021
Total assets	153,159.65	130,299.26
Total NPAs	10,710.36	10,331.29
Total revenue	3,725.25	4,985.72

17.5.47 Repatriation of profits

The Bank has not repatriated any profit from overseas branch during the FY 2021-22 and FY 2020-21.

17.5.48 Sponsored SPVs

The Bank has not sponsored any SPV and hence there is no consolidation due to SPVs in Bank's books.

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17.5.49 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2022 (Previous year: 'Nil').

17.5.50 Credit/Debit card reward points

Provision for credit card and debit card reward points for the year ended March 31, 2022

Particulars	(₹ in million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening provision	451.99	342.86
Provision made during the year	235.27	144.35
Utilised/Write-back of provision	(157.81)	(35.22)
Closing provision	529.45	451.99

The valuation of credit card and debit card reward points is based on actuarial valuation method obtained from an independent actuary.

17.5.51 Corporate Social Responsibility (CSR)

a) Amount required to be spent by the Bank on CSR during the year was 'Nil' (Previous year: ₹ 'Nil').

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: ₹ 'Nil')

17.5.52 Staff retirement benefits

The following table sets out the funded status of the Gratuity Plan and the amounts recognised in the Bank's financial statements as of March 31, 2022 and March 31, 2021 which is as per AS-15 Employee Benefits (Revised):

a) Changes in present value of Obligations:

Particulars	(₹ in million)	
	As at March 31, 2022	As at March 31, 2021
Present Value of Obligation at the beginning of the year	1,649.44	1,553.76
Interest Cost	98.90	93.16
Current Service Cost	289.17	303.68
Past Service Cost	-	-
Benefits Paid	(261.67)	(164.10)
Actuarial (gain)/loss on Obligation	(99.70)	(137.06)
Present Value of Obligation at the end of the year	1,676.14	1,649.44

b) Changes in the fair value of plan assets:

Particulars	(₹ in million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Fair value of plan assets at the beginning of the year	1,454.95	1,215.46
Adjustment to Opening Balance	-	-
Expected return on plan assets	87.24	72.88
Contributions	-	300.50
Benefits paid	(261.67)	(164.10)
Actuarial gain/(loss) on plan assets	34.28	30.21
Fair value of plan assets at the end of the period	1,314.80	1,454.95

The Bank has entire contribution of Gratuity Fund as Investments with Insurance Companies which are invested primarily in debt instruments as approved by IRDA.

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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, 2022 and March 31, 2021 comprises the following components:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Current Service Cost	289.17	303.68
Interest Cost	98.90	93.17
Expected Return on plan assets	(87.24)	(72.88)
Net Actuarial gain recognised in the year	(133.99)	(167.27)
Past Service Cost	-	-
Expenses recognised	166.85	156.70

Experience History:

Particulars	For the year ended				
	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
(Gain)/Loss on obligation due to change in assumption	(26.74)	-	(249.13)	63.57	(70.88)
Experience (Gain)/Loss on obligation	(126.45)	(137.06)	47.68	(29.59)	113.80
Actuarial Gain/(Loss) on plan assets	34.28	30.21	(26.95)	(26.25)	(5.21)

The assumptions used in accounting for the gratuity plan are set out below:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Discount Rate	5.85%	6.00%
Expected Return on Plan Assets	5.85%	6.00%
Mortality	100% of IALM 2012-14	IALM (2012-14) Ult
Future Salary Increases	11.00%	9.00%
Disability		
Attrition	20%-35%	13%-25%
Retirement	60 Years	60 Years

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

Position of plan asset/liability

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Fair value of plan assets at the end of the period	1,314.80	1,454.95
Present Value of Obligation at the end of the year	1,676.14	1,649.44
Plan asset/(liability)	(361.34)	(194.49)

The Bank is yet to determine future contribution to Gratuity fund for Financial Year 2022-23.

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National Pension Scheme

The Bank has contributed ₹ 39.12 million for the year ended March 31, 2022 (March 31, 2021: ₹ 29.76 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 ₹ 1,019.73 million for the year ended March 31, 2022 (March 31, 2021: ₹ 933.66 million) towards contribution to the provident fund.

Compensated absences

The Bank has recognised ₹ 76.61 million in the profit and loss account for the year ended March 31, 2022 (March 31, 2021: ₹ 17.72 million) towards compensated absences.

17.5.53 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, 2022 are set out below:

Business Segments	For the year ended				Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operations	
Segment Revenue	62,669.63	95,080.75	78,567.39	3,454.81	239,772.58
Less: Inter-segment					(16,912.77)
Revenue net of inter-segment					222,859.81
Result	6,468.75	20,293.64	30.76	1,761.25	28,554.41
Unallocated Expenses					(14,195.92)
Operating Profit					14,358.48
Income Taxes					3,696.36
Extra-ordinary Profit/(Loss)					-
Net Profit					10,662.12
Other Information:					
Segment assets	1,215,583.94	1,012,785.30	842,931.13	501.82	3,071,802.19
Unallocated assets					110,400.06
Total assets					3,182,202.25
Segment liabilities	833,963.78	1,062,702.10	942,695.72	617.01	2,839,978.62
Unallocated liabilities					342,223.63
Total liabilities					3,182,202.25

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Other banking operations includes income from bancassurance business ₹ 1,785.54 million during year ended March 31, 2022.

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	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.

Notes for segment reporting:

- 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).
- In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.
- Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.
- The unallocated assets Includes tax paid in advance/tax deducted at source and deferred tax asset.
- The unallocated liabilities include Share Capital and Reserves & Surplus.
- Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

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17.5.54 Deferred Taxation

The deferred tax asset of ₹91,842.08 million as at March 31, 2022 and ₹95,538.43 million as at March 31, 2021, 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	As at March 31, 2022	As at March 31, 2021
Deferred tax asset		
Depreciation	670.86	569.12
Provision for gratuity and unutilized leave	429.29	367.57
Provision for Non-Performing Assets	49,668.84	47,645.19
Amortization of premium on HTM securities	77.17	126.01
Business Loss	19,309.20	23,947.84
Unabsorbed Depreciation	914.39	914.39
Provision for standard advances	4,795.27	4,858.57
Other Provisions	15,977.06	17,109.74
Deferred tax asset	91,842.08	95,538.43

During the year ended March 31, 2022, the Bank has reported net profit of ₹10,662.12 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 realisation 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. Accordingly, the Bank has recognised Provision for Income Tax basis the rate prescribed in the aforesaid section.

17.5.55 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, 2022 are disclosed below:

Subsidiary

- YES Securities (India) Limited
- YES Asset Management (India) Limited (till November 1, 2021)
- YES Trustee Limited (till November 1, 2021)

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, 2022:

Items/Related Party Category	Investing party ¹	Maximum Balance during the year	Subsidiaries ²	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	#	#	1,291.57*	1,760.08	#	#			
Advances (Overdraft)			929.81*	1,295.04					
Investment	#	#	1,490.00*	2,593.00					
Interest received	#		57.99						
Interest paid	#		57.42		#				
Reimbursement of Cost incurred			40.81						
Receiving of services			1.06		#				
Payable	#		-						
Receivable	#		9.17						
Sale of Assets			-						
Funded/Non-Funded Exposure	#		2950.00						
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, 2022.

¹ As 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.

² On November 01, 2021, the Bank has completed the sale of its entire stake in its wholly-owned subsidiaries YES Asset Management (India) Limited and YES Trustee Limited to GPL Finance and Investments Limited. The net positive impact to the standalone financial results post this sale, including reversal of the impairment provision was ₹ 149.40 million.

During the year ended March 31, 2022, the Bank has contributed ₹ 'Nil' (Previous year: ₹ Nil 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.

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:

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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.

¹ As 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.

² During the year, Bank has made investment in YES Asset Management (India) Limited for ₹ 200 million and ₹ 0.30 million in Yes Trustee Limited.

³ As 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.

⁴ 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.

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.

17.5.56 Operating Leases

Lease payments recognised in the profit and loss account for the year ended March 31, 2022 was ₹ 3,378.62 million (Previous year: ₹ 3,892.44 million). During the year ended March 31, 2022, the Bank paid minimum lease payment ₹ 3,335.19 million (Previous year: ₹ 3,903.91 million).

The following table sets forth, for the period indicated, the details of future rentals payment on operating leases:

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	(₹ in million)	
	As at March 31, 2022	As at March 31, 2021
Lease obligations		
Not later than one year	2,945.23	3,347.63
Later than one year and not later than five years	10,181.06	10,250.40
Later than five years	11,433.36	12,661.96
TOTAL	24,559.65	26,259.99

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.

17.5.57 ESOP disclosures

The Bank has three Employee Stock Option Plans Schemes in operation viz:

- YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/ PESOP II/PESOP II -2010); and
- 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 Performance Employee Stock Option Plan, 2020 (PESOP 2020) and YBL MD&CEO Stock Option Plan, 2020 (MD&CEO Plan 2020). Effective September 10, 2020 nomenclature of the scheme was changed from YBL ESOS – 2018 to YBL ESOS -2020 and all the plans under the said scheme continue to be valid. All new options have been granted under the YBL ESOS 2020 (which inter-alia consist of JESOP 2018, PESOP 2018, PESOP 2020 and MD & CEO Plan 2020. 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.

Grants under 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 V	50% after 3 years and balance after 5 years from the Grant date
	JESOP 2018	50% after 3 years and balance after 5 years from the Grant date
PESOP	PESOP II – 2010	30%, 30% & 40% each year, from end of 3 rd year from the Grant date
	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 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.

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Summary of the status of the Bank's stock option plans as on March 31, 2022 and March 31, 2021 is set out below:

	As at March 31, 2022		As at March 31, 2021	
	PESOP	JESOP	PESOP	JESOP
Options outstanding at the beginning of the year	54,717,740	9,787,677	36,696,790	14,514,052
Granted during the year	71,479,000	525,000	34,663,500	42,500
Exercised during the year	47,000	-	-	-
Forfeited/lapsed during the year	15,568,510	2,133,150	16,642,550	4,768,875
Options outstanding at the end of the year	110,581,230	8,179,527	54,717,740	9,787,677
Options exercisable	16,986,335	5,663,277	12,952,555	6,318,927
Weighted average exercise price (₹)	13.50	-	-	-
Weighted average remaining contractual life of outstanding option (years)	1.62	1.73	1.95	1.60

The Bank has changed its accounting policy from the intrinsic value method to the fair value method for all share-linked instruments granted beginning from April 01, 2021. The fair value of the stock-based compensation is estimated on the date of grant using Black-Scholes model and is recognised as compensation expense over the vesting period. As a result, 'Employees cost' for the year ended March 31, 2022 is higher by ₹ 82.4 million and 'Nil' for the year ended March 31, 2021. The Bank has adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options for the year ended March 31, 2022. If the Bank had adopted the Fair Value for all the options granted till March 31, 2021, the net profit after tax would have been lower by ₹ 175.95 million (the net loss after tax would have been higher by ₹ 338.86 million in previous year), the basic earnings per share would have been ₹ 0.42 (Previous year: ₹ (1.65)) per share instead of ₹ 0.43 (Previous year: ₹ (1.63)) per share; and diluted earnings per share would have been ₹ 0.42 (Previous year: ₹ (1.66)) per share instead of ₹ 0.43 (Previous year: ₹ (1.65)) per share.

The following assumptions have been made for computation of the fair value of ESOP granted for the year ended March 31, 2022 and March 31, 2021:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Risk free interest rate	4.06%-6.75%	3.73%-6.21%
Expected life	1.5 years-7.5 years	1.5 years - 7.5 years
Expected volatility	41.73%-60.75%	43.18%-77.70%
Expected dividends	1.10%	1.10%

In computing the above information, certain estimates and assumptions have been made by the Management.

Other Disclosures

17.5.58 Disclosure on Remuneration

(a) Composition of the N&RC of the Bank as on March 31, 2022 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	Nominee Director of State Bank of India
Ms. Rekha Murthy	Non-Executive Director

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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.
4. To scrutinise nominations for Independent/Non-Executive Directors with reference to their qualifications and experience and making recommendations to the Board for appointment/filling of vacancies;
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/review the criteria for performance evaluation and carry out the performance evaluation of independent directors and the members of the Board of Directors;
7. Whether to extend or continue the term of appointment of the independent director on the basis of report of performance evaluation of independent directors;
8. 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;
9. To develop and recommend to the Board Corporate Governance guidelines applicable to the Bank for incorporating best practices;
10. To implement policies and processes relating to Corporate Governance principles;
11. To formulate the criteria for determining qualifications, positive attributes and independence of a director;
12. Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - (a) use the services of an external agencies, if required;
 - (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (c) consider the time commitments of the candidates.
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, retivals, sitting fee, etc.;
15. To review the Bank's overall compensation structure and related polices with a view to attract, motivate and retain employees and review compensation levels vis-à-vis other Banks and the industry in general;

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16. To ensure the following while formulating the policy on the below 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 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 and Sweat Equity) Regulations, 2021 and is authorised 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.

(b) 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 November 04, 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/retivals and the perquisites including monetary value of reimbursements which have a monetary ceiling.
- ii. **Variable Pay:** The Variable Pay for MD & CEO/ WTDs/ MRTs comprises 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 organisational 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 behaviours aligned with organisational values, which include adherence to the best Governance practices, prudent risk taking and delivering superior outcomes to stakeholders.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

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 target 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 and Human Capital. 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 Programme rewards employees on both short-term and long-term basis. There is a direct correlation between the quantum of Variable Pay payout and level of risk exposure and level and role of an employee in the organisation.
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/ Compliance/ Audit/ Finance function for any adverse outcomes in the case of organisational or business unit or individual level prior to the payment of the deferred portion.
5. In the event of a negative contribution or adverse outcomes, deferred compensation is subject to appropriate malus/claw-back arrangements as decided by the Board Remuneration Committee.

(d) 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) such as Governance Compliance, Liability Generation, Cost Management, Customer service, Strengthening Systems, Controls & Processes and Human Capital Development. The Bank has a comprehensive process towards defining measurable Key Performance Indicators (KPIs) for MD & CEO/ WTDs/ MRTs, which are set against the financial and non-financial KSOs 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 and the performance assessment outcomes have an impact on the remuneration.

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(e) 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 the RBI guidelines. 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 and claw-back clauses defined in the Bank's Total Rewards Policy.

(f) Description of the different forms of variable remuneration (i.e. cash and types of share-linked instruments) that the bank utilises 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. Additionally, remuneration of select employees in Middle management also includes Share Linked Instruments.

There were 10 meetings of the N&RC held during the year ended March 31, 2022. The Bank had paid a remuneration of ₹ 1.9 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, 2022	No. of employees	For the year ended March 31, 2021
a) (i) Number of employees having received a variable remuneration award during the financial year.	18	-	4	-
(ii) Number and total amount of sign-on awards made during the financial year.	-	-	-	-
(iii) Details of severance pay, in addition to accrued benefits, if any.	-	-	-	-
b) (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	24	128.50	1	0.90
(ii) Total amount of deferred remuneration paid out in the financial year.	16	4.45	1	0.58
c) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred				
Total remuneration award	29	380.88	7	159.45
Of which Fixed Component	29	303.71	7	139.91
Of which Variable Component	18	77.17	4	19.54
Deferred	18	71.27	4	8.67
Non-deferred	1	5.90	4	10.87

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(₹ in million except No. of employees)

	No. of employees	For the year ended March 31, 2022	No. of employees	For the year ended March 31, 2021
d) (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	24	128.50	4	9.57
(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	-	-	-	-
(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	-	-	-	-
e) Number of Material Key Risk Takers identified	25	-	7	-
f) (i) Number of cases where malus has been exercised.	2^	-	1	-
(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.	-	Mean Pay for the bank - 1.06* Deviation of Pay of WTDs from mean pay for the Bank - MD&CEO - 27:1*	-	-

Notes:

1. 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.

2. For the Financial Year ended March 31, 2022, 12,476,000 ESOP were issued to 17 material risk takers and MD & CEO (previous year 1,200,000 ESOPs to 5 risk takers).

*This computation is based on Annual Fixed Pay.

^Vested & not exercised and un-vested ESOPs forfeited.

17.5.59 Movement in Floating Provisions

The Bank has not created or utilised any floating provisions during the financial year ended March 31, 2022 and financial year ended March 31, 2021.

17.5.60 Drawdown from Reserves

During the financial year ended March 31, 2022, the Bank has not drawn down any reserve. (Previous year: ₹ 'Nil').

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17.5.61 Liquidity Coverage Ratio (LCR)
The following table sets forth, the daily average of unweighted and weighted values for all the quarters in FY2021-22.

(₹ in million)

Particulars	Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021	
	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)	511,293.81	70,444.00	531,757.41	68,818.45	528,984.74	461,423.99		
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	732,728.31	70,444.00	716,542.44	702,599.97	67,484.58	665,156.25	63,864.73	
(i) Stable deposits	56,576.62	2,828.83	56,715.87	55,508.38	2,775.42	53,017.91	2,650.90	
(ii) Less stable deposits	676,151.68	67,615.17	659,826.56	647,091.59	64,709.16	612,138.35	61,213.83	
3 Unsecured wholesale funding, of which:	756,995.60	371,622.53	747,683.29	363,988.00	714,765.14	351,654.46	617,972.73	295,795.59
(i) Operational deposits (all counterparties)	87,148.52	21,787.13	84,245.44	21,061.36	67,850.17	16,962.54	58,603.68	14,650.92
(ii) Non-operational deposits (all counterparties)	669,847.08	349,835.40	663,437.85	342,926.64	646,914.97	334,691.92	559,369.06	281,144.67
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding	125,369.09	-	122,199.69	-	57,871.74	-	55,144.54	-
5 Additional requirements, of which	20,210.38	17,708.49	20,805.96	19,441.18	21,421.17	20,963.94	23,015.06	22,457.32
(i) Outflows related to derivative exposures and other collateral requirements	17,430.31	17,430.31	19,289.54	20,913.14	20,913.14	20,913.14	22,395.35	22,395.35
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	2,780.07	278.17	1,516.43	151.64	508.03	50.80	619.71	61.97
6 Other contractual funding obligations	56,847.29	56,847.29	39,990.66	55,328.05	55,328.05	31,621.64	31,621.64	
7 Other contingent funding obligations	1,066,203.88	40,093.80	38,062.74	964,042.22	37,408.04	980,006.61	36,631.22	
8 Total Cash Outflows	2,758,354.54	556,716.11	2,662,470.22	530,301.03	2,516,028.28	532,839.07	2,372,916.83	450,370.50
Cash Inflows								
9 Secured lending (e.g. reverse repos)	208,951.84	-	202,716.37	-	162,988.85	-	179,950.08	-
10 Inflows from fully performing exposures	107,134.71	70,595.05	97,618.06	71,068.06	72,175.90	56,386.01	84,293.13	70,222.58
11 Other cash inflows	39,984.60	39,984.60	29,666.27	26,766.67	26,766.67	30,182.56	30,182.56	
12 Total Cash Inflows	356,071.15	110,579.65	330,000.70	100,734.33	261,931.42	83,152.68	294,425.77	100,405.14
13 TOTAL HQLA	511,293.81	70,444.00	531,757.41	68,818.45	528,984.74	461,423.99	461,423.99	461,423.99
14 Total Net Cash Outflows	446,136.46	446,136.46	429,566.70	429,566.70	449,686.39	349,965.36	349,965.36	349,965.36
15 Liquidity Coverage Ratio (%)	114.6%	114.6%	123.8%	123.8%	117.6%	131.8%	131.8%	131.8%

The above numbers / ratio includes details of the subsidiaries operational during the year.

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The following table sets forth, the daily average of unweighted and weighted values for all the quarters in FY2020-21.

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
(₹ in million)								
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)	391,772.49	380,516.00	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	380,516.00	351,087.47	297,809.51			
14 Total Net Cash Outflows	343,851.45	342,281.27	342,281.27	352,279.69	706,141.61			
15 Liquidity Coverage Ratio (%)	113.9%	111.2%	111.2%	99.7%	42.2%			

The above numbers/ratio includes details of subsidiaries operational during the year.

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 100% of its Net Cash Outflows as prescribed by regulator.

- The Bank endeavours 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 strategise 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 channelises 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, 2022 is 114.6% which is well above the prudential requirement of 100%.

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17.5.62 Net Stable Funding Ratio (NSFR)

Particulars	Net Stable Funding Ratio (NSFR)						Weighted value		
	Quarter ended March 31, 2022			Quarter ended December 31, 2021					
	Unweighted value by residual maturity		Weighted value	Unweighted value by residual maturity		Weighted value			
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
ASF Item									
1 Capital: (2+3)	470,121.60	-	-	14,506.80	470,797.10	-	-	8,906.80	479,703.90
2 Regulatory capital	470,121.60	-	-	470,121.60	470,797.10	-	-	-	470,797.10
3 Other capital instruments	-	-	-	14,506.80	14,506.80	-	-	8,906.80	8,906.80
4 Retail deposits and deposits from small business customers: (5+6)	330,830.30	120,169.80	114,035.50	-	508,532.04	317,563.50	117,888.10	123,113.20	502,708.32
5 Stable deposits	-	-	-	-	-	-	-	-	-
6 Less stable deposits	330,830.30	120,169.80	114,035.50	-	508,532.04	317,563.50	117,888.10	123,113.20	502,708.32
7 Wholesale funding: (8+9)	248,459.40	326,814.50	200,952.80	113,619.50	501,732.85	206,769.90	300,990.30	173,502.50	94,613.50
8 Operational deposits	109,829.30	-	-	-	54,914.65	91,297.10	-	-	45,648.55
9 Other wholesale funding	138,630.10	326,814.50	200,952.80	113,619.50	446,818.20	115,472.80	300,990.30	173,502.50	94,613.50
10 Other liabilities: (11+12)	381,858.60	34,908.16	236,970.91	541,093.29	677,032.82	373,276.67	70,398.32	184,564.35	552,716.90
11 NSFR derivative liabilities	2,418.79	-	-	-	-	877.96	-	-	-
12 All other liabilities and equity not included in the above categories	379,439.81	34,908.16	236,970.91	541,093.29	677,032.82	372,398.71	70,398.32	184,564.35	552,716.90
13 Total ASF (1+4+7+10)					2,171,926.11				2,097,855.30
RSF Item									
14 Total NSFR high-quality liquid assets (HQLA)					21,331.91				21,355.15
15 Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	-	-	-
16 Performing loans and securities: (17+18+19+21+23)	87,465.45	448,798.66	179,738.50	263,799.33	512,535.92	91,260.12	528,719.50	114,256.42	323,877.01

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Particulars	Net Stable Funding Ratio (NSFR)						Weighted value		
	Quarter ended March 31, 2022			Quarter ended December 31, 2021					
	Unweighted value by residual maturity		Weighted value	Unweighted value by residual maturity		Weighted value			
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
17 Performing loans to financial institutions secured by Level 1 HQLA	13,670.90	-	-	-	2,050.64	14,021.29	-	-	2,103.19
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	56,033.40	1,204.38	-	-	9,007.20	58,586.11	6,105.69	-	11,840.76
19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	17,761.15	401,974.61	130,596.89	-	275,166.32	18,652.73	449,684.86	92,346.14	280,341.87
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	107,068.33	69,594.42	-	-	184,394.30	119,856.29
21 Performing residential mortgages, of which:	-	-	-	54,334.38	35,317.34	-	-	40,838.21	26,544.84
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	54,334.38	35,317.34	-	-	40,838.21	26,544.84
23 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	45,619.68	49,141.61	48,062.25	121,400.01	-	72,928.94	21,910.27	57,806.30
24 Other assets: (sum of rows 25 to 29)	544,758.50	-	-	831,360.49	1,249,174.57	544,652.59	-	-	707,679.54

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Particulars	Net Stable Funding Ratio (NSFR)							
	Quarter ended March 31, 2022			Quarter ended December 31, 2021				
	Unweighted value by residual maturity		Weighted value	Unweighted value by residual maturity		Weighted value		
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	No maturity	< 6 months	6 months to < 1 year	≥ 1 year
25 Physical traded commodities, including gold	-	-	-	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	14,935.71	-	-	12,695.35	13,587.60	-	-	11,549.46
27 NSFR derivative assets	-	-	-	-	-	-	-	-
28 NSFR derivative liabilities before deduction of variation margin posted	2,613.67	-	-	2,613.67	2,329.58	-	-	2,329.58
29 All other assets not included in the above categories	527,209.13	-	-	831,360.49	528,735.41	-	-	707,679.54
30 Off-balance sheet items	1,062,579.34	-	-	39,876.38	1,044,012.72	-	-	39,459.49
31 Total RSF				1,822,918.78				1,775,392.34
32 Net Stable Funding Ratio (%)				119.1%				118.2%

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Qualitative Disclosure:

The Net Stable Funding Ratio (NSFR) is a significant component of the Basel III reforms. In the backdrop of the global financial crisis that started in 2007, the Basel Committee on Banking Supervision (BCBS) proposed certain reforms to strengthen global capital and liquidity regulations with the objective of promoting a more resilient banking sector. In this regard, the Basel III rules text on liquidity – “Basel III: International framework for liquidity risk measurement, standards and monitoring” was issued in December 2010 which presented the details of global regulatory standards on liquidity. Two minimum standards, viz., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for funding liquidity were prescribed by the Basel Committee for achieving two separate but complementary objectives. The NSFR promotes resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding on an ongoing basis.

The Liquidity Risk Management of the Bank is governed by the Asset Liability Management (ALM) Policy approved by the Board. The Asset Liability Committee (ALCO) is a decision-making unit responsible for implementing the liquidity and interest rate risk management strategy of the Bank in line with its risk management objectives and ensures adherence to the risk tolerance/limits set by the Board.

The guidelines for NSFR maintenance were made effective from October 01, 2021. The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. “Available stable funding” (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required (“Required stable funding”) (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

17.5.63 Intra-Group Exposures to Subsidiaries

The Bank had three subsidiaries viz. “YES Securities (India) Limited, Yes Asset Management (India) Limited and Yes Trustee Limited” as at the end of March 31, 2021. During the year ended March 2022, the Bank had sold two subsidiaries viz. “Yes Asset Management (India) Limited and Yes Trustee Limited “

Below mentioned are details of Intra-Group Exposure as of March 31, 2022 and March 31, 2021.

Particulars	(₹ in million)	
	As of March 31, 2022	As of March 31, 2021
Total amount of intra-group exposures	2,950	2,000
Total amount of top-20 intra-group exposures	2,950	2,000
Percentage of intra-group exposures to total exposure of the bank on borrowers / customers (%)	0.08%	0.06%

During the year ended March 31, 2022 and March 31, 2021, the intra-group exposures were within the limits specified by RBI.

17.5.64 Transfers to Depositor Education and Awareness Fund (DEAF)

Particulars	(₹ in million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance of the amount transferred to DEAF	77.75	53.68
Add: Amounts transferred to DEAF during the year	44.02	26.52
Less: Amounts reimbursed by DEAF towards claims	2.67	2.45
Closing balance of amounts transferred to DEAF	119.10	77.75

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17.5.65 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, 2022 and year ended March 31, 2021 has been transferred without any delay.

17.5.66 Marketing and distribution

The Bank has received a fee of ₹ 1,370.70 million in respect of the marketing and distribution function (excluding bancassurance business) during the year ended March 31, 2022 (Previous year: ₹ 673.70 million).

17.5.67 Implementation of IFRS converged Indian Accounting Standards (Ind AS)

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.

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

- The Bank is submitting half yearly Proforma Ind AS financial statements to the RBI
- Formed Steering Committee for Ind AS implementation. The Steering Committee comprises 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 half yearly basis.
- The Bank will continue to liaise with RBI and industry bodies on various aspects pertaining to Ind AS implementation.

17.5.68 Payment of DICGC Insurance Premium

Sr. No.	Particulars	₹ in million)	
		March 31, 2022	March 31, 2021
i)	Payment of DICGC Insurance Premium	2,135.10	1,433.60
ii)	Arrears in payment of DICGC premium	-	-

17.5.69 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 maximise 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.

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The Bank has maintained provision of ₹ 850.90 million (Previous year: of ₹ 736.55 million) and additional capital of ₹ 2,199.25 million (Previous year: of ₹ 1,945.24 million) on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2022.

17.5.70 Provisioning pertaining to Fraud Accounts

The details on the number and amount of frauds as well as the provisioning thereon are given below:

Particulars	As of	
	March 31, 2022	March 31, 2021
Number of frauds reported	283	383
Amount involved in fraud (₹ million)	68,747.98	1,29,215.25
Amount of provision made for such frauds (₹ million) #	54,212.13	35,792.25
Amount of Unamortised provision debited from 'other reserves' as at the end of the year (₹ million) *	4,752.16	-

Excludes amount written-off.

* With respect to three borrower accounts classified as fraud during Q4 FY22, the Bank has transferred ₹ 4,752.16 million to Revenue and other Reserves on account of unamortised fraud provision in terms of RBI circular DOR.No.STR.REC.55/21.04.048/2021-22 dated October 01, 2021 during the year ended March 31, 2022 (Previous year: ₹ 'Nil').

17.5.71 Disclosure of complaints

A. Summary information on complaints received by the bank from customers and from the OBOs

Sr. No	Particulars	FY 2021-22	FY 2020-21
Complaints received by the bank from its customers			
1	Number of complaints pending at beginning of the year	1,354	2,593
2	Number of complaints received during the year	47,188	63,035
3	Number of complaints disposed during the year	47,091	64,274
3.1	Of which, number of complaints rejected by the bank	4,000	2,113
4	Number of complaints pending at the end of the year	1,451	1,354
Maintainable complaints received by the bank from OBOs			
5	Number of maintainable complaints received by the bank from OBOs	2,847	3,303
5.1	Of 5, number of complaints resolved in favour of the bank by BOs	2,741	2,579
5.2	Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by BOs	106	724
5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	1	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.

STANDALONE FINANCIAL STATEMENTS

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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 FY 2022					
ATM/Debit Cards	671	17,102	(28%)	496	68
Internet/ Mobile/ Electronic Banking	464	14,830	(41%)	766	79
Loans and advances	109	5,878	16%	85	-
Credit Cards	10	1,622	24%	9	-
Account opening/difficulty in operation of accounts	3	417	(36%)	4	-
Others	97	7,339	2%	91	-
Total	1,354	47,188	(25%)	1,451	147
Previous Year FY 2021					
Internet/ Mobile/ Electronic Banking	1,238	24,937	0%	464	65
ATM/Debit Cards	1,185	23,853	(62%)	671	102
Loans and advances	49	5,062	23%	109	-
Credit Cards	27	1,313	(41%)	10	-
Account opening/difficulty in operation of accounts	2	653	(64%)	3	-
Others	92	7,217	(52%)	97	1
Total	2,593	63,035	(44%)	1,354	168

The above is based on the information available with the Bank which has been relied upon by the auditors.

17.5.72 Dues to Micro and Small Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been ₹ 1,046.93 million (Previous year: ₹ 570.14 million) worth bills which were paid with delays to micro and small enterprises. There have been ₹ 17.42 million worth bills remained unpaid as at March 31, 2022. 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.

17.5.73 Securitisation Transactions (separate table if there is any securitised transactions)

The Bank has not done any securitisation transactions during the year ended March 31, 2022 and March 31, 2021.

17.5.74 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, 2022 and March 31, 2021.

STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

17.5.75 Software Capitalised under Fixed Assets

The Bank has capitalised software under Fixed Asset amounting to ₹ 1,043.53 million and ₹ 2,022.21 million during the financial year ended March 31, 2022 and March 31, 2021 respectively.

Particulars	₹ in million)	
	As at March 31, 2022	As at March 31, 2021
At cost at March 31 of preceding year	8,252.88	6,248.33
Additions during the year	1,043.53	2,022.21
Deductions during the year	-	(17.67)
Depreciation to date	(6,856.91)	(5,479.94)
Net block	2,439.50	2,772.93

17.5.76 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.

17.5.77 PSLCs sold and purchased during the year ended March 31, 2022

Particulars	₹ in million)			
	2021-22		2020-21	
	Purchased	Sold	Purchased	Sold
PSLC - Agriculture	-	-	-	-
PSLC - SF/MF	138,265	-	-	-
PSLC - Micro Enterprises	-	-	-	-
PSLC - General	-	-	-	-

STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

17.5.78 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 recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the Bank is contingently liable	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), Undrawn partial credit enhancement facilities, When Issued ('WI') securities.

Refer Schedule 12 for amounts relating to contingent liability.

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

Anagha Thatte
Partner
Membership No. 105525

For Chokshi & Chokshi LLP
Chartered Accountants
Firm's Registration No. 101872W/W100045

Vineet Saxena
Partner
Membership No. 100770

Mumbai
April 30, 2022

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

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Sunil Mehta
Chairman
(DIN: 00065343)

Atul Bheda
Director
(DIN: 03502424)

Mahesh Krishnamurti
Director
(DIN: 02205868)

Niranjan Banodkar
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

INDEPENDENT AUDITORS' 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, 2022, 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'/'Statements').

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 and on the other financial information of the subsidiaries, 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, 2022, and its consolidated profit,

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 ('the ICAI') 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. 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:

Key Audit Matters	Auditor's Response
Recognition and Measurement of Deferred Tax Asset The Bank has recognised a net deferred tax asset of ₹918,420 lakh as on March 31, 2022, including net decrease of ₹ 36,964 lakhs during the year. Besides objective estimation, recognition and measurement of deferred tax asset is based on the judgement and numerous estimates regarding the availability and visibility of profits in the future and also considering probable impact of Covid-19 pandemic. 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.	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: <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.

Independent Auditors' Report

Key Audit Matters	Auditor's Response
<p>Income Recognition and Asset Classification of Advances and Investments (IRAC) and Provisioning as per regulatory norms</p> <p>Please refer to schedule 5, schedule 9, schedule 8 read with Note nos. 17.6.4 relating to provisions and contingencies, 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>As required under 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, "Resolution framework for Covid-19 related Stress" (the "Resolution Framework") issued by the RBI on August 06, 2020 and May 05, 2021 and relevant other circulars, notifications and directives issued by the RBI which were collectively considered by the Bank till March 31, 2022 classifies advances into performing and non-performing advances (NPA) which consists of Standard, Sub-standard, Doubtful and Loss and makes appropriate provisions.</p> <p>The Bank, as per its governing framework, made the performing and non-performing advances provisions based on Management's assessment of the degree of impairment of the advances subject to and guided by minimum provisioning levels prescribed under RBI guidelines.</p> <p>The Classification, Provisioning and Write off of Advances including Investments is a Key Audit Matter as the Bank has significant credit risk exposure to a large number of borrowers across various sectors, products, industries and geographies and there is a high degree of complexity, uncertainty and judgement involved in recoverability of advances, nature of transactions and estimation of provisions thereon and identification of accounts to be written off 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 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 viz., standard, sub-standard, doubtful and loss with reference to their days-past-due (DPD) status (including consideration of non-financial parameters of NPA, restructuring guidelines, the Regulatory Package and Resolution framework) 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 selected restructured accounts on sample basis and tested their compliance with relevant RBI guidelines; For the selected non-performing advances, we assessed Management's forecast and inputs of recoverable cash flows, borrower's audited financial statements, valuation of underlying security and collaterals, estimation of recoverable amounts on default and other sources of repayment; Reviewed Bank's policy including Standard Operating Procedures with respect to implementation of Regulatory package and Resolution framework ('guidelines') and tested sample to ascertain the implementation of those guidelines by the Bank. <p>Provisions for advances:</p> <ul style="list-style-type: none"> Tested the Bank's processes for making provision on advances for compliance with RBI regulations and internally laid down policies for provisioning; Tested the completeness and accuracy of data transferred from underlying source systems used for computing collective provision; We had undertaken the walk through for the new automated E-NPA deployed in the current financial year and tested the core functionality for selected sample considering the audit universe. Validated the parameters used to calculate collective provisions with reference to IRAC norms, and Regulatory Package; Tested provision created for fraud accounts as at March 31, 2022 as per the RBI circular; Re-performed, for a sample of retail and corporate portfolios, the calculation of provisions, to determine the accuracy of the same; (Collective for standard portfolio and case specific for non-performing portfolio) Reviewed the Bank's process for granting moratorium to borrowers as per the Regulatory Package announced by the RBI. We tested the completeness and accuracy of the data used for computing general provision in line with Regulatory package updates issued by RBI. Assessed the adequacy of disclosures against the RBI Guidelines.

Key Audit Matters	Auditor's Response
<p>IT Systems and Controls over financial reporting</p> <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. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process and each application has different rules and a different set of user access and authority matrix. These applications are interlinked using different technologies so that data transfer happens in real time or at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces, 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. The Bank has a process for identifying the applications where the controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Bank's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC). Such controls contribute to risk mitigation of erroneous output data. We have identified IT Controls Framework as a Key Audit Matter as the Bank's business is highly dependent on technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on its financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.</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. As part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the various parameters such as Completeness, Validity, Identification/ Authentication Authorization, Integrity and Accountability. On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect Unauthorized transactions and support financial objectives including completeness, accuracy, authorization and validity of transactions. 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 ITGC testing, on sample basis, we reviewed control areas such as User Management, Change Management, Systems Security, cyber security, interface testing, deployment of new applications, Incident Management, Physical & Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement. For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded. We tested the control environment using various techniques such as inquiry, walk-throughs in live environment, review of documentation/ record/ reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our tests considering the audit universe. Wherever deviations were noted either the same were explained to our satisfaction or we tested compensating controls and performed alternate procedures, where necessary, to draw comfort. 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.

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 and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures) (collectively called as "Other Information") but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Independent Auditors' 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 as 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, as applicable to the Bank. The respective Board of Directors of the Company included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act and the RBI Guidelines, 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 judgements 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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company included in the Group are responsible for overseeing the 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 judgement and maintain professional scepticism 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.
- 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 entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain 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 year 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

- The Bank has sold its entire stake in its wholly owned subsidiaries YES Asset Management (India) Limited and YES Trustee Limited on November 01, 2021. Accordingly, the consolidated financial statements include figures of these two subsidiaries till October 31, 2021. The interim financial results of these subsidiaries for period up to September 30, 2021 included in the consolidated financial statements have been reviewed by other independent auditors on which we have relied upon. The interim financial results of these subsidiaries for a period of October 01, 2021 till October 31, 2021 included in the consolidated financial statements have been reviewed by one of the joint statutory auditors. These interim financial results included in the statement reflects total revenues of ₹ 99.86 lakh and total net loss after tax of ₹ 741.79 lakh for the seven months ended October 31, 2021 respectively as considered in the Annual Consolidated Financial Results.

Independent Auditors' Report

Our opinion on the Consolidated Financial Statements, 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 Financial Results of YES Securities (India) Limited, included in the Statement, reflects Group's share of total assets of ₹73,183 lakh as at March 31, 2022, Group's share of total revenue of ₹15,853 lakh and Group's share of total net profit after tax of ₹526 lakh for the year ended March 31, 2022 respectively. This financial results have been audited by its independent auditor. The independent auditor's report on financial results of this entity has been furnished to us and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on the report of such auditor and the procedures performed by us are as stated in paragraph above.

Our opinion on the consolidated financial statement is not modified in respect of these matters.

- c) One of the current Joint Statutory Auditors has carried out audit of the consolidated financial statements of the Bank for the year ended March 31, 2021 and issued an unmodified opinion vide their report dated April 30, 2021.

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 and relevant rules issued thereunder.
- 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:
 - 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;
 - 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;

- 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;
 - 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;
 - on the basis of the written representations received from the directors of the Bank as on March 31, 2022, 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 of the Group is disqualified as on March 31, 2022, 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 consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.
- With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our knowledge and belief and according to the information and 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:
 - the consolidated financial statements disclose the impact of pending litigations as at March 31, 2022 on the consolidated financial position of the Group - Refer Note 17.6.20 to the consolidated financial statements;
 - 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 17.6.14 to the consolidated financial statements;

- 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 incorporated in India during the year ended March 31, 2022 - Refer Note 17.6.18 to the consolidated financial statements.
- The management of the Bank and its respective subsidiary have represented that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts, (Refer Note No. 17.6.19 no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank or its subsidiary company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank or its subsidiary companies ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - The management of the Bank and its respective subsidiary have represented that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts (Refer Note No. 17.6.19 no funds have been received by the Bank or its subsidiary company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, the Bank or its subsidiary company shall, whether, directly or indirectly, lend or invest in

other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
 - No dividend has been declared or paid during the year by the Bank and its subsidiaries.
- 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.

Based on the reports of the statutory auditor of the subsidiary company which was not 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 (Firm Regn. No. 101851W)	For Chokshi & Chokshi LLP Chartered Accountants (Firm Regn. No. 101872W / W100045)
Anagha Thatte Partner (Membership No. 105525) UDIN: 22105525AIJURB5884	Vineet Saxena Partner (Membership No. 100770) UDIN: 22100770AILBBB3296
Place: Mumbai Date: April 30, 2022	Place: Mumbai Date: April 30, 2022

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

of even date on the consolidated financial statements of YES BANK Limited for the year ended March 31, 2022

(Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of YES BANK Limited on the consolidated financial statements for the year ended March 31, 2022)

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") and its subsidiary company, which is companies incorporated in India as of March 31, 2022, 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 with reference to consolidated financial statements based on criteria established by the Bank and respective companies 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 of the Bank and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with 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 judgement, 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 auditors of the respective subsidiary companies, 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 of the Bank and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with Reference to Financial Statements

A Bank'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. The Bank'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 Bank;
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 Bank are being made only in accordance with authorisations of management and directors of the Bank; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank'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 (the Bank) and its subsidiary company, which is incorporated in India, have maintained, in all material respects, an adequate internal financial control system with reference to consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on internal control with reference to consolidated financial statements criteria established by the Bank and the respective subsidiary companies 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 in so far as it relates to one subsidiary company, is based on the corresponding report of the auditor of this company.

Our opinion is not modified in respect of this matter.

For M P Chitale & Co. Chartered Accountants (Firm Regn. No. 101851W)	For Chokshi & Chokshi LLP Chartered Accountants (Firm Regn. No. 101872W / W100045)
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Anagha Thatte Partner (Membership No. 105525) UDIN: 22105525AIJURB5884	Vineet Saxena Partner (Membership No. 100770) UDIN: 22100770AILBBB3296
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Place: Mumbai
Date: April 30, 2022

Place: Mumbai
Date: April 30, 2022

CONSOLIDATED BALANCE SHEET

as at March 31, 2022

	Schedule	As at March 31, 2022	As at March 31, 2021
(₹ in thousands)			
CAPITAL AND LIABILITIES			
Capital	1	50,109,906	50,109,812
Reserves and surplus	2	286,879,780	281,273,123
Minority Interest	2A	-	-
Deposits	3	1,970,625,763	1,628,459,313
Borrowings	4	723,401,826	639,490,848
Other liabilities and provisions	5	154,760,078	136,601,325
TOTAL		3,185,777,353	2,735,934,421
ASSETS			
Cash and balances with Reserve Bank of India	6	90,672,666	68,127,898
Balances with banks and money at call and short notice	7	376,809,359	225,124,617
Investments	8	517,539,857	431,146,483
Advances	9	1,809,590,101	1,668,048,605
Fixed assets	10	21,410,068	21,583,785
Other assets	11	369,755,302	321,903,033
Goodwill on Consolidation		-	-
TOTAL		3,185,777,353	2,735,934,421
Contingent liabilities	12	6,801,462,379	4,596,422,894
Bills for collection		49,919,078	22,140,477
Significant Accounting Policies and Notes to Accounts forming part of financial statements	17		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

The Balance Sheet has been prepared in conformity with Form A of the Third Schedule to the Banking Regulation Act, 1949

As per our report of even date attached.

For M P Chitale & Co.
Chartered Accountants
Firm's Registration No. 101851W

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

Anagha Thatte
Partner
Membership No. 105525

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Sunil Mehta
Chairman
(DIN: 00065343)

Atul Bheda
Director
(DIN: 03502424)

For Chokshi & Chokshi LLP
Chartered Accountants
Firm's Registration No. 101872W/W100045

Vineet Saxena
Partner
Membership No. 100770

Mahesh Krishnamurti
Director
(DIN: 02205868)

Niranjan Banodkar
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

Mumbai
April 30, 2022

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the period ended March 31, 2022

	Schedule	For the year ended March 31, 2022	For the year ended March 31, 2021
(₹ in thousands)			
I. INCOME			
Interest earned	13	190,187,665	200,392,826
Other income	14	34,047,514	31,070,807
TOTAL		224,235,179	231,463,633
II. EXPENDITURE			
Interest expended	15	125,284,351	126,109,333
Operating expenses	16	69,811,429	59,173,029
Provisions and contingencies Refer note 17.6.4		18,498,865	81,070,548
TOTAL		213,594,645	266,352,910
III. PROFIT / (LOSS)			
Share of earnings/loss in Associates			
Consolidated Net profit/(loss) for the year before deducting Minorities' Interest		10,640,534	(34,889,278)
Less: Minorities' Interest		-	-
Consolidated profit/(loss) for the year attributable to the Group		10,640,534	(34,889,278)
Add: Brought forward consolidated profit/(loss) attributable to the group		(109,299,952)	(69,287,215)
TOTAL		(98,659,418)	(104,176,493)
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		2,665,531	-
Transfer to Capital Reserve		108,307	4,969,760
Transfer to Investment Reserve		34,300	153,699
Transfer to Investment Fluctuation Reserve		1,347,886	-
Transfer to Revenue and other Reserves Refer note 17.6.4		4,752,161	-
Dividend paid for previous year		-	-
Balance carried over to balance sheet		(107,567,593)	(109,299,952)
TOTAL		(98,659,408)	(104,176,492)
Significant Accounting Policies and Notes to Accounts forming part of financial statements	17		
Earning per share (Refer Sch. 17.6.10)			
Basic (₹)		0.42	(1.65)
Diluted (₹)		0.42	(1.65)
(Face Value of Equity Share is ₹2/-)			

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

The Profit and Loss Account has been prepared in conformity with Form B of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date attached.

For M P Chitale & Co.
Chartered Accountants
Firm's Registration No. 101851W

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

Anagha Thatte
Partner
Membership No. 105525

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Sunil Mehta
Chairman
(DIN: 00065343)

Atul Bheda
Director
(DIN: 03502424)

For Chokshi & Chokshi LLP
Chartered Accountants
Firm's Registration No. 101872W/W100045

Vineet Saxena
Partner
Membership No. 100770

Mahesh Krishnamurti
Director
(DIN: 02205868)

Niranjan Banodkar
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

Mumbai
April 30, 2022

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2022

	(₹ in thousands)	
	Year ended 31 March, 2022	Year ended 31 March, 2021
Cash flow from/(used in) Operating Activities		
Net profit before taxes	14,336,891	(47,617,752)
Adjustment for:		
ESOP Compensation Expense	90,449	-
Depreciation for the year	4,033,317	3,600,318
Amortisation of premium on investments	3,400,038	1,785,855
Impairment/Revaluation on Investments	7,596,484	16,130,913
Provision for standard advances	(251,526)	6,895,356
Provision/write off of non-performing advances	21,157,827	71,158,190
Other provisions	(2,190)	2,904,826
(Profit)/Loss on sale of land, building and other assets	125,884	34,601
	(i) 50,487,174	54,892,307
Adjustments for:		
Increase/(Decrease) in Deposits	342,166,450	575,347,633
Increase/(Decrease) in Other Liabilities	10,136,805	(28,079,679)
(Increase)/Decrease in Investments	43,738,615	(18,097,194)
(Increase)/Decrease in Advances	(162,699,323)	(37,273,428)
(Increase)/Decrease in Other assets	(46,866,663)	15,181,410
	(ii) 186,475,884	507,078,742
Payment of direct taxes	(iii) (985,611)	(8,013,982)
Net cash generated from/(used in) operating activities (A) (i+ii+iii)	235,977,447	553,957,067
Cash flow from/(used in) investing activities		
Purchase of fixed assets	(4,102,775)	(2,696,005)
Proceeds from sale of fixed assets	117,290	108,671
(Increase)/Decrease in Held To Maturity (HTM) securities	(141,128,511)	6,511,977
Net cash generated/(used in) from investing activities (B)	(145,113,996)	3,924,643
Cash flow from/(used in) financing activities		
Increase in Borrowings	98,039,228	(483,088,553)
Innovative Perpetual Debt (paid)/raised	-	(3,070,000)
Tier II Debt repaid during the year	(14,128,250)	(12,064,000)
Proceeds from issuance of Equity Shares (net of share issue expense)	635	148,802,131
Dividend paid during the year	-	-
Net cash generated from/(used in) financing activities (C)	83,911,613	(349,420,422)
Effect of exchange fluctuation on translation reserve (D)	(545,554)	487,649
Net increase in cash and cash equivalents (A+B+C+D)	174,229,510	208,948,937

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2022

	(₹ in thousands)	
	Year ended 31 March, 2022	Year ended 31 March, 2021
Cash and cash equivalents as at April 1st	293,252,515	84,303,578
Cash and cash equivalents as at Mar 31st	467,482,025	293,252,515
Notes to the Cash flow statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India	90,672,666	68,127,898
Balances with Banks and Money at Call and Short Notice	376,809,359	225,124,617
Cash and cash equivalents as at March 31st	467,482,025	293,252,515

As per our report of even date attached.

For M P Chitale & Co.
Chartered Accountants
Firm's Registration No. 101851W

Anagha Thatte
Partner
Membership No. 105525

For Chokshi & Chokshi LLP
Chartered Accountants
Firm's Registration No. 101872W/W100045

Vineet Saxena
Partner
Membership No. 100770

Mumbai
April 30, 2022

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

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Sunil Mehta
Chairman
(DIN: 00065343)

Atul Bheda
Director
(DIN: 03502424)

Mahesh Krishnamurti
Director
(DIN: 02205868)

Niranjan Banodkar
Chief Financial Officer

Shivanand R. Shettigar
Company Secretary

SCHEDULES

forming a part of Consolidated Balance Sheet

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
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 and subscribed capital (Refer Sch 17.6.1)		
25,054,952,981 equity shares of ₹2/- each (March 31, 2021 : 25,054,905,981 equity shares of 2/- each)	50,109,906	50,109,812
TOTAL	50,109,906	50,109,812
	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening balance	48,934,100	48,934,100
Additions during the year	2,665,531	-
Deductions during the year	-	-
Closing balance	51,599,631	48,934,100
II. Share Premium		
Opening balance	322,949,240	199,155,977
Additions during the year (Refer Sch 17.6.1)	541	125,068,632
Deductions during the year	-	1,275,369
Closing balance	322,949,781	322,949,240
III. Capital Reserve		
Opening balance	17,159,844	12,190,084
Additions during the year	108,307	4,969,760
Deductions during the year	-	-
Closing balance	17,268,151	17,159,844
IV. Capital Reserve on Consolidation		
Opening balance	-	-
Additions during the year	164,816	-
Deductions during the year	-	-
Closing balance	164,816	-
V. Investment Reserve		
Opening balance	533,829	380,130
Additions during the year	34,300	153,699
Deductions during the year	-	-
Closing balance	568,129	533,829
VI. Foreign Currency Translation Reserve		
Opening balance	465,018	(22,630)
Additions during the year	(545,554)	487,648
Deductions during the year	-	-
Closing balance	(80,536)	465,018

SCHEDULES

forming a part of Consolidated Balance Sheet

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
VII. Cash Flow Hedge Reserve		
Opening balance	(8,020)	(40,856)
Additions during the year	8,020	32,836
Deductions during the year	-	-
Closing balance	-	(8,020)
VIII. Investment Fluctuation Reserve		
Opening balance	539,066	539,066
Additions during the year	1,347,886	-
Deductions during the year	-	-
Closing balance	1,886,952	539,066
IX. ESOP Compensation Reserve		
Opening balance	-	-
Additions during the year (Refer Sch 17.6.3)	90,449	-
Deductions during the year	-	-
Closing balance	90,449	-
X. Balance in Profit and Loss Account		
TOTAL	(107,567,593)	(109,299,952)
	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 2A - MINORITY INTEREST		
Minority interest at the date on which the parent-subsidiary relationship came into existence	-	-
Subsequent increase/decrease	-	-
Minority interest on the date of balance sheet	-	-
	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i) From Banks	21,632,926	13,696,165
ii) From others	241,916,662	176,257,900
II. Savings Bank Deposit		
	349,704,727	235,898,654
III. Term Deposits		
i) From Banks	128,534,720	164,737,144
ii) From others (incl. CD's issued)	1,228,836,728	1,037,869,450
TOTAL	1,970,625,763	1,628,459,313
B. I. Deposits of branches in India		
	1,970,275,960	1,628,021,051
II. Deposits of branches outside India		
	349,803	438,262
TOTAL	1,970,625,763	1,628,459,313

SCHEDULES

forming a part of Consolidated Balance Sheet

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 4 - BORROWINGS		
A. Borrowing in India		
i) Reserve Bank of India ¹	70,600,000	54,150,000
ii) Other banks	26,304,116	21,752,150
iii) Other institutions and agencies ^{1 & 2}	359,432,742	295,643,624
iv) Innovative Perpetual Debt Instruments (IPDI)	2,800,000	2,800,000
v) Tier II Borrowings	157,050,000	165,695,000
TOTAL (A)	616,186,858	540,040,774
B. Borrowings outside India		
i) Borrowings outside India ³	107,214,968	93,966,824
ii) Innovative Perpetual Debt Instruments (IPDI)	-	-
iii) Tier II Borrowings	-	5,483,250
TOTAL (B)	107,214,968	99,450,074
TOTAL (A+B)	723,401,826	639,490,848

(1) Secured borrowings are ₹126,362,748 thousands (March 31, 2021: ₹54,150,000 thousands).

(2) ₹265,869,994 thousands of refinance borrowing (March 31, 2021: ₹257,843,624 thousands) ₹16,450,000 thousands (March 31 2021: ₹16,450,000 thousands) of Green Infrastructure Bonds raised to fund 'Green Projects' and ₹21,350,000 thousands (March 31, 2021: ₹21,350,000 thousands) of Long-Term Infrastructure Bonds raised to finance affordable housing and infrastructure projects.

(3) Bonds of ₹36,143,131 thousands (March 31, 2021: ₹34,839,972 thousands) of Medium Term Notes issued in earlier year by IFSC Banking Unit (IBU) in GIFT city Gujarat.

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	7,317,200	5,686,395
II. Inter-office adjustments (net)	-	-
III. Interest accrued	17,825,241	15,287,712
IV. Others (including provisions)		
- Provision for standard advances	19,241,018	19,492,544
- Country risk exposures	103,851	69,400
- Others	110,272,768	96,065,274
- Income Tax Provision	-	-
TOTAL	154,760,078	136,601,325

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	7,929,037	7,903,956
II. Balances with Reserve Bank of India		
- In current account	82,743,629	60,223,942
- In other account	-	-
TOTAL	90,672,666	68,127,898

SCHEDULES

forming a part of Consolidated Balance Sheet

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 7 - BALANCES WITH BANKS, MONEY AT CALL AND SHORT NOTICE		
I. In India		
Balances with banks		
i) in current accounts	2,606,916	1,496,175
ii) in other deposit accounts	3,665,852	3,119,727
Money at call and short notice		
i) with Banks	-	-
ii) with other institutions	-	-
iii) lending under reverse repo (RBI & Banks)	343,850,000	173,960,000
TOTAL (I)	350,122,768	178,575,902
II. Outside India		
i) in current account	25,246,534	45,159,625
ii) in other deposit account	-	-
iii) money at call and short notice	1,440,058	1,389,090
TOTAL (II)	26,686,591	46,548,715
TOTAL (I+II)	376,809,359	225,124,617

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 8 - INVESTMENTS (Net of provisions)		
A. Investments in India		
i) Government Securities*	437,084,560	334,737,624
ii) Other approved securities	-	-
iii) Shares	214,321	241,978
iv) Debentures and bonds	53,921,028	66,924,747
v) Subsidiaries and/or joint ventures	-	-
vi) Others (CPs, CDs, Security Receipts, Pass through certificates, MFs, VCF etc)	21,615,852	24,634,031
TOTAL (I)	512,835,761	426,538,380
B. Investments outside India		
i) Government Securities	3,030,418	2,924,350
ii) Shares	6,243	10,401
iii) Debentures and bonds	-	-
iv) Others (MFs)	1,667,435	1,673,352
TOTAL (II)	4,704,096	4,608,103
TOTAL (I+II)	517,539,857	431,146,483
C. Investments in India		
(i) Gross value of investments	578,795,368	494,062,501
(ii) Aggregate of provisions for depreciation	65,959,607	67,524,121
(iii) Net investment TOTAL (I)	512,835,761	426,538,380
D. Investments outside India		
(i) Gross value of investments	4,704,096	7,344,078
(ii) Aggregate of provisions for depreciation	-	2,735,976
(iii) Net investment TOTAL (II)	4,704,096	4,608,103
TOTAL (I+II)	517,539,857	431,146,483

* Includes securities of face value ₹135,100,288 thousands (previous year ₹66,333,080 thousands) pledged for clearing facility and margin requirements.

SCHEDULES

forming a part of Consolidated Balance Sheet

		(₹ in thousands)	
		As at March 31, 2022	As at March 31, 2021
SCHEDULE 9 – ADVANCES (Net of provisions)			
A.	i) Bills purchased and discounted	32,139,729	23,281,200
	ii) Cash credit, overdrafts and loans repayable on demand	438,996,134	338,485,372
	iii) Term loans	1,338,454,238	1,306,282,033
	TOTAL	1,809,590,101	1,668,048,605
B.	i) Secured by tangible assets ³	1,348,751,115	1,318,455,918
	ii) Covered by Bank/Government guarantees	28,727,222	14,232,450
	iii) Unsecured ^{1 & 2}	432,111,764	335,360,237
	TOTAL	1,809,590,101	1,668,048,605
<p>(1) Includes at March 31, 2022 advances of ₹36,761,150 thousands (March 31, 2021: ₹80,805,626 thousands) for which security documentation is either being obtained or being registered.</p> <p>(2) Includes at March 31, 2022 advances amounting to ₹14,363,265 thousands (March 31, 2021: ₹1,588,072 thousands) has been secured by intangible securities such as charge over the rights, licenses, authority, etc.</p> <p>(3) Includes advances secured by book debts of ₹ 91,079,788 thousands (March 31, 2021: ₹ 63,017,987 thousands) pertaining to NBFC & Services sector, factoring exposure and dealer financing loans to the customer.</p>			
C.	(i) Advances in India		
	i) Priority sectors	634,489,440	500,119,882
	ii) Public sector	62,480	234,014
	iii) Banks	7,751,064	1,223,832
	iv) Others	1,089,853,584	1,067,871,694
	TOTAL (I)	1,732,156,568	1,569,449,422
	(ii) Advances outside India		
	i) Due from Banks	336,186	146,219
	ii) Due from others	77,097,347	98,452,964
	(a) Bills purchased and discounted	-	-
	(b) Syndicated loans	7,108,155	14,236,912
	(c) others	69,989,192	84,216,052
	TOTAL (II)	77,433,533	98,599,183
	TOTAL (I+II)	1,809,590,101	1,668,048,605

SCHEDULES

forming a part of Consolidated Balance Sheet

		(₹ in thousands)	
		As at March 31, 2022	As at March 31, 2021
SCHEDULE 10 – FIXED ASSETS			
I.	Premises		
	At cost as on March 31 st of preceding year	12,480,561	378,031
	Additions during the year	-	12,102,530
	Deductions during the year	-	-
	Accumulated depreciation to date	(219,207)	(41,583)
IA.	Premises under construction	-	-
	TOTAL (I)	12,261,354	12,438,978
II.	Other Fixed Assets (including furniture and fixtures and software)		
	At cost as on March 31 st of preceding year	25,759,702	20,987,202
	Additions during the year	3,478,693	5,301,841
	Deductions during the year	(1,955,575)	(495,896)
	Accumulated depreciation to date	(19,385,988)	(17,276,138)
IIA.	Leased Assets		
	At cost as on March 31 st of preceding year	-	-
	Additions during the year	-	-
	Deductions during the year	-	-
	Accumulated depreciation to date	-	-
	TOTAL (II)	7,896,833	8,517,009
	TOTAL (I+II)	20,158,187	20,955,987
III.	Capital work-in-progress (net of provision)	1,251,880	627,798
	TOTAL	21,410,068	21,583,785
(₹ in thousands)			
		As at March 31, 2022	As at March 31, 2021
SCHEDULE 11 – OTHER ASSETS			
I.	Interest Accrued	17,768,396	15,062,231
II.	Advance tax and tax deducted at source (net of provision)	6,079,253	5,123,088
III.	Deferred tax asset (Refer Sch 17.6.12)	91,842,076	95,538,433
IV.	Stationery and stamps	5,544	4,915
V.	Non-Banking assets acquired in satisfaction of claims	353,000	353,000
VI.	Others*	253,707,033	205,821,366
	TOTAL	369,755,302	321,903,033

*Includes deposits placed with NABARD/ SIDBI/ NHB, etc. of ₹172,696,815 thousands (previous year ₹133,437,163 thousands) on account of shortfall in priority sector targets.

SCHEDULES

forming a part of Consolidated Balance Sheet

	(₹ in thousands)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 12 – CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	1,208,279	612,500
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	3,421,931,086	2,021,391,776
IV. Liability on account of outstanding derivative contracts	-	-
(a) Single currency Interest Rate Swap	2,294,845,134	1,574,827,703
(b) Others	314,403,390	355,127,777
V. Guarantees given on behalf on constituents	-	-
(a) In India	399,862,550	393,303,132
(b) Outside India	-	-
VI. Acceptances, endorsement and other obligations	148,184,168	131,798,720
VII. Other items for which the bank is contingently liable	-	-
(a) Purchase of securities pending settlement	4,995,690	849,834
(b) Capital commitment	2,811,655	3,798,016
(c) Amount deposited with RBI under Depositor Education and Awareness Fund (DEAF)	119,099	77,756
(d) Foreign exchange contracts (Tom & Spot)	211,190,532	113,029,721
(e) Custody	1,910,795	1,605,959
(f) Bills Rediscounting	-	-
(g) Undrawn partial credit enhancement facilities	-	-
(h) When Issued ('WI') securities	-	-
TOTAL	6,801,462,379	4,596,422,894

Contingent Liability on account of outstanding forward exchange contracts and single currency interest rate swap as on March 31, 2022 includes notional amount of ₹2,760,893,820 thousands and ₹750,794,782 thousands (Mar 31, 2021: ₹1,592,382,517 thousands and ₹318,138,617 thousands) guaranteed by CCIL representing 80.68% and 32.72% (Mar 31, 2021: 78.78% and 20.20%) 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, 2022	For the year ended March 31, 2021
SCHEDULE 13 – INTEREST EARNED		
I. Interest/ discount on advances/ bills	150,891,119	166,394,185
II. Income on investments (including dividend)	28,780,909	26,800,743
III. Interest on balances with Reserve Bank of India and other inter-bank funds	7,020,739	3,320,253
IV. Others	3,494,899	3,877,645
TOTAL	190,187,665	200,392,826
SCHEDULE 14 – OTHER INCOME		
I. Commission, exchange and brokerage	16,380,441	12,352,338
II. Profit/(Loss) on the sale of investments (net)	2,594,601	11,080,030
III. Profit/(Loss) on the revaluation of investments (net)	307,297	(2,092,086)
IV. Profit/(Loss) on sale of land, building and other assets	(125,884)	(34,601)
V. Profit on exchange transactions (net)	6,008,156	4,845,890
VI. Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-	-
VII. (a) Lease finance income	-	-
(b) Lease management fee	-	-
(c) Overdue charges	-	-
(d) Interest on lease rent receivables	-	-
VIII. Miscellaneous income	8,882,903	4,919,236
TOTAL	34,047,514	31,070,807
SCHEDULE 15 – INTEREST EXPENDED		
I. Interest on deposits	84,522,616	76,639,394
II. Interest on Reserve Bank of India/inter-bank borrowings/ Tier I and Tier II debt instruments	40,705,478	52,366,790
III. Others*	56,257	(2,896,851)
*includes reversal of provision created for penalty on SLR breach of ₹3,344,384 in thousands in March 2021.		
TOTAL	125,284,351	126,109,333

SCHEDULES

forming a part of Consolidated Profit and Loss Account

	(₹ in thousands)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
SCHEDULE 16 – OPERATING EXPENSES		
I. Payments to and provisions for employees	29,585,717	25,172,549
II. Rent, taxes and lighting	4,007,109	4,462,970
III. Printing and stationery	311,982	300,412
IV. Advertisement and publicity	280,797	392,263
V. a. Depreciation on Group's property other than Leased Assets	3,986,017	3,600,318
b. Depreciation on Leased Assets	47,300	
VI. Directors' fees, allowances and expenses	47,835	32,776
VII. Auditors' fees and expenses	36,431	39,751
VIII. Law charges	401,314	190,286
IX. Postage, telegrams, telephones, etc.	467,295	461,281
X. Repairs and maintenance	371,363	326,760
XI. Insurance	2,010,543	1,358,723
XII. Amortisation of Goodwill	-	-
XIII. Other expenditure	28,257,727	22,834,940
TOTAL	69,811,429	59,173,029

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2022

17.1 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 had three wholly owned subsidiaries namely Yes Securities (India) Limited, YES Asset Management (India) Limited and YES Trustee Limited. On November 1, 2021, the Bank has completed the sale of its entire stake in its wholly owned subsidiaries YES Asset Management (India) Limited and YES Trustee Limited to GPL Finance and Investments 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.

17.2 Principles of Consolidation

The Bank has sold its entire stake in its wholly owned subsidiaries YES Asset Management (India) Limited and YES Trustee Limited on November 01, 2021. Accordingly, the consolidated financial statements include figures of these two subsidiaries till October 31, 2021.

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.

17.3 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.

17.4 Use of estimates

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

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localized lockdowns in areas with a significant number of COVID-19 cases. In FY2022, India witnessed two more waves of the Covid-19 pandemic and the re-imposition of localised/regional lock-down measures in certain parts of the country. Currently, while the number of new Covid-19 cases have reduced significantly and the Government of India has withdrawn most of the Covid-19 related restrictions, however, the extent to which the COVID-19 pandemic will continue

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for the year ended March 31, 2022

to impact the Group's results will depend on ongoing as well as future developments, which are uncertain.

17.5 Significant accounting policies

17.5.1 Revenue recognition

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

- Interest income is recognized in the profit and loss account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognized as per the prudential norms of the RBI. Penal Interest for covenant breach is recognized upon certainty of its realization. Late payment penalty on retail loans is recognized on cash basis.
- 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.

17.5.2 Investments

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DOR.MRG.42/21.04.141/2021-22 dated 1 August 25, 2021.

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.

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/book value and investments placed in the HTM category at a premium are transferred to AFS/ HFT at the amortized cost.

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On transfer from HTM to AFS/HFT category, securities are immediately revalued and resultant depreciation, if any, is provided.

Transfer of investments from AFS to HFT or vice-a-versa (in exceptional circumstances and with the approval of the Board of Directors/ ALCO/ Investment Committee) 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 premium on investments in the HTM category is deducted from interest income in accordance with RBI Circular DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021. 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 recognized 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.

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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 unquoted 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

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adjustment facility (LAF) with RBI are treated as collateralized borrowing and lending transactions respectively in accordance with RBI Circular DOR. MRG.42/21.04.141/2021-22 dated August 25, 2021. The first leg of the repo transaction is contracted at the prevailing market rates. The difference between consideration amounts of first and second (reversal of first) leg reflects interest and is recognized as interest income/expense over the period of transaction.

g) 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.

17.5.3 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.

Assets transferred through direct assignment of cash flows are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Bank.

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. In relation to non-performing derivative contracts, as per the extant RBI guidelines, the Bank

makes provision for the entire amount of overdue and future receivables relating to positive marked to market value of the said derivative contracts.

The Bank considers an account as restructured, where for economic or legal reasons relating to the borrower's financial difficulty, the Bank grants concessions to the borrower, that the Bank would not otherwise consider. The moratorium granted to the borrowers based on RBI guidelines is not accounted as restructuring of loan. The RBI guidelines on 'Resolution Framework for COVID-19-related Stress' provide a prudential framework for resolution plan of certain loans. The borrowers where resolution plan was implemented under these guidelines are classified as standard restructured.

In respect of non-retail loans reported as fraud to RBI the entire amount, is provided for over a period not exceeding four quarters starting from the quarter in which fraud has been detected. In respect of non-retail loans where there has been delay in reporting the fraud to the RBI or which are classified as loss accounts, the entire amount is provided immediately. In case of fraud in retail accounts, the entire amount is provided immediately.

The Bank makes additional provisions as per RBI guidelines for the cases where viable resolution plan has not been implemented within timelines prescribed by RBI, from the date of default. These additional provisions are written back on satisfying the conditions for reversal as per RBI guidelines.

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. The general provision also includes 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.

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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 Provisions and Contingencies

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%.

17.5.4 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 risk-free rates ('RFRs')/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.

Financial conduct authority ('FCA') of the United Kingdom has phased out London interbank offered rate ('LIBOR') on December 2021, replacing it by Alternate Reference rate ('ARR'). Libor was used by the Bank as benchmark for funded as well as Non-funded exposure. Accordingly, MIFOR (derived with LIBOR and forward premium in forex markets) has also been replaced by Modified MIFOR.

RBI vide the press release CO.FMRD.DIRD. S39/14.02.001/2021-22 on July 08, 2021 has encouraged the Banks to cease entering into new financial contracts that has reference LIBOR/MIFOR as a benchmark and instead use widely accepted ARR. Bank has started offering new transaction based on ARR curve w.e.f Jan 1, 2022 except existing underlying transactions linked to LIBOR/MIFOR as permissible by the regulations.

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

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the settlement price and the resultant marked to market profit / loss is daily set.

17.5.5 Earnings per share

The Group reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20, "Earnings per Share" notified under section 133 of the Companies Act 2013. 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.

17.5.6 Accounting for derivative transactions

Derivative transactions comprises forward rate agreements, swaps and option contracts. The Bank undertakes derivative transactions for market making/trading and hedging on-balance sheet assets and liabilities. All market making/trading transactions are marked to market on a 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 (effective 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'.

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.

17.5.7 Fixed assets

Fixed assets are stated at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit /functioning capability from / of such assets.

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17.5.8 Depreciation

Depreciation on fixed assets is provided on straight-line method, over estimated useful lives, as determined by the management, at the rates mentioned below-

Class of asset	Useful life of Assets 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
Leasehold improvements to premises	-	Over the lease period or 9 years whichever is less.

*As per RBI Guidelines.

¹ Based 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.

- Asset 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.

17.5.9 Impairment of assets

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

17.5.10 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. RBI, vide its clarification dated August 30, 2021 on Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff, advised Banks that the fair value of share-linked instruments on the date of grant should be recognized as an expense for all instruments granted after the accounting period ending March 31, 2021. Accordingly, the Group has changed its accounting policy from the intrinsic value method to the fair value method for all share-linked instruments granted after March 31, 2021. The fair value of the stock-based compensation is estimated on the date of grant using Black-Scholes model is recognized as compensation expense over the vesting period.

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Options granted till March 31, 2021, 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 absences

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.

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.

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.

17.5.11 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.

17.5.12 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 taxes reflect 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 realised.

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17.5.13 Provisions and contingent assets/liabilities

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.

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.

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.

17.5.14 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.

17.5.15 Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss account.

17.5.16 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.

17.5.17 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.

17.5.18 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

17.5.19 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

17.5.20 Priority Sector Lending Certificates (PSLCs)

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 PSLCs. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLCs is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income' and the same is amortised on a straight line basis over the life of the certificate.

17.5.21 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.

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17.6 CAPITAL

17.6.1 Equity Issue

FY 2021-22

During FY 2021-22, the Bank has issued 47,000 equity shares of face value of ₹2 each pursuant to the exercise of stock options by employees under the approved stock option schemes.

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 crore 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. The Bank has issued 'Nil' shares pursuant to the exercise of stock options.

Movement in Share Capital

Share Capital	₹ in million	
	As at March 31, 2022	As at March 31, 2021
Opening Share Capital	50,109.81	25,100.94
Addition due to exercise of Stock Option	0.09	-
Addition due to shares issued for QIP/FPO	-	25,008.87
Addition due to shares issued under Reconstruction scheme	-	-
Closing Share Capital	50,109.90	50,109.81

17.6.2 Proposed Dividend:

During FY 2021-22, the Bank had not declared any dividend on equity shares. RBI vide circular dated April 22, 2021 allowed banks to pay dividend 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 had reported a loss and as a consequence to that the Bank had not declared any dividend.

17.6.3 Employee Stock Option Plan (ESOP) Compensation Reserves

The Bank has transferred ₹ 90.45 million to ESOP Compensation Reserves during the year ended March 31, 2022 (Previous year: ₹ 'Nil').

17.6.4 Provisions and contingencies

The breakup of provisions of the Group for the year ended March 31, 2022 and March 31, 2021 are given below:

Particulars	₹ in million	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Provision for taxation	3,696.36	(12,728.47)
Provision for investments#	7,903.78	14,038.83
Provision for standard advances	(251.53)	6,895.36
Provision made/write off for non performing advances#	7,185.19	70,447.66
Other Provisions*#	(34.94)	2,417.18
TOTAL	18,498.87	81,070.55

#In compliance with the RBI circular dated August 30, 2021 (further updated on November 15, 2021), on Master Direction on Financial Statements - Presentation and Disclosures, the Bank has regrouped/reclassified provision for depreciation on investments, Foreign Currency Translation Reserve (FCTR) and bad debt recovery from written off accounts. Though there is no change in the net profit/loss for the previous periods, the previous period figures regrouped/reclassified wherever necessary to conform to current period classification.

* Other Provisions includes provision made against other assets.

17.6.5 Income Taxes

Provisions made for Income Tax during the year

Particulars	₹ in million	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Current income tax expense	-	-
Deferred income tax credit	3,696.36	(12,728.47)
TOTAL	3,696.36	(12,728.47)

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17.6.6 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, 2022 and March 31, 2021 which is as per AS-15 Employee Benefits (Revised):

Changes in present value of Obligations:

Particulars	As at	
	March 31, 2022	March 31, 2021
Present Value of Obligation at the beginning of the year	1,681.07	1,584.20
Interest Cost	100.66	94.99
Current Service Cost	295.32	310.32
Past Service Cost	-	-
Benefits Paid	(279.82)	(165.05)
Actuarial (gain)/loss on Obligation	(92.00)	(143.39)
Present Value of Obligation at the end of the year	1,705.23	1,681.07

Changes in the fair value of plan assets:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Fair value of plan assets at the beginning of the year	1,461.84	1,222.89
Expected return on plan assets	87.53	73.27

Experience History:

	For the year ended				
	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
(Gain)/Loss on obligation due to change in assumption	(26.74)	-	(252.08)	57.48	(70.88)
Experience (Gain)/Loss on obligation	(126.45)	(137.29)	47.97	(31.99)	113.80
Actuarial Gain/(Loss) on plan assets	34.08	30.23	(27.02)	(26.51)	(5.21)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Contributions	8.59	300.50
Benefits paid	(276.67)	(165.05)
Actuarial gain/(loss) on plan assets	34.08	30.23
Fair value of plan assets at the end of the period	1,315.37	1,461.84

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, 2022 and March 31, 2021 comprises the following components:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Current Service Cost	295.89	310.32
Interest Cost	100.65	94.99
Expected Return on plan assets	(87.54)	(73.27)
Net Actuarial gain recognized in the year	(125.99)	(173.62)
Past Service Cost	-	-
Expenses recognized	183.02	158.42

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The assumptions used in accounting for the gratuity plan are set out below:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Discount Rate	5.15%~5.85%	5.45%~6.00%
Expected Return on Plan Assets	5.85%~7.00%	6.00%~7.00%
Mortality	100% of IALM 2012-14	IALM (2012-14) Ult
Future Salary Increases	6.00%~11.00%	6.00%~9.00%
Disability	-	-
Attrition	20%-50%	13%-38%
Retirement	60 yrs	60 yrs

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

Position of plan asset / liability

	For the year ended	
	March 31, 2022	March 31, 2021
Fair value of plan assets at the end of the period	1,315.43	1,461.84
Present Value of Obligation at the end of the year	1,705.24	1,681.07
Plan asset / (liability)	(389.81)	(219.23)

The Group is yet to determine future contribution to Gratuity fund for Financial Year 2022-23.

National Pension Scheme

The Group has contributed ₹ 40.50 million for the year ended March 31, 2022 (March 31, 2021: ₹ 31.08 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 ₹ 1,054.41 million for the year ended March 31, 2022 (March 31, 2021: ₹ 965.00 million) towards contribution to the provident fund.

Compensated absences

The Group has recognised ₹ 76.74 million in the profit and loss account for the year ended March 31, 2022 (March 31, 2021: ₹ 2.69 million) towards compensated absences.

17.6.7 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, 2022 are set out below:

Business Segments	For the year ended				Total
	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	
Segment Revenue	62,669.63	95,022.75	78,567.39	4,885.40	241,145.18
Add/ (Less): Inter-segment					(16,910.00)
Exceptional Item					
Revenue net of inter- segment					224,235.18
Result	6,468.75	20,318.06	30.76	1,715.36	28,532.93
Unallocated Expenses					(14,196.04)
Operating Profit					14,336.89
Income Taxes					3,696.36
Extra-ordinary Profit/(Loss)					-
Net Profit					10,640.54

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(₹ in million)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Other Information:					
Segment assets	1,215,658.24	1,010,562.00	842,931.13	7,574.35	3,076,725.71
Unallocated assets					109,051.64
Total assets					3,185,777.35
Segment liabilities	833,963.78	1,062,734.70	942,695.72	4,559.55	2,843,953.75
Unallocated liabilities					341,823.60
Total liabilities					3,185,777.35

Other banking operations includes income from bancassurance business ₹ 1,785.54 million during year ended March 31, 2022.

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	118,488.54	123,895.42	58,677.74	3,433.42	304,495.12
Less: Inter-segment					(69,741.22)
Revenue net of inter-segment					234,753.90
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	908,441.58	1,048,233.58	662,044.76	4,736.88	2,623,456.80
Unallocated assets					112,477.62
Total assets					2,735,934.42
Segment liabilities	766,327.76	865,547.78	757,132.49	3,671.10	2,392,679.13
Unallocated liabilities					343,255.29
Total liabilities					2,735,934.42

Other banking operations includes income from bancassurance business ₹ 1,301.96 million during year ended March 31, 2021.

Notes for segment reporting:

- 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).
- In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.
- Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.
- The unallocated assets includes tax paid in advance/tax deducted at source and deferred tax asset.
- The unallocated liabilities include Share Capital and Reserves & Surplus.
- Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

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17.6.8 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, 2022 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, 2022:

(₹ 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

¹ As 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, 2022, the Bank has contributed 'Nil' (previous year 'Nil') 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, 2021:

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	#		#				
Receivable			#				
Payable	#						
Funded/Non Funded	#						
Exposure taken	#						

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.

17.6.9 Operating Leases

Lease payments recognized in the profit and loss account for the year ended March 31, 2022 was ₹ 3,403.22 million (Previous year: ₹ 3,928.57 million). During the year ended March 31, 2022, the Group had paid minimum lease payment ₹ 3,359.79 million (Previous year: ₹ 3,940.04 million).

The following table sets forth, for the period indicated, the details of future rentals payment on operating leases:

Lease obligations	As at March 31, 2022	As at March 31, 2021
Not later than one year	2,957.53	3,379.33
Later than one year and not later than five years	10,190.29	10,285.96
Later than five years	11,433.36	12,661.96
TOTAL	24,581.18	26,327.25

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.

17.6.10 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	Year ended March 31, 2022	Year ended March 31, 2021
Basic (annualised)		
Weighted average no. of equity shares outstanding	25,054,915,063	21,183,670,327
Net profit / (loss) (₹)	10,640.53	(34,889.28)
Basic earnings per share (₹)	0.42	(1.65)
Diluted (annualised)		
Weighted average no. of equity shares outstanding	25,057,565,654	21,186,000,617
Net profit / (loss) (₹)	10,640.53	(34,889.28)
Diluted earnings per share (₹)	0.42	(1.65)
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.

17.6.11 ESOP disclosures

YES Bank Limited

The Bank has three Employee Stock Option Plans Schemes in operation viz:

- (i) YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/ PESOP II/PESOP II -2010); and

- (ii) 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 Performance Employee Stock Option Plan, 2020 (PESOP 2020) and YBL MD&CEO Stock Option Plan, 2020 (MD&CEO Plan 2020). Effective September 10, 2020 nomenclature of the scheme was changed from YBL ESOS - 2018 to YBL ESOS -2020 and all the plans under the said scheme continue to be valid. All new options have been granted under the YBL ESOS 2020 (which inter-alia consist of JESOP 2018, PESOP 2018, PESOP 2020 and MD & CEO Plan 2020. 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.

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 V	50% after 3 years and balance after 5 years from the Grant date
	JESOP 2018	50% after 3 years and balance after 5 years from the Grant date
PESOP	PESOP II - 2010	30%, 30% & 40% each year, from end of 3 rd year from the Grant date
	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 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.

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Summary of the status of the Bank's stock option plans as on March 31, 2022 and March 31, 2021 is set out below:

	As at March 31, 2022		As at March 31, 2021	
	PESOP	JESOP	PESOP	JESOP
Options outstanding at the beginning of the year	54,717,740	9,787,677	36,696,790	14,514,052
Granted during the year	71,479,000	525,000	34,663,500	42,500
Exercised during the year	47,000	-	-	-
Forfeited / lapsed during the year	15,568,510	2,133,150	16,642,550	4,768,875
Options outstanding at the end of the year	110,581,230	8,179,527	54,717,740	9,787,677
Options exercisable	16,986,335	5,663,277	12,952,555	6,318,927
Weighted average exercise price (₹)	13.50	-	-	-
Weighted average remaining contractual life of outstanding option (yrs)	1.62	1.73	1.95	1.60

The Bank has changed its accounting policy from the intrinsic value method to the fair value method for all share-linked instruments granted beginning from April 01, 2021. The fair value of the stock-based compensation is estimated on the date of grant using Black-Scholes model and is recognized as compensation expense over the vesting period. As a result, 'Employees cost' for the year ended March 31, 2022 is higher by ₹ 82.4 million and 'Nil' for the year ended March 31, 2021. The Bank has adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options for the year ended March 31, 2022. If the Bank had adopted the Fair Value for all the options granted till March 31, 2021, the net profit after tax would have been lower by ₹ 175.95 million (the net loss after tax would have been higher by ₹ 338.86 million in previous year), the basic earnings per share would have been ₹ 0.42 (Previous year: ₹ (1.65)) per share instead of ₹ 0.43 (Previous year: ₹ (1.63)) per share; and diluted earnings per share would have been ₹ 0.42 (Previous year: ₹ (1.66)) per share instead of ₹ 0.43 (Previous year: ₹ (1.65)) per share.

The following assumptions have been made for computation of the fair value of ESOP granted for the year ended March 31, 2022 and March 31, 2021:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Risk free interest rate	4.06%-6.75%	3.73%-6.21%
Expected life	1.5 yrs-7.5 yrs	1.5 yrs - 7.5 yrs
Expected volatility	41.73%-60.75%	43.18%-77.70%
Expected dividends	1.10%	1.10%

In computing the above information, certain estimates and assumptions have been made by the Management.

YES Securities India Ltd. ('YSIL')

The employees of YSIL are granted stock options of the YES Securities India Ltd. as below:

- Employee Stock Option Scheme 2018

- Performance Employee Stock Option Scheme 2020

The schemes include provisions for grant of options to eligible employees of the YSIL. All the aforesaid schemes have been approved by the Board Remuneration Committee and the Board of Directors.

Options under all the aforesaid plans are granted for a term of 42 months (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 YSIL stock option plans granted to employees as on 31 March 2022 is set out below:

Particulars	As at 31st March 2022		As at 31st March 2021	
	PESOP	JESOP	PESOP	JESOP
Options outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,905,000	-	-	-
Exercised during the year	-	-	-	-
Forfeited / lapsed during the year	740,000	-	-	-
Options outstanding at the end of the year	2,165,000	-	-	-
Weighted average exercise price	12.43	-	-	-

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YES Securities India Ltd. has issued ESOP's at fair value as on issue date as per the discounted cashflow method. The 'Employees cost' for the YSIL for the year ended March 31, 2022 is higher by ₹ 8.03 million and 'Nil' for the year ended March 31, 2021.

17.6.12 Deferred Taxation

The deferred tax asset of ₹ 91,842.08 million as at March 31, 2022 and ₹ 95,538.43 million as at March 31, 2021, 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, 2022	As at March 31, 2021
Deferred tax asset		
Depreciation	670.86	569.12
Provision for gratuity and unutilized leave	429.29	367.57
Provision for Non-Performing Assets	49,668.84	47,645.19
Amortization of premium on HTM securities	77.17	126.01
Business Loss	19,309.20	23,947.84
Unabsorbed Depreciation	914.39	914.39
Provision for standard advances	4,795.27	4,858.57
Other Provisions	15,977.06	17,109.74
Deferred tax asset	91,842.08	95,538.43

The Group has a total deferred tax asset of ₹ 91,842.08 million as at March 31, 2022. During the year ended March 31, 2022, the Group has reported net profit of ₹ 10,640.53 million. The Group 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 Group 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 Group has recognised Provision for Income Tax basis the rate prescribed in the aforesaid section.

17.6.13 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 ₹ 1,046.93 million (previous year ₹ 570.14 million) worth bills which were paid with delays to micro and small enterprises. There have been ₹ 26.72 million worth bills remained unpaid as at March 31, 2022. 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.

17.6.14 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.

17.6.15 Credit / Debit card reward points

Provision for credit card and debit card reward points for the year ended March 31, 2022.

Particulars	(₹ in million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening provision	451.99	342.86
Provision made during the year	235.27	144.35
Utilised/Write-back of provision	(157.81)	(35.22)
Closing provision	529.45	451.99

The valuation of credit card and debit card reward points is based on actuarial valuation method obtained from an independent actuary.

17.6.16 Corporate Social Responsibility (CSR)

Amount required to be spent by the Group on CSR during the year was 'Nil' (previous year ₹ 'Nil'). 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 ₹ 'Nil').

17.6.17 Net Overnight Open Position (NOOP) of the Group

The Group's Net Overnight Open Position (NOOP) is ₹ 1,868.11 million (March 31, 2021 ₹ 2,743.24 million).

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17.6.18 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, 2022 and year ended March 31, 2021 has been transferred without any delay.

17.6.19 Disclosure on borrowing and lending activities

The Bank, as part of its normal banking business, grants loans and advances, makes investments, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons. These transactions are part of the Bank's normal banking business and are undertaken in accordance with the guidelines prescribed by the Reserve Bank of India.

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources

or kind of funds) by the Bank to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party other persons or entities identified by or on behalf of the Bank (Ultimate Beneficiaries) or provide any guarantee, security or like on behalf of the Ultimate Beneficiaries.

The Bank has also not received any fund from any persons or entities, including foreign entities ("Funding Party") with the understanding, whether recorded in writing or otherwise, that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

17.6.20 Description of contingent liabilities

Sr. No.	Contingent Liabilities	Brief
1.	Claims against the Group not acknowledged as debts	The Group is a party to various legal and tax proceedings in the normal course of business. The Group does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts.	The Group enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the 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), undrawn partial credit enhancement facilities, When Issued (WI) securities

Refer Schedule 12 for amounts relating to contingent liability.

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17.6.21 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 condition mentioned in RBI circular, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory process for FY2020 and FY2021.

17.6.22 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

Anagha Thatte

Partner
Membership No. 105525

For Chokshi & Chokshi LLP

Chartered Accountants
Firm's Registration No. 101872W/W100045

Vineet Saxena

Partner
Membership No. 100770

Mumbai

April 30, 2022

For and on behalf of the Board of Directors

YES BANK Limited

Prashant Kumar

Managing Director & CEO
(DIN: 07562475)

Sunil Mehta

Chairman
(DIN: 00065343)

Atul Bheda

Director
(DIN: 03502424)

Mahesh Krishnamurti

Director
(DIN: 02205868)

Niranjan Banodkar

Chief Financial Officer

Shivanand R. Shettigar

Company Secretary

FORM AOC – 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES

Part "A": Subsidiaries

(Amount in ₹ '000)

1	Sl. No.		
2	Name of the subsidiary		YES Securities (India) Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period		NA
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries		NA
5	Share capital		800,000
6	Reserves & surplus		260,900
7	Total assets		7,318,300
8	Total liabilities		6,257,400
9	Investments		74,300
10	Turnover		1,574,900
11	Profit/(Loss) before taxation		52,600
12	Provision for taxation		-
13	Profit/(Loss) after taxation		52,600
14	Proposed Dividend		-
15	% of shareholding		100%

- Names of subsidiaries which are yet to commence operations – Nil
- Names of subsidiaries which have been liquidated or sold during the year – On November 01, 2021, the Bank has completed the sale of its entire stake in its wholly owned subsidiaries YES Asset Management (India) Limited and YES Trustee Limited to GPL Finance and Investments Limited.

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 01, 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?name=basel_iii_disclosure_mar_31_2022.pdf

NOTES



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