YES BANK

YBL/CS/2020-21/37
July 3, 2020

**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
**BSE Scrip Code: 532648**

Dear Sirs/ Madam

**Sub.: Outcome of Board Meeting**

This is with reference to our letters dated January 10, 2020 and March 26, 2020 with respect to the meetings of the Board of Directors of the Bank and our letters dated February 7, 2020 and May 22, 2020 with respect to the special resolution passed by the shareholders of the Bank, approving the raising of funds, in one or more tranches, on such terms and conditions as it may deem fit, by way of issuance of securities including but not limited to through qualified institutions placement/ further public issue / rights issue / global depository receipts / American depository receipts / foreign currency convertible bonds or any other permissible mode ("**Fund Raise**").

We wish to inform you that the Board of Directors has approved the Restated Consolidated and Standalone Financial Statements of the Bank as at, and for the financial years ended March 31, 2018, March 31, 2019 and March 31, 2020, along with the notes and schedules and the examination reports thereto ("**Restated Financial Statements**"). These Restated Financial Statements are submitted herewith, and have been prepared and adopted solely for the limited purpose of disclosure in any draft / final offer document that may be filed in relation to the Fund Raise.

The meeting of the Board of Directors commenced at 10.00 am and concluded at 12.45 pm.

We request you to kindly take this on record and consider the above in accordance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Thanking you,

Yours faithfully,
For **YES BANK LIMITED**

**Shivanand R. Shettigar**
**Group Company Secretary**
Encl.: As above

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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**Independent Auditor's Examination Report on Restated Consolidated Financial Information in connection with proposed further public offering of equity shares (the "Equity Shares") by YES Bank Limited (the "Bank") (the "Issue")**

The Board of Directors
YES Bank Limited
YES BANK Tower; IFC 2, 15th Floor
Senapati Bapat Marg, Elphinstone (W)
Mumbai 400 013

3 July 2020

Dear Sirs

1. We have examined the attached Restated Consolidated Financial Information of YES Bank Limited (the "Bank" or the "Issuer") and its subsidiaries (the Bank and its subsidiaries together referred to as the "Group"), comprising the Consolidated Restated Balance Sheet as at 31 March 2020, 31 March 2019 and 31 March 2018, the Restated Consolidated Restated Profit and Loss Account and the Consolidated Restated Cash Flow Statement for the years ended 31 March 2020, 31 March 2019 and 31 March 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively the "Restated Consolidated Financial Information"), as approved by the Board of Directors at their meeting held on 3 July 2020 for the purpose of inclusion in the Red Herring Prospectus (the "RHP") / the Prospectus prepared by the Bank in connection with its proposed Further Public Offering of equity shares (the "FPO") prepared in terms of the requirements of:

   a. section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");

   b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

   c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

**Management's Responsibility**

2. The preparation of Restated Consolidated Financial Information is the responsibility of the Board of Directors of the Bank for the purpose of inclusion in the RHP / Prospectus to be filed with Securities and Exchange Board of India ("SEBI"), relevant stock exchanges and Registrar of Companies, Maharashtra in connection with the proposed FPO. The Restated Consolidated Financial Information have been prepared by the management of the Bank on the basis of preparation stated in note 18.2 to the Restated Consolidated Financial Information. The respective company's management and Board of Directors of the companies included in the Group are responsible for designing, implementing and maintaining adequate internal control relevant to the

**Management's Responsibility** ***(Continued)***

preparation and presentation of Restated Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

**Auditor's Responsibility**

3. We have examined such Restated Consolidated Financial Information taking into consideration:

   a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 11 June 2020 in connection with the Issue;

   b. the Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c. concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

   d. the requirements of Section 26 of the Act and the ICDR regulations.

   Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR regulations and the Guidance Note in connection with the FPO.

   We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control of Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

4. These Restated Consolidated Financial Information have compiled by management from the audited consolidated financial statements of the Group as at and for the years ended 31 March 2020, 31 March 2019, 31 March 2018, prepared in accordance with the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949, which have been approved by the Board of Directors at their meeting held on 6 May 2020, 26 April 2018 and 26 April 2018 respectively. The accounting and reporting policies of The Group used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

5. The audit report on the consolidated financial statements issued by us was modified and included the following matters giving rise to modifications to the auditor's report on the financial statements as at and for the year ended 31 March 2020:

**Auditor's Responsibility** ***(Continued)***

a. that during the year ended 31 March 2020, the Bank has breached the regulatory requirements of RBI regarding maintaining the minimum CET1 and Tier 1 capital ratios which indicates the position of capital adequacy of a bank. The breach is primarily on account of the increase in the provision for advances during the year ended 31 March 2020as the Bank has decided, on a prudent basis, to enhance its Provision Coverage Ratio on its non-performing asset (NPA) loans over and above minimum RBI loan level provisioning. Inspite of the write back of the AT1 bonds on 14 March 2020 there is a breach of Tier 1 capital ratio as at 31 March 2020. The CET1 ratio and the Tier 1 capital ratio for the Bank as at 31 March 2020 stood at 6.3%.and 6.5 % as compared to the minimum requirements of 7.375% and 8.875% respectively. This implies that the Bank will have to take effective steps to augment its capital base in the year 2020-21. Further, in view of the RBI norms relating to the breach of the aforesaid ratio, there is uncertainty around RBI's potential action for such a breach. We are unable to comment on the consequential impact of the above regulatory breach on these consolidated financial statements.

b. that the Bank became aware in September 2018 through communications from stock exchanges of an anonymous whistle-blower complaint alleging irregularities in the Bank's operations, potential conflicts of interests in relation to the former MD and CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which resulted in a report that was reviewed by the Board of Directors in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. During the year ended 31 March 2020, the Bank identified certain further matters which arose from other independent investigations initiated by the lead banker of a consortium on the companies allegedly favoured by the former MD and CEO. In March 2020, the Enforcement Directorate has launched an investigation into some aspects of dealings and transactions by the former MD and CEO basis draft forensic reports from external agencies which further pointed out to conflict of interest between the former MD and CEO and certain companies and arrested him. In view of the fact that these enquiries and investigations are still ongoing, we are unable to comment on the consequential impact of the above matter on these consolidated financial statements.

6. The audit report on the consolidated financial statements issued by us also included a material uncertainty related to going concern as at 31 March 2020 as follows:

- We draw attention to Note 18.2 of the Consolidated Financial Statements, which indicates that the Bank has incurred a loss of Rs 16,418 crores for the year ended 31 March 2020. Particularly during the last six months, there has also been a significant decline in the Bank's deposit base, an increase in their NPA ratios resulting in breach of loan covenants on its foreign currency debt and credit rating downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating. The Bank has also breached minimum Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio requirements of RBI during the year and has provided an amount of Rs.334 crores for the expected penalty on the SLR breach. The Bank has also breached the RBI mandated CET1 ratio and Tier 1 capital ratio which stood at 6.3%.and 6.5% as compared to the minimum requirements of 7.375% and 8.875% respectively. This requires the Bank to take effective steps to augment its capital base in the year 2020-21. The breach

**Auditor's Responsibility** ***(Continued)***

of the CET1 and Tier 1 requirements was also impacted by the decision of the Bank to enhance its Provision Coverage Ratio, on a prudent basis, on its NPA loans over and above RBI's minimum loan provisioning norms. Further, on 5 March 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective 5 March 2020. The RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on 5 March 2020. The above indicators of financial stress and actions taken by the RBI resulted in a significant withdrawal of deposits.

On 13 March 2020, the Government of India notified the Yes Bank Limited Reconstruction Scheme 2020 ('the Scheme') [notified by the Central Government, in exercise of the powers conferred by sub section (4) and subsection 7 of section 45 of the Banking Regulation Act, 1949]. Under this Scheme the authorized share capital of the Bank was increased to Rs.6,200 crores. The Bank has received capital from investors amounting to Rs. 10,000 crores on 14 March 2020. The State Bank of India SBI) and other banks and financial institutions invested in the Bank at a price of Rs. 10 per equity share of the Bank (Rs.2 face value with a Rs.8 premium). SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in the Bank are also subject to a lock in for 75% of their holding as per this Scheme. A new Board of Directors, CEO and MD and Non Executive Chairman have also been appointed pursuant to the Scheme. In addition, the moratorium imposed on the Bank on 5 March 2020 was vacated on 18 March 2020 as per the Scheme. RBI has also granted short-term funding to the Bank for the period of 90 days. The Bank has submitted a proposal seeking extension for a period of one year. The draft reconstruction scheme proposed on 6 March 2020 had also envisaged that the Bank would be able to write back Additional Tier 1 (AT1) securities amounting to Rs.8,695 crores to equity. However, the final Scheme issued by the Government of India on 13 March 2020 does not contain any reference to the write back of the AT1 securities. Based on the legal advice on the contractual terms of the AT1 bonds, the Bank has fully written back AT1 bonds aggregating to Rs 8,415 crores on 14 March 2020. This action by the Bank has been legally challenged through a writ petition in the Hon'ble Bombay High court. In line with the RBI's COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020, the Bank has granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, falling due between I March 2020 and 31 May 2020 to all eligible borrowers classified as Standard, even if overdue, as on 29 February 2020.

In the opinion of the Bank, based on the financial projections prepared by the Bank and approved by the Board for the next 3 years, the capital infusion, lines of liquidity provided by RBI and the reconstruction Scheme, the Bank will be able to realize its assets (including its deferred tax asset) and discharge its liabilities in its normal course of business and hence the financial statements have been prepared on a going concern basis. The said assumption of going concern is inter-alia dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios and mitigate the impact of Covid-19 and thus a material uncertainty exists that may cast a significant doubt on the Bank's ability to continue as a going concern. However, as stated above, as per management and the Board there are mitigating factors to such uncertainties including the amount of capital funds that have been raised in March 2020, the nature

**Auditor's Responsibility** ***(Continued)***

and financial resources of new investors who have infused funds in the Bank, the new Board of Directors, CEO and MD and part time Chairman appointed as per the Scheme and the extent of regulatory support provided to the Bank by the RBI.

Our conclusion on the Consolidated Financial Statements is not modified in respect of this matter.

7. The audit report on the consolidated financial statements issued by us also included emphasis of matter paragraph as at 31 March 2020 and 31 March 2019 as follows:

- For the year ended 31 March 2020:

  a) that the Bank has a total deferred tax asset of Rs. 8,281 crores as at 3 I March 2020. As per the requirements of AS 22 - Income Taxes, based on the financial projections prepared by the Bank and approved by the Board of directors, the Bank has assessed that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The Bank expects to have a taxable profit for the future years. Our conclusion is not modified in respect of this matter.

  b) the Bank had made an additional provision of Rs. 15,422 crores for the period ended 31 December 2019 on a prudent evaluation of the status of NP As based on discussion with regulator over and above the RBI norms relating to the minimum provision to be made by banks on their loans and advances. The additional provision is judgmental based on the quality and status of specific loans identified by the Bank as at 31 March 2020. We believe that this judgment exercised by the Bank is appropriate. Our conclusion is not modified in respect of this matter.

- For the year ended 31 March 2019

  a) the consolidated financial statements which describes the ongoing enquiry by the Holding Company into certain anonymous whistle blower allegations. Our opinion is not modified in respect of this matter

8. As indicated in our audit reports referred above, we did not audit the financial statements of one subsidiary whose share of total assets, total revenues and net cash flows included in the consolidated financial statements, for the relevant years is tabulated below, which have been audited by other auditor and whose reports have been furnished to us by the Bank's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditor:

| **Particulars** | **As at and for the year ended** | | |
|---|---|---|---|
| **(Amounts Rs in crore)** | **31 March 2020** | **31 March 2019** | **31 March 2018** |
| Total assets | 53.7 | 57.0 | 50.8 |
| Total revenues | 1.9 | 3.9 | 0.8 |
| Net cash inflows / (outflows) | (19.1) | (26.6) | 47.7 |

**Opinion**

9. Based on our examination and according to the information and explanations provided to us, we report that the Restated Consolidated Financial Information:

   a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2019 and 31 March 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended 31 March 2020;

   b) do not require any adjustments for the matter(s) giving rise to modifications mentioned in paragraph [5] above

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note

10. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements mentioned in paragraph 4 above.

11. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

**Restrictions of use**

13. This report is intended solely for use of the Board of Directors for inclusion in the RHP / the Prospectus to be filed with Securities and Exchange Board of India, stock exchanges where the equity shares are listed and Registrar of Companies, Maharashtra (RoC), as applicable, in connection with the proposed FPO. Our report should not be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

V.Venkataraman

**Venkataramanan Vishwanath**
*Partner*
Membership No. 113156
UDIN: 20113156AAAADY4149

Date: 3 July 2020
Place: Mumbai

**YES Bank Limited - Restated Financials**
**Restated Consolidated Balance Sheet as at March 31, 2020**

*( ₹ in thousands)*

| | Schedule | AS AT Mar 31, 2020 | AS AT Mar 31, 2019 | AS AT Mar 31, 2018 |
|---|---|---|---|---|
| **CAPITAL AND LIABILITIES** | | | | |
| Capital | 1 | **25,100,944** | 4,630,066 | 4,605,934 |
| Reserves and surplus | 2 | **191,848,655** | 264,244,035 | 252,919,138 |
| Deposits | 3 | **1,053,111,680** | 2,275,579,027 | 2,006,886,036 |
| Borrowings | 4 | **1,137,905,026** | 1,084,241,089 | 748,935,808 |
| Other liabilities and provisions | 5 | **170,355,332** | 179,901,880 | 111,149,620 |
| TOTAL | | **2,578,321,637** | **3,808,596,097** | **3,124,496,536** |
| **ASSETS** | | | | |
| Cash and balances with Reserve Bank of India | 6 | **59,436,550** | 107,977,369 | 114,257,489 |
| Balances with banks and money at call and short notice | 7 | **24,867,028** | 161,871,938 | 133,280,682 |
| Investments | 8 | **437,478,034** | 893,285,327 | 682,934,387 |
| Advances | 9 | **1,714,330,897** | 2,413,971,851 | 2,035,188,250 |
| Fixed assets | 10 | **10,233,842** | 8,298,874 | 8,372,959 |
| Other assets | 11 | **331,975,286** | 223,190,738 | 150,462,769 |
| TOTAL | | **2,578,321,637** | **3,808,596,097** | **3,124,496,536** |
| Contingent liabilities | 12 | **4,585,275,340** | 6,541,617,385 | 5,818,302,701 |
| Bills for collection | | **51,201,926** | 50,592,373 | 19,355,641 |
| Significant Accounting Policies and Notes to Accounts forming part of financial statements | 18 | | | |

As per our report of even date attached.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Venkataramanan Vishwanath**
*Partner*
Membership No: 113156

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

**Prashant Kumar**
*Managing Director & CEO*
*(DIN: 07562475)*

**Anurag Adlakha**
*Group Chief Financial Officer*

**Shivanand R. Shettigar**
*Group Company Secretary*

Mumbai
July 3, 2020

**YES Bank Limited**

**Restated Consolidated Profit and loss account for the year ended March 31, 2020**

*( ₹ in thousands)*

| | | Schedule | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 | For the year ended Mar 31, 2018 |
|---|---|---|---|---|---|
| I. | INCOME | | | | |
| | Interest earned | 13 | **260,520,173** | 296,237,987 | 202,685,947 |
| | Other income | 14 | **119,560,986** | 46,754,814 | 52,931,509 |
| | **TOTAL** | | **380,081,159** | **342,992,801** | **255,617,456** |
| II. | EXPENDITURE | | | | |
| | Interest expended | 15 | **192,580,598** | 198,112,872 | 125,294,301 |
| | Operating expenses | 16 | **68,701,459** | 63,614,279 | 52,735,403 |
| | Provisions and contingencies | 17 | **283,124,906** | 64,172,992 | 35,255,552 |
| | **TOTAL** | | **544,406,963** | **325,900,143** | **213,285,256** |
| III. | PROFIT | | | | |
| | Net profit for the year | | **(164,325,804)** | 17,092,658 | 42,332,200 |
| | Profit brought forward | | **107,427,743** | 103,695,292 | 79,189,628 |
| | **TOTAL** | | **(56,898,061)** | **120,787,950** | **121,521,828** |
| IV. | **APPROPRIATIONS** | | | | |
| | Transfer to Statutory Reserve | | **-** | 4,300,697 | 10,561,409 |
| | Transfer to Capital Reserve | | **6,655,507** | 1,010,096 | 659,648 |
| | Transfer to Investment Reserve | | **147,226** | 6,707 | - |
| | Transfer to Investment Fluctuation Reserve | | **-** | 539,066 | |
| | Dividend paid for previous year | | **4,633,917** | 6,223,989 | 5,488,101 |
| | Tax on Dividend paid for previous year | | **952,516** | 1,279,652 | 1,117,377 |
| | Balance carried over to balance sheet | | **(69,287,227)** | 107,427,743 | 103,695,292 |
| | **TOTAL** | | **(56,898,061)** | **120,787,950** | **121,521,828** |
| | Significant Accounting Policies and Notes to Accounts forming part of financial statements | 18 | | | |
| | Earning per share | | | | |
| | Basic (₹) | | **(56.11)** | 7.40 | 18.46 |
| | Diluted (₹) | | **(56.11)** | 7.33 | 18.09 |
| | (Face Value of Equity Share is ₹ 2/-) | | | | |

As per our report of even date attached.

**For B S R & Co. LLP**
**Chartered Accountants**
**Firm's Registration No: 101248W/W-100022**

**Venkataramanan Vishwanath**
*Partner*
Membership No: 113156

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

**Prashant Kumar**
*Managing Director & CEO*
*(DIN: 07562475)*

**Anurag Adlakha**
*Group Chief Financial Officer*

**Shivanand R. Shettigar**
*Group Company Secretary*

Mumbai
July 3, 2020

**YES BANK Limited**

**Restated Consolidated Cash flow statement for the year ended Mar 31, 2020**

*(₹ in thousands)*

| | | Year ended 31-Mar-20 | Year ended 31-Mar-19 | Year ended 31-Mar-18 |
|---|---|---|---|---|
| **Cash flow from Operating Activities** | | | | |
| **Net profit before taxes** | | **(208,381,933)** | **23,490,051** | **62,045,363** |
| **Adjustment for** | | | | |
| Depreciation for the year | | 3,419,327 | 3,054,514 | 2,323,569 |
| Amortization of premium on investments | | 2,459,276 | 2,102,585 | 1,673,308 |
| Provision for investments | | 64,415,773 | 6,824,889 | 2,599,443 |
| Provision for standard advances | | (19,410,781) | 22,514,059 | 1,687,427 |
| Provision/write off of non performing advances | | 278,060,357 | 25,669,535 | 10,792,641 |
| Other provisions | | 4,115,686 | 2,767,116 | 397,075 |
| AT1 Write-down | | (84,150,000) | - | |
| (Profit)/Loss on sale of land, building and other assets | | (3,282) | (3,947) | 12,891 |
| | (i) | **40,524,423** | **86,418,802** | **81,531,717** |
| **Adjustments for :** | | | | |
| Increase / (Decrease) in Deposits | | (1,222,467,347) | 268,692,991 | 578,311,598 |
| Increase/(Decrease) in Other Liabilities | | 54,388,418 | 38,421,426 | (1,058,963) |
| (Increase)/Decrease in Investments | | 241,661,936 | (159,318,010) | (103,781,671) |
| (Increase)/Decrease in Advances | | 421,580,597 | (404,453,136) | (725,041,549) |
| (Increase)/Decrease in Other assets | | (107,244,746) | (49,363,644) | (25,122,220) |
| | (ii) | **(612,081,142)** | **(306,020,373)** | **(276,692,805)** |
| Payment of direct taxes | (iii) | (5,655,486) | (26,131,440) | (22,943,356) |
| **Net cash generated from / (used in) operating activities (A) (i+ii+iii)** | | **(577,212,205)** | **(245,733,011)** | **(218,104,444)** |
| **Cash flow from investing activities** | | | | |
| Purchase of fixed assets | | (5,416,951) | (3,031,859) | (3,932,525) |
| Proceeds from sale of fixed assets | | 65,960 | 55,375 | 91,050 |
| (Increase) / Decrease in Held To Maturity (HTM) securities | | 147,270,308 | (59,960,403) | (83,607,484) |
| **Net cash generated / (used in) from investing activities (B)** | | **141,919,317** | **(62,936,887)** | **(87,448,959)** |
| **Cash flow from financing activities** | | | | |
| Increase in Borrowings | | 141,354,848 | 313,708,194 | 241,003,505 |
| Tier II Debt raised | | - | 30,420,000 | 70,000,000 |
| Innovative Perpetual Debt raised | | - | (1,754,400) | 54,150,000 |
| Tier II Debt repaid during the year | | (4,024,500) | (5,430,400) | (2,489,000) |
| Proceeds from issuance of Equity Shares (net of share issue expense) | | 118,639,176 | 953,472 | 1,420,167 |
| Dividend paid during the year | | (4,633,917) | (6,223,989) | (5,488,101) |
| Tax on dividend paid | | (952,516) | (1,279,652) | (1,117,377) |
| **Net cash generated from / (used in) financing activities (C)** | | **250,383,091** | **330,393,225** | **357,479,194** |
| **Effect of exchange fluctuation on translation reserve (D)** | | (635,925) | 587,809 | 65,803 |
| **Net increase in cash and cash equivalents (A+B+C+D)** | | **(185,545,721)** | **22,311,137** | **51,991,595** |

Contd...

*Contd...*

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011. India
Chartered Accountants

**YES BANK Limited**

**Restated Consolidated Cash flow statement for the year ended Mar 31, 2020**

*( ₹ in thousands)*

| | Year ended 31-Mar-20 | Year ended 31-Mar-19 | Year ended 31-Mar-18 |
|---|---|---|---|
| **Cash and cash equivalents as at April 1st** | **269,849,307** | 247,538,171 | 195,546,577 |
| **Cash and cash equivalents as at Mar 31st** | **84,303,578** | 269,849,307 | 247,538,171 |
| **Notes to the Cash flow statement:** | | | |
| Cash and cash equivalents includes the following | | | |
| Cash and Balances with Reserve Bank of India | **59,436,550** | 107,977,369 | 114,257,489 |
| Balances with Banks and Money at Call and Short Notice | **24,867,028** | 161,871,938 | 133,280,682 |
| **Cash and cash equivalents as at March 31st** | **84,303,578** | **269,849,307** | **247,538,171** |

As per our report of even date attached.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm Registration No: 101248W/W-100022

**Venkataramanan Vishwanath**
Partner
Membership No: 113156

Mumbai
July 3, 2020

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

**Prashant Kumar**
*Managing Director & CEO*
*(DIN: 07562475)*

**Anurag Adlakha**
*Group Chief Financial Officer*

**Shivanand R. Shettigar**
*Group Company Secretary*

YES BANK Limited

Schedules forming part of Restated Consolidated Balance Sheet

( ₹ in thousands)

| | | AS AT Mar 31, 2020 | AS AT Mar 31, 2019 | AS AT Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 1 - CAPITAL** | | | | |
| | **Authorised Capital** | | | |
| | 30,000,000,000 equity shares of ₹ 2/- each | 60,000,000 | 6,000,000 | 6,000,000 |
| | 20,000,000 preference shares of ₹ 100/- each | 2,000,000 | 2,000,000 | 2,000,000 |
| | **Issued, subscribed and paid-up capital (Refer Sch 18.7.1)** | | | |
| | 12,550,472,231 equity shares of ₹ 2/- each<br>(March 31, 2019 : 2,315,033,039 equity shares of ₹ 2/- each)<br>(March 31, 2018 : 2,302,967,245 equity shares of ` 2/- each) | 25,100,944 | 4,630,066 | 4,605,934 |
| | TOTAL | 25,100,944 | 4,630,066 | 4,605,934 |
| **SCHEDULE 2 - RESERVES AND SURPLUS** | | | | |
| I | **Statutory Reserves** | | | |
| | Opening balance | 48,934,100 | 44,633,403 | 34,071,994 |
| | Additions during the year | - | 4,300,697 | 10,561,409 |
| | Deductions during the year | - | - | - |
| | Closing balance | 48,934,100 | 48,934,100 | 44,633,403 |
| II | **Share Premium** | | | |
| | Opening balance | 100,987,679 | 100,058,339 | 98,679,248 |
| | Additions during the year (Refer Sch 18.7.1) | 99,118,298 | 929,340 | 1,379,091 |
| | Deductions during the year | 950,000 | - | - |
| | Closing balance | 199,155,977 | 100,987,679 | 100,058,339 |
| III | **Capital Reserve** | | | |
| | Opening balance | 5,534,577 | 4,524,481 | 3,864,833 |
| | Additions during the year | 6,655,507 | 1,010,096 | 659,648 |
| | Deductions during the year | - | - | - |
| | Closing balance | 12,190,084 | 5,534,577 | 4,524,481 |
| IV | **Investment Reserve** | | | |
| | Opening balance | 232,904 | 226,197 | 226,197 |
| | Additions during the year | 147,226 | 6,707 | - |
| | Deductions during the year | - | - | - |
| | Closing balance | 380,130 | 232,904 | 226,197 |
| V | **Foreign Currency Transalation Reserve** | | | |
| | Opening balance | 613,295 | 25,486 | (40,317) |
| | Additions during the year | (635,925) | 587,809 | 65,803 |
| | Deductions during the year | - | - | - |
| | Closing balance | (22,630) | 613,295 | 25,486 |
| VI. | **Cash Flow Hedge Reserve** | | | |
| | Opening balance | (25,323) | (244,057) | (160,135) |
| | Additions during the year | (15,533) | 218,734 | (83,922) |
| | Deductions during the year | - | - | - |
| | Closing balance | (40,856) | (25,323) | (244,057) |
| VII. | **Investment Fluctuation Reserve** | | | |
| | Opening balance | 539,066 | - | - |
| | Additions during the year | - | 539,066 | - |
| | Deductions during the year | - | - | - |
| | Closing balance | 539,066 | 539,066 | - |
| VIII. | **Balance in Profit and Loss Account** | (69,287,215) | 107,427,739 | 103,695,291 |
| | TOTAL | 191,848,655 | 264,244,037 | 252,919,138 |

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YES BANK LIMITED

YES BANK Limited

Schedules forming part of Restated Consolidated Balance Sheet

( ₹ in thousands)

| | AS AT Mar 31, 2020 | AS AT Mar 31, 2019 | AS AT Mar 31, 2018 |
|---|---|---|---|
| **SCHEDULE 3 - DEPOSITS** | | | |
| A. I. Demand Deposits | | | |
| i) From Banks | 7,932,044 | 17,301,403 | 14,602,217 |
| ii) From Others | 86,893,712 | 268,020,176 | 273,633,590 |
| II. Savings Bank Deposit | 185,635,246 | 467,112,348 | 443,504,509 |
| III. Term Deposits | | | |
| i) From banks | 86,786,217 | 184,849,906 | 112,971,241 |
| ii) From others (incl. CD's issued) | 685,864,461 | 1,338,295,194 | 1,162,174,479 |
| TOTAL | 1,053,111,680 | 2,275,579,027 | 2,006,886,036 |
| B. I. Deposits of branches in India | 1,052,773,191 | 2,274,432,000 | 2,005,954,161 |
| II. Deposits of branches outside India | 338,489 | 1,147,027 | 931,875 |
| TOTAL | 1,053,111,680 | 2,275,579,027 | 2,006,886,036 |
| **SCHEDULE 4 - BORROWINGS** | | | |
| I. Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt | | | |
| A. Borrowing in India | | | |
| i) IPDI | 5,870,000 | 90,020,000 | 91,560,000 |
| ii) Tier II Borrowings | 177,759,000 | 180,759,000 | 152,339,000 |
| TOTAL (A) | 183,629,000 | 270,779,000 | 243,899,000 |
| B. Borrowings outside India | | | |
| i) IPDI | - | - | 325,875 |
| ii) Tier II Borrowings | 5,674,875 | 6,215,786 | 11,172,824 |
| TOTAL (B) | 5,674,875 | 6,215,786 | 11,498,699 |
| TOTAL (A+B) | 189,303,875 | 276,994,786 | 255,397,699 |
| II. Other Borrowings | | | |
| A. Borrowings in India | | | |
| i) Reserve Bank of India | 520,380,000 | - | 15,000,000 |
| ii) Other banks | 18,350,000 | 57,147,925 | 15,811,399 |
| iii) Other institutions and agencies | 278,921,592 | 345,669,057 | 187,167,910 |
| TOTAL (A) | 817,651,592 | 402,816,982 | 217,979,309 |
| B. Borrowings outside India — TOTAL (B) | 130,949,559 | 404,429,321 | 275,558,800 |
| TOTAL (A+B) | 948,601,151 | 807,246,303 | 493,538,109 |
| TOTAL (I+II) | 1,137,905,026 | 1,084,241,089 | 748,935,808 |

(1) Secured borrowings are ₹ 524,379,868 thousands (March 31, 2019 : ₹ 4,996,813 thousands) (March 31, 2018 : ₹ 46,463,203 thousands).

(2) Including ₹ 237,121,724 thousands of refinance borrowing (March 31, 2019: ₹ 302,872,244 thousands) (March 31, 2018: ₹ 123,216,106 thousands) ₹ 16,450,000 thousands (March 31 2019: ₹ 16,450,000 thousnads) (March 31 2018: ₹ 16,450,000 thousnads) of Green Infrastructure Bonds raised to fund 'Green Projects' and ₹ 21,350,000 thousands (March 31, 2019: ₹ 21,350,000 thousands) (March 31, 2018: ₹ 21,350,000 thousands) of Long Term Infrastructure Bonds raised to finance affordable housing and infrastructure projects.

(3) Includes bonds of ₹ 36,032,742 thousands (March 31, 2019: ₹32,909,865 thousands) (March 31, 2018: ₹38,974,842 thousands)of Medium Term Notes issued from International Business Unit (IBU) in GIFT city Gujarat to fund its growth.

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Chartered Accountants

YES BANK LIMITED

YES BANK Limited

Schedules forming part of Restated Consolidated Balance Sheet

( ₹ in thousands)

| | | | AS AT Mar 31, 2020 | AS AT Mar 31, 2019 | AS AT Mar 31, 2018 |
|---|---|---|---|---|---|
| **SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS** | | | | | |
| I. | Bills payable | | 2,867,243 | 3,913,805 | 9,151,490 |
| II. | Inter-office adjustments (net) | | - | - | - |
| III. | Interest accrued | | 22,632,492 | 37,446,048 | 21,932,650 |
| IV. | Others (including provisions) | | | | - |
| | - Provision for standard advances | | 12,597,187 | 32,007,968 | 9,493,909 |
| | - Country risk exposures | | 69,000 | 532,784 | - |
| | - Others | | 129,355,765 | 106,001,275 | 70,571,571 |
| | - Income Tax Provision | | 2,833,648 | - | - |
| | | TOTAL | 170,355,332 | 179,901,880 | 111,149,620 |

| | | | AS AT Mar 31, 2020 | AS AT Mar 31, 2019 | AS AT Mar 31, 2018 |
|---|---|---|---|---|---|
| **SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA** | | | | | |
| I. | Cash in hand | | 16,307,411 | 6,333,912 | 6,226,739 |
| II. | Balances with Reserve Bank of India | | | | |
| | - In current account | | 43,129,139 | 101,643,457 | 108,030,750 |
| | - In other account | | - | - | - |
| | | TOTAL | 59,436,550 | 107,977,369 | 114,257,489 |

| | | | AS AT Mar 31, 2020 | AS AT Mar 31, 2019 | AS AT Mar 31, 2018 |
|---|---|---|---|---|---|
| **SCHEDULE 7 - BALANCES WITH BANKS, MONEY AT CALL AND SHORT NOTICE** | | | | | |
| I. In India | | | | | |
| Balances with banks- | | | | | |
| i) | in current accounts | | 6,143,114 | 2,157,843 | 787,042 |
| ii) | in other deposit accounts | | 677,270 | 790,390 | 189,134 |
| Money at call and short notice | | | | | |
| i) | with Banks | | - | - | - |
| ii) | with other institutions | | - | - | - |
| iii) | lending under reverse repo (RBI & Banks) | | 13,200,000 | 88,310,161 | 112,009,654 |
| | | TOTAL (I) | 20,020,384 | 91,258,393 | 112,985,830 |
| II. Outside India | | | | | |
| i) | in current account | | 4,532,635 | 39,148,020 | 14,494,277 |
| ii) | in other deposit account | | - | - | - |
| iii) | money at call and short notice | | 314,010 | 31,465,525 | 5,800,575 |
| | | | | | - |
| | | TOTAL (II) | 4,846,644 | 70,613,545 | 20,294,852 |
| | | | | | - |
| | | TOTAL (I+II) | 24,867,028 | 161,871,938 | 133,280,682 |

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Chartered Accountants

(₹ in thousands)

| | | | AS AT Mar 31, 2020 | AS AT Mar 31, 2019 | AS AT Mar 31, 2018 |
|---|---|---|---|---|---|
| **SCHEDULE 8 - INVESTMENTS (Net of provisions)** | | | | | |
| A. Investments in India | | | | | |
| i) | Government Securities | | 329,069,163 | 553,611,120 | 488,860,831 |
| ii) | Other approved securities | | - | - | - |
| iii) | Shares | | 243,865 | 429,168 | 643,782 |
| iv) | Debentures and bonds | | 74,399,345 | 154,985,441 | 145,045,609 |
| v) | Subsidiaries and/or joint ventures | | - | - | - |
| vi) | Others (CPs, CDs, Security Receipts, Pass through certificates etc) | | 32,254,100 | 61,130,681 | 38,030,003 |
| | | TOTAL (I) | 435,966,473 | 770,156,410 | 672,580,225 |
| B. Investments outside India | | | | | |
| i) | Government Securities | | - | 120,595,843 | 3,445,612 |
| ii) | Shares | | - | 9,421 | 6,908,550 |
| iii) | Debentures and bonds | | - | 2,523,653 | 10,354,162 |
| iv) | Others (CPs, CDs, Security Receipts, Pass through certificates etc) | | 1,511,561 | - | - |
| | | TOTAL (II) | 1,511,561 | 123,128,917 | 10,354,162 |
| | | TOTAL (I+II) | 437,478,034 | 893,285,327 | 682,934,387 |

**SCHEDULE 9 - ADVANCES**

| | | | | AS AT Mar 31, 2020 | AS AT Mar 31, 2019 | AS AT Mar 31, 2018 |
|---|---|---|---|---|---|---|
| A. | i) | Bills purchased and discounted | | 22,086,320 | 42,078,951 | 39,543,292 |
| | ii) | Cash credit, overdrafts and loans payable on demand | | 342,839,985 | 411,627,297 | 349,346,228 |
| | iii) | Term loans* | | 1,349,404,592 | 1,960,265,603 | 1,646,298,730 |
| | | | TOTAL | 1,714,330,897 | 2,413,971,851 | 2,035,188,250 |
| | | ** Provision on Non Performing Advances (NPAs) has been netted off from Term Loans* | | | | |
| B. | i) | Secured by tangible assets (includes advances secured by fixed deposits and book debt) | | 1,300,993,862 | 1,960,480,829 | 1,477,525,720 |
| | ii) | Covered by Bank/Government guarantees | | 2,720,758 | 10,366,160 | 5,996,099 |
| | iii) | Unsecured [1] | | 410,616,277 | 443,124,862 | 551,666,431 |
| | | | TOTAL | 1,714,330,897 | 2,413,971,851 | 2,035,188,250 |

*[1] Includes advances of ₹ 37,671,709.07 thousands (March 31, 2019: ₹ 128,510,880 thousands) (March 31, 2018: ₹ 337,552,952 thousands) for which security documentation is either being obtained or being registered. As at March 31, 2020 advances amounting to ₹ 12,738,207.03 thousand (March 31, 2019 : ₹ 2,403,000 thousands) (March 31, 2018 : Nil) has been secured by intangible securities such as charge over the rights, licenses, authority, etc.*

| | | | | AS AT Mar 31, 2020 | AS AT Mar 31, 2019 | AS AT Mar 31, 2018 |
|---|---|---|---|---|---|---|
| C. I. | Advances in India | | | | | |
| | i) | Priority sectors | | 470,973,962 | 539,338,050 | 446,472,144 |
| | ii) | Public sector | | 488,829 | 56,671 | 1,524,237 |
| | iii) | Banks | | 1,119,061 | 674,817 | 1,214,227 |
| | iv) | Others | | 1,100,867,916 | 1,685,204,048 | 1,441,912,028 |
| | | | TOTAL (I) | 1,573,449,767 | 2,225,273,585 | 1,891,122,636 |
| II. | Advances outside India | | | | | |
| | i) | Due from Banks | | 5,853 | 431,707 | 1,716,986 |
| | ii) | (a) Bills purchased and discounted | | - | - | |
| | | (b) Syndicated loans | | 35,862,373 | 30,796,065 | 142,348,628 |
| | | ( c) others | | 105,012,904 | 157,470,494 | - |
| | | | TOTAL (II) | 140,881,130 | 188,698,266 | 144,065,614 |
| | | | TOTAL (I+II) | 1,714,330,897 | 2,413,971,851 | 2,035,188,250 |

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Chartered Accountants

**YES BANK Limited**

Schedules forming part of Restated Consolidated Balance Sheet

(₹ in thousands)

| | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 10 - FIXED ASSETS** | | | | |
| I. Premises | | | | |
| At cost as on March 31st of preceding year | | 378,031 | 378,031 | 378,031 |
| Additions during the year | | - | - | - |
| Deductions during the year | | - | - | - |
| Accumulated depreciation to date | | (21,006) | (14,704) | (8,402) |
| | TOTAL (I) | 357,025 | 363,327 | 369,629 |
| II. Other Fixed Assets (including furniture and fixtures and software) | | | | |
| At cost as on March 31st of preceding year | | 18,305,440 | 15,319,476 | 11,802,938 |
| Additions during the year | | 2,992,739 | 3,245,135 | 3,963,415 |
| Deductions during the year | | (310,977) | (259,173) | (446,876) |
| Accumulated depreciation to date | | (14,049,021) | (10,884,314) | (8,037,673) |
| | TOTAL (II) | 6,938,181 | 7,421,123 | 7,281,804 |
| | TOTAL (I+II) | 7,295,206 | 7,784,450 | 7,651,433 |
| Capital work-in-progress | | 2,938,634 | 514,423 | 721,526 |
| | TOTAL | 10,233,842 | 8,298,874 | 8,372,959 |
| **SCHEDULE 11 - OTHER ASSETS** | | | | |
| I. Interest Accrued | | 22,516,878 | 39,050,909 | 25,169,413 |
| II. Advance tax and tax deducted at source (net of provision) | | - | 4,894,170 | 1,721,287 |
| III. Deferred tax asset (Refer Sch 18.15) | | 82,809,960 | 25,374,714 | 8,762,413 |
| IV. Non-Banking assets aquired in satisfaction of claims | | 353,000 | 353,000 | 364,790 |
| V Others | | 226,295,448 | 153,517,945 | 114,444,866 |
| | TOTAL | 331,975,286 | 223,190,738 | 150,462,769 |
| **SCHEDULE 12 - CONTINGENT LIABILITIES** | | | | |
| I. Claims against the bank not acknowledged as debts | | 612,500 | 549,157 | 116,436 |
| II. Liability for partly paid investments | | - | - | - |
| III. Liability on account of outstanding forward exchange contracts | | 1,519,467,414 | 2,834,098,764 | 3,000,448,825 |
| IV. Liability on account of outstanding derivative contracts | | | | - |
| - Single currency Interest Rate Swap | | 1,866,270,431 | 1,702,671,190 | 1,141,440,348 |
| - Others | | 548,274,930 | 868,291,165 | 783,747,908 |
| V. Guarantees given on behalf on constituents | | | | - |
| - in India | | 420,131,381 | 437,248,909 | 314,307,933 |
| - Outside India | | - | - | - |
| VI. Acceptances, endorsement and other obligations | | 198,799,106 | 390,140,737 | 411,689,385 |
| VII. Other items for which the bank is contingently liable | | | | - |
| - Purchase of securities pending settlement | | 836,632 | 3,622,750 | 9,068,982 |
| - Capital commitment | | 3,213,827 | 2,984,859 | 2,942,928 |
| -Amount deposited with RBI under Depositor Education and Awareness Fund (DEAF) | | 53,681 | 32,834 | 13,533 |
| - Foreign exchange contracts (Tom & Spot) | | 25,887,555 | 300,477,020 | 154,526,423 |
| -Custody | | 1,727,883 | - | - |
| - Bills Rediscounting | | - | 1,500,000 | - |
| | TOTAL | 4,585,275,340 | 6,541,617,385 | 5,818,302,701 |

Contingent Liability on account of outstanding forward exchange contracts and single currency interest rate swap as on March 31, 2020 includes notional amount of ₹1,067,721,532 thousands and ₹543,032,121 thousands (Mar 31, 2019: ₹2,035,934,447 thousands and ₹407,303,929 thousands) (Mar 31, 2018: ₹2,315,099,034 thousands and ₹318,672,816 thousands) guaranteed by CCIL representing 70.27% and 29.10% (Mar 31, 2019: 71.84% and 23.92%) (Mar 31, 2018: 77.16% and 27.92%) of total outstanding forward exchange contracts and single currency interest rate swaps respectively.

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Chartered Accountants

YES BANK LIMITED

YES BANK Limited

Schedules forming part of Restated Consolidated Profit and Loss Account

(₹ in thousands)

| | | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 | For the year ended Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 13 - INTEREST EARNED** | | | | |
| I. | Interest/discount on advances/bills | 212,466,013 | 229,185,385 | 154,778,487 |
| II. | Income on investments | 42,609,208 | 60,484,215 | 41,025,311 |
| III. | Interest on balances with Reserve Bank of India and other inter-bank funds | 2,103,677 | 3,975,738 | 5,160,730 |
| IV. | Others | 3,341,275 | 2,592,649 | 1,721,419 |
| | TOTAL | 260,520,173 | 296,237,987 | 202,685,947 |
| **SCHEDULE 14 - OTHER INCOME** | | | | |
| I. | Commission, exchange and brokerage | 15,259,280 | 36,352,664 | 42,070,717 |
| II. | Profit on the sale of investments (net) | 11,134,575 | 3,174,838 | 5,134,739 |
| III. | Profit/(Loss) on the revaluation of investments (net) | - | - | - |
| IV. | Profit/(Loss) on sale of land, building and other assets | 3,282 | 3,947 | (12,892) |
| V. | Profit on exchange transactions (net) | 3,731,959 | 1,570,297 | 2,315,709 |
| VI. | Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India | - | - | - |
| VII. | Miscellaneous income | 89,431,890 | 5,653,068 | 3,423,236 |
| | TOTAL | 119,560,986 | 46,754,814 | 52,931,509 |

*Miscellaneous income for the period ended March 31, 2020 includes extraordinary income on account of write down of Additional Tier I Bonds amounting to ₹ 84,150,000 thousands*

| | | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 | For the year ended Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 15 - INTEREST EXPENDED** | | | | |
| I. | Interest on deposits | 120,019,406 | 136,826,853 | 93,824,814 |
| II. | Interest on Reserve Bank of India/inter-bank borrowings/ Tier I and Tier II debt instruments | 66,661,229 | 60,764,723 | 29,840,501 |
| III. | Others | 5,899,963 | 521,297 | 1,628,986 |
| | TOTAL | 192,580,598 | 198,112,872 | 125,294,301 |

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Chartered Accountants

YES BANK LIMITED MUMBAI

YES BANK Limited

Schedules forming part of Restated Consolidated Profit and Loss Account

( ₹ in thousands)

| | | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 | For the year ended Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 16 - OPERATING EXPENSES** | | | | |
| I. | Payments to and provisions for employees | 26,913,246 | 25,381,132 | 22,346,642 |
| II. | Rent, taxes and lighting | 4,540,763 | 4,237,407 | 4,587,562 |
| III. | Printing and stationery | 407,322 | 425,902 | 372,953 |
| IV. | Advertisement and publicity | 296,655 | 662,134 | 965,047 |
| V. | Depreciation on Group's property | 3,419,327 | 3,054,514 | 2,323,569 |
| VI. | Directors' fees, allowances and expenses | 57,867 | 46,613 | 21,423 |
| VII. | Auditors' fees and expenses | 44,898 | 25,229 | 15,917 |
| VIII. | Law charges | 151,949 | 90,931 | 60,940 |
| IX. | Postage, telegrams, telephones, etc. | 643,777 | 648,219 | 604,812 |
| X. | Repairs and maintenance | 357,857 | 423,286 | 348,022 |
| XI. | Insurance | 2,162,391 | 2,079,092 | 1,512,828 |
| XII. | Other expenditure | 29,705,408 | 26,539,820 | 19,575,688 |
| | TOTAL | 68,701,459 | 63,614,279 | 52,735,403 |

| | | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 | For the year ended Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 17 - PROVISIONS & CONTINGENCIES** | | | | |
| I. | Provision for taxation (Refer Sch 18.8) | (44,056,129) | 6,397,393 | 19,713,163 |
| II. | Provision for investments | 64,415,773 | 6,824,889 | 2,599,443 |
| III. | Provision for standard advances | (19,410,781) | 22,514,059 | 1,687,427 |
| IV. | Provision/ write off for non performing advances | 278,060,357 | 25,669,535 | 10,792,641 |
| V. | Other Provisions | 4,115,686 | 2,767,116 | 462,878 |
| | TOTAL | 283,124,906 | 64,172,992 | 35,255,552 |

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Chartered Accountants

# YES BANK Limited

## Restated Consolidated Financial Statements

### For the year ended March 31, 2020

Significant accounting policies and notes forming part of the restated accounts for the year ended March 31, 2020

Note 1. Statement on Material Adjustments and Regroupings

The Restated Consolidated Financial Statements consists of Restated Consolidated Balance Sheet, Restated Consolidated Profit and Loss Account, Restated Consolidated Statement of Cash Flows and Restated Consolidated Schedules to Restated Balance sheet & Restated Profit and Loss Account as of and for the Fiscal Years ended, March 31, 2018, March 31, 2019, and March 31, 2020 are collectively referred to as the "Restated Financial Information".

**Material Adjustments:**

The accounting policies as at and for the year ended March 31, 2020 are materially consistent with the policies adopted for each of the previous financial years ended March 31, 2019 and March 31, 2018. The Restated Consolidated Financial Statements have been prepared based on the respective audited Historical Financial Statements for the Fiscal Years ended March 31, 2020, March 31, 2019 and March 31, 2018.

The following accounting policy was implemented during the year ended March 31, 2020, which has no material effect on the Restated Consolidated Financial Statements:

Revenue recognition:
The Bank in FY20, has changed the methodology recognition of fee income such that a fee in excess of 2% received upfront on the origination of a loan would be amortized over the life of loan. The impact of such change in methodology for recognition of fees is not material and accordingly the same is not considered for Restated Financials.

**Non adjusting items:**

1. **Qualification in auditors' report**

   a. On the financial statements for the year ended March 31, 2020

   The auditor's report on the financial statements for the year ended March 31, 2020 included the following qualifications, which does not require any adjustment in the Restated Consolidated Financial Statements

   - We draw attention to Note 18.2 of the Consolidated Financial Statements, which indicates that during the year ended 31 March 2020, the Bank has breached the regulatory requirements of the Reserve Bank of India ('RBI') regarding maintaining the minimum Common Equity Tier ('CET') 1 and Tier 1 capital ratios which indicates the position of capital adequacy of a bank. The breach is primarily on account of the increase in the provision for advances during the year ended 31 March 2020 as the Bank has decided, on a prudent basis, to enhance its Provision Coverage Ratio on its Non-Performing Asset (NPA) loans over and above minimum RBI loan level provisioning. Inspite of the write back of the AT1 bonds on 14 March 2020 there is a breach of Tier 1 capital ratio as at 31 March 2020. The CET1 ratio and the Tier 1 capital ratios for the Bank as at 31 March 2020 stood at 6.3% and 6.5 % as compared to the minimum requirements of 7.375% and 8.875% respectively. This implies that the Bank will have to take effective steps to augment its capital base in the year 2020-21. Further, in view of the RBI norms relating to the breach of the aforesaid ratios, there is uncertainty around RBI's potential action for such a breach. We are unable to comment on the consequential impact of the above regulatory breach on these Consolidated Financial Statements.

   - We draw attention to Note 18.19 of the Consolidated Financial Statements, which discloses that the Bank became aware in September 2018 through communications from stock exchanges of an anonymous whistle-blower complaint alleging irregularities in the Bank's operations, potential conflicts of interests in relation to the former MD and CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which resulted in a report that was reviewed by the Board of Directors in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. During the year ended 31 March 2020, the Bank identified certain further matters which arose from other independent investigations initiated by the lead banker of a lenders' consortium on the companies allegedly favoured by the former MD and CEO. In March 2020, the Enforcement Directorate has launched an investigation into some aspects of dealings and transactions by the former MD and CEO basis draft forensic reports from external agencies which further pointed out to conflict of interest between the former MD and CEO and certain companies and arrested him. In view of the fact that these enquiries and investigations are still ongoing, we are unable to comment on the consequential impact of the above matter on these Consolidated Financial Statements.

2. **Material uncertainty related to going concern**

The auditor's report on the financial statements for the year ended March 31, 2020 included the following paragraph on material uncertainty related to going concern, which does not require any adjustment in the Restated Consolidated Financial Statements

1. We draw attention to Note 18.2 of the Consolidated Financial Statements, which indicates that the Bank has incurred a loss of Rs 16,418 crores for the year ended 31 March 2020. Particularly during the last six months, there has also been a significant decline in the Bank's deposit base, an increase in their NPA ratios resulting in breach of loan covenants on its foreign currency debt and credit rating downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating. The Bank has also breached minimum Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio requirements of RBI during the year and has provided an amount of Rs.334 crores for the expected penalty on the SLR breach. The Bank has also breached the RBI mandated CET1 ratio and Tier 1 capital ratio which stood at 6.3%.and 6.5% as compared to the minimum requirements of 7.375% and 8.875% respectively. This requires the Bank to take effective steps to augment its capital base in the year 2020-21. The breach of the CET1 and Tier 1 requirements was also impacted by the decision of the Bank to enhance its Provision Coverage Ratio, on a prudent basis, on its NPA loans over and above RBI's minimum loan provisioning norms. Further, on 5 March 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective 5 March 2020. The RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on 5 March 2020. The above indicators of financial stress and actions taken by the RBI resulted in a significant withdrawal of deposits. On 13 March 2020, the Government of India notified the Yes Bank Limited Reconstruction Scheme 2020 ('the Scheme') [notified by the Central Government, in exercise of the powers conferred by sub section (4) and subsection 7 of section 45 of the Banking Regulation Act, 1949]. Under this Scheme the authorized share capital of the Bank was increased to Rs.6,200 crores. The Bank has received capital from investors amounting to Rs.10,000 crores on 14 March 2020. The State Bank of India (SBI) and other banks and financial institutions invested in the Bank at a price of Rs.10 per equity share of the Bank (Rs.2 face value with a Rs.8 premium). SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in the Bank are also subject to a lock in for 75% of their holding as per this Scheme. A new Board of Directors, CEO and MD and Non Executive Chairman have also been appointed pursuant to the Scheme. In addition, the moratorium imposed on the Bank on 5 March 2020 was vacated on 18 March 2020 as per the Scheme. RBI has also granted short-term funding to the Bank for the period of 90 days. The Bank has submitted a proposal seeking extension for a period of one year. The draft reconstruction scheme proposed on 6 March 2020 had also envisaged that the Bank would be able to write back Additional Tier 1 (AT1) securities amounting to Rs.8,695 crores to equity. However, the final Scheme issued by the Government of India on 13 March 2020 does not contain any reference to the write back of the AT1 securities. Based on the legal advice on the contractual terms of the AT 1 bonds, the Bank has fully written back AT 1 bonds aggregating to Rs 8,415 crores on 14 March 2020. This action by the Bank has been legally challenged through a writ petition in the Hon'ble Bombay High court.

   In line with the RBI's COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020, the Bank has granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 (later extended to August 31, 2020) to all eligible borrowers classified as Standard, even if overdue, as on 29 February 2020.

   In the opinion of the Bank, based on the financial projections prepared by the Bank and approved by the Board for the next 3 years, the capital infusion, lines of liquidity provided by RBI and the reconstruction Scheme, the Bank will be able to realize its assets (including its deferred tax asset) and discharge its liabilities in its normal course of business and hence the financial statements have been prepared on a going concern basis. The said assumption of going concern is inter-alia dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios and mitigate the impact of Covid-19 and thus a material uncertainty exists that may cast a significant doubt on the Bank's ability to continue as a going concern. However, as stated above, as per management and the Board there are mitigating factors to such uncertainties including the amount of capital funds that have been raised in March 2020, the nature and financial resources of new investors who have infused funds in the Bank, the new Board of Directors,

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CEO and MD and part time Chairman appointed as per the Scheme and the extent of regulatory support provided to the Bank by the RBI.

Our conclusion on the Consolidated Financial Statements is not modified in respect of this matter.

**3. Emphasis of matter paragraph in auditor's report**

a. On the financial statements for the year ended March 31, 2020

The auditor's report on the financial statements for the year ended March 31, 2020 included the following Emphasis of Matter paragraphs, which do not require any adjustment in the Restated Consolidated Financial Statements

- that the Bank has a total deferred tax asset of Rs. 8,281 crores as at 31 March 2020. As per the requirements of AS 22 - Income Taxes, based on the financial projections prepared by the Bank and approved by the Board of directors, the Bank has assessed that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The Bank expects to have a taxable profit for the future years. Our conclusion is not modified in respect of this matter

- the Bank had made an additional provision of Rs. 15,422 crores for the period ended 31 December 2019 on a prudent evaluation of the status of NPAs based on discussion with regulator over and above the RBI norms relating to the minimum provision to be made by banks on their loans and advances. The additional provision is judgmental based on the quality and status of specific loans identified by the Bank as at 31 March 2020. We believe that this judgment exercised by the Bank is appropriate. Our conclusion is not modified in respect of this matter.

b. On the financial statements for the year ended March 31, 2019

The auditor's report on the financial statements for the year ended March 31, 2019 included the following Emphasis of Matter paragraphs, which do not require any adjustment in the Restated Consolidated Financial Statements

- the consolidated financial statements which describes the ongoing enquiry by the Holding Company into certain anonymous whistle blower allegations. Our opinion is not modified in respect of this matter

**4. Change in estimates**

a. From the quarter ended December 31, 2019, the Bank considers slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. Further, the Bank had decided, on a prudent basis, to enhance its Provision Coverage Ratio on its NPA loans over and above the RBI loan level provisioning requirements. This change is considered as change in estimates, and consequently no retrospective adjustments have been made in this regard to the Restated Financials

b. As part of the Risk Based Supervision (RBS) exercise for the Fiscal Year 2016-17 and 2018-19 concluded in November 2019, the Reserve Bank of India ('RBI') has pointed out certain retrospective divergence in respect of the Bank's asset classification and provisioning under the applicable prudential norms on income recognition, asset classification and provision as at 31 March 2019 and accordingly, the impact of such divergence is considered in the year in which the RBI has issued the report and consequently no retrospective adjustments have been made in this regard to the Restated Consolidated Financial Statements.

**5. Material regroupings**

Appropriate regrouping/reclassifications have been made in the Restated Financial Statements in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2019 (as amended), in respect of the corresponding items of assets, liabilities, income, expenses, and cash flows in order to

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6. **Material errors**

There are no material errors that require any adjustment in the Restated Financial Statements.

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## 18. Significant accounting policies and notes forming part of the restated accounts for the year ended March 31, 2020

### *18.1 Background*

YES BANK is a publicly held bank engaged in providing a wide range of banking and financial services. YES BANK is a banking company governed by the Banking Regulation Act, 1949. The Bank was incorporated as a limited company under the Companies Act, 1956 on November 21, 2003. The Bank received the licence to commence banking operations from the Reserve Bank of India ('RBI') on May 24, 2004. Further, YES BANK was included to the Second Schedule of the Reserve Bank of India Act, 1934 with effect from August 21, 2004. Also the Bank has a branch at International Financial Services Centre ('IFSC') at GIFT City, Gujarat ('IBU'). The Bank classifies transactions undertaken by IBU as overseas operation.

On March 13, 2020, the Government of India notified the "Yes Bank Ltd. Reconstruction Scheme, 2020" (Scheme). As per the Scheme, authorized capital has been increased from ₹ 11,000 million to ₹ 62,000 million. The State Bank of India (SBI) and other investors invested in the Bank at a price of ₹ 10 per equity share of the Bank (₹ 2 face value with a ₹ 8 premium). As per the scheme, SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in Yes Bank are also subject to a lock in for 75% of their holding as per this Scheme.

YES Securities (India) Limited ('the Company') was incorporated on March 14, 2013, as a wholly owned subsidiary of YES Bank Limited ('YBL' / 'Holding Company'). The Company is a securities broker registered with the Securities and Exchange Board of India since July 8, 2013. The Company also got SEBI registration as Category I Merchant Banker w.e.f. September 3, 2015 and as a Research Analyst w.e.f. November 30, 2015. The Company also got SEBI registration as Investment Adviser w.e.f. March 20, 2017. The Company offers, inter alia, trading / investment in equity, merchant banking and other financial products along with various value added services. The Company is member of the National Stock Exchange ('NSE') since May 2, 2013 and the Bombay Stock Exchange ('BSE') since June 11, 2013 and MCX since February 5, 2019, NCDEX since February 6, 2020.

YES Asset Management (India) Limited (the Company) was incorporated on April 21, 2017 as a wholly owned subsidiary of YES BANK Limited (YBL / Holding Company). The Company has entered into an investment management agreement with Yes Trustee Limited to act as the investment manager for any funds to be launched by YES Mutual fund. The company obtained registration from Securities and Exchange Board of India ('SEBI') to launch Mutual fund operations on July 3, 2018. Yes Mutual Fund launched its first Scheme YES Liquid Fund in January 2019. Subsequently in the FY 2019-20 Yes Mutual Fund launched two schemes namely YES Ultra Short Term Fund and YES Overnight Fund.

YES Trustee Limited (the 'Company') was incorporated under the provisions of the Companies Act, 2013 on 3 May 2017 having its registered office in Mumbai. The Company is a wholly owned subsidiary of YES Bank Limited. The Company is engaged in providing trusteeship services to YES Mutual Fund.YES Mutual Fund has launched its first Scheme YES Liquid Fund in January 2019. Subsequently in FY 2019-20, YES Mutual Fund has launched two schemes namely YES Ultra Short Term Fund and YES Overnight Fund.

### *18.2 Basis of preparation*

The Restated Summary Statements have been compiled by the management from the audited financial statements of each of the years ended March 31, 2020, 2019 and 2018 (together, the "Historical Audited Financial Statements"). The accounting policies have been consistently applied by the Bank in preparation of the Restated Consolidated Financial Statements and are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2020

The Restated Consolidated Financial Statements have been prepared by the Bank in accordance with the requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, to the extent applicable. The Restated Summary Statements have been prepared by the Bank specially for inclusion in the offer document to be filed by the Bank with the Securities and Exchange Board of India ("SEBI") to facilitate the management discussion and analysis of the Bank's financial performance in connection with its proposed initial public offering, and were approved by the Board on July, 03, 2020.

The Historical Audited Financial Statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of The Group used in the preparation of these restated financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India. The Group follows accrual method of accounting and the historical cost convention, unless otherwise stated by RBI guidelines.

*18.3* *Principles of Consolidation*

The restated consolidated financial statements comprise the restated financial statements of YES Bank Limited, and its subsidiaries, YES Securities (India) Limited, YES Asset Management (India) Limited and YES Trustee Limited which together constitute the 'Group'.

The Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 issued by the Ministry of Corporate Affairs to the extent applicable on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure.

*Use of estimates*

The preparation of restated 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 restated financial statements and income and expenses during the reporting period. Management believes that the estimates used in the preparation of the restated financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

*18.4* **Assessment of Going Concern:**

In the aftermath of the IL&FS crisis in September 2018, the financial sector had been heavily constrained from a liquidity stand-point. Also, rising defaults in Power and Infrastructure sector in second half of 2019 have taken a toll on the stressed book of various Banks and NBFCs. In this macro environment, given its low capital covers, the Bank has been adversely impacted on account of elevated slippages in its corporate book especially in power and infra sector. The Bank reported a marginal profit for the quarter ended 30 June 2019 and reported loss in the quarter ended September 30, 2019. For the quarter ended December 31, 2019, as a consequence of increase in NPAs, additional recording slippages post period end and increase in Provision Coverage Ratio (PCR), the reported loss was ₹ 185,604 million. The Bank had also breached the RBI mandated Common Equity (CET1) ratio which stood at 0.62% at 31 December 2019 as compared to the requirement of 7.375%. The delay in capital raising triggered the downgrade of the Bank's rating by Rating Agencies.

In addition the deposit outflow in early October on account of a combination of events such as invocation of Promoter's pledged shares\IT glitches for Yes Bank (and others)\problems arising from financial distress in Punjab and Maharashtra Cooperative Bank led to a continuing breach in Liquidity Coverage Ratio (LCR) starting October 2019 and continues till date. The Bank's deposit base has seen a reduction from ₹ 2,094,973 million as at September 30, 2019 to ₹ 1,657,554 million as at December 31, 2019. The deposit position as at March 31, 2020 is ₹ 1,053,639 million and has reduced further to ₹ 1,027,179 million as at May 02, 2020. The Bank had also prepaid ~USD 1.18 billion (₹

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85,000 million) by February 29, 2020. On March 5, 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective March 5, 2020 which was lifted on March 18, 2020. Further, the RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on March 5, 2020. As per the moratorium a restriction was imposed on the withdrawal by depositors of amounts up to ₹ 50,000 and the Bank also could not grant or renew loans or make any investments.

A new Board of Directors, MD & CEO and Non Executive Chairman have also been appointed under the Scheme. The Bank has since obtained a Board approval to raise additional equity of upto Rs 150,000 million. As a consequence of the reconstitution the Bank was deemed to be un-viable. Consequently, write-back of certain Basel III additional tier 1 Bonds ("AT 1 Bonds") issued by the Bank had been triggered. Hence, such AT 1 Bonds amounting to ₹ 84,150 million have been fully written down permanently. The Trustees, on behalf of the holders of AT 1 Bonds have filed a writ petition seeking to challenge the decision of the Bank to write down AT 1 bonds. The Bank, based on the legal opinion of its external independent legal counsel is of the view that the merits of the Bank's decision to write back the AT 1 bonds is in accordance with the contractual terms for issuance of AT 1 Bonds. The Bank had also been granted a short term special liquidity facility for 90 days from the RBI. The Bank also raised CDs of ₹ 72,000 million as at March 31, 2020. As a consequence of the above factors the Bank's loss post tax and AT 1 write back (exceptional income) is ₹ 164,180 million. The Bank's CET1 ratio is 6.3% (regulatory requirement with CCB of 7.375%) and tier 1 capital ratio is 6.5% (regulatory requirement of 8.875%) as at March 31, 2020. The Bank has substantially enhanced its PCR and strengthened its Balance Sheet. However, RBI's current framework on 'Prompt Corrective Action' (PCA) considers regulatory breaches in CET as a potential trigger. The Bank remains in constant communication with RBI on the various parameters and ratios and RBI has not imposed any fine on the Bank for the regulatory breaches.

The Bank's deposit base has seen a reduction from ` 2,276,102 million as at March 31, 2019 to ` 1,053,639 million as at March 31, 2020 (Position as at May 02, 2020 ` 1,027,179 million). Consequently, the Bank's quarterly average 'Liquidity Coverage Ratio' (LCR) has fallen from 74% for the quarter ended December 31, 2019 to 40% for the quarter ended March 31, 2020 (regulatory limit 100%), position as at May 02, 2020 34.8%(regulatory limit 80%). The Bank also has a deferred tax asset of ` 82,810 million as at March 31, 2020. Though the Bank has made a loss of ` 164,180 million for the year ended March 31, 2020, the Bank has a taxable profit for the year ended March 31, 2020. The Bank continues to carry such deferred tax asset in its Balance Sheet, as basis financial projections approved by the Board of Directors, there is reasonable certainty of having sufficient taxable income to enable realization of the said deferred tax asset as specified in Accounting Standard 22 (Accounting for Taxes on Income).

In the month of March 2020, SARS-CoV-2 virus responsible for COVID-19 continued to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic outlook and activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's future results will depend on related developments, which remain highly uncertain.

The Bank witnessed significant deposit withdrawal immediately post the moratorium was lifted, however the deposits stabilised post March 23, 2020. While further reduction in deposits lost post moratorium may cast material uncertainty, particularly in the current COVID scenario, the Bank under the leadership of new management and Reconstituted Board is confident that it can tide over the current issues successfully.

This belief is reinforced by the pedigree of new investors of the Bank (led by State Bank of India and other Financial Institutions). The Bank believes that the stress is temporary in nature and would be rectified through infusion of fresh capital and the liquidity initiative measures being undertaken. Further, The Bank's management and board of directors have made an assessment of its ability to continue as a going concern based on the detailed projected financial statements including plan for raising of deposits and other sources of funds for the next 3 years and are satisfied that with the proposed capital infusion and the Bank's strong customer base and branch network,

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will enable the Bank to continue its business for the foreseeable future, so as to be able to realize its assets and discharge its liabilities in its normal course of business. Based on the projection and assessment, the Bank believes that it will achieve operating profit in near term and expects higher level of recoveries from NPA as significant portion of the stressed book already classified as NPA, the Bank expected to be on a growth trajectory. As such, the financial statements continue to be prepared on a going concern basis.

*18.5* **Estimation of uncertainties relating to the global health pandemic from COVID-19:**

From the quarter ended December 31, 2019, the Bank considers slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. Further, the Bank had decided, on a prudent basis, to enhance its Provision Coverage Ratio on its NPA loans over and above the RBI loan level provisioning requirements. As a result, the Bank recognized additional provisions of ₹ 154,220.39 million for the period ended December 31, 2019. In line with the RBI's COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and the Governor's Statement dated May 22, 2020, the Bank has granted a moratorium of six months on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted (except advances at IFSC Banking Unit (IBU)), the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) and as the asset classification as of March 31, 2020 has been retained based on the overdue status as at February 29, 2020. Hence on account of above mentioned RBI's COVID-19 Regulatory Package, Bank has not considered slippages post March 31, 2020 till the date of results / financial statement.

In line with RBI requirements, the Bank holds necessary provisions as at March 31, 2020 against the assets where the asset classification benefit has been extended on account of standstill requirements.

***18.6*** ***Restated significant accounting policies***

***18.6.1*** ***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 is recognized upon certainty of its realization.
- Dividend income is recognized when the right to receive payment is established.
- Commission on guarantees issued by the Bank is recognized as income over the period of the guarantee.
- Commission on Letters of Credit ('LC') issued by the Bank is recognized as income at the time of issue of the LC.
- Income on non-coupon bearing discounted instruments is recognized over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognized over the tenor of the instrument on yield basis.
- In case of Bonds and Pass Through Certificates, premium on redemption, if any, is amortised over the tenure of the instrument on a yield basis.
- Revenue from financial advisory services is recognized in line with milestones achieved as per terms of agreement with clients which is reflective of services rendered.
- 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..

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- Fee for subscription based services are recognised as earned on a pro rata basis over the term of the plan.
- Management fees are accounted for on accrual basis in accordance with the investment management agreement and SEBI (Mutual Fund) Regulations, 1996.
- Dividend income is recognized when the right to receive dividend is established.

18.6.2 *Investments*

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015.

*Accounting and Classification*

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

a) *Cost of acquisition*

Costs such as brokerage pertaining to investments, paid at the time of acquisition and broken period interest are charged to the profit and loss account as per the RBI guidelines.

b) *Basis of classification*

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

c) *Transfer between categories*

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

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

d) *Valuation*

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

Investments received in lieu of restructured advances scheme are valued in accordance with RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. Depreciation on equity shares acquired and held by The Group under restructuring scheme is provided as per RBI guidelines.

Investments classified under the HTM category are carried at their acquisition cost and any premium over the face value, paid on acquisition, is amortised on a straight line basis over the remaining period to maturity. Amortization expense of premia on investments in the HTM category is deducted from interest income in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. Where in the opinion of management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made. Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve.

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

Pass Through Certificates purchased for priority sector lending requirements are valued at Book Value in accordance with RBI guidelines.

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

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

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is netted in the Investment schedule. The short position is marked to market and loss, if any, is charged to the Profit and Loss account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss account.

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

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

At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction company are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, The Group reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date. In case of investment in Security Receipts on or after April 01, 2017 which are backed by more than 50% of the stressed assets sold by the bank or 10% of the stressed asset sold by the bank post April 01, 2018, provision for depreciation in value is made at higher of - provisioning rate required in terms of net assets value declared by Reconstruction Company(RC)/Securitization Company(SC) or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continue in the books of the Bank. All other investments in the Security Receipts are valued as per the NAV obtained from issuing RC/SC.

Investments in quoted Mutual Fund (MF) Units are valued at the latest repurchase price/net asset value declared by the mutual fund. Investments in un-quoted MF Units are valued on the basis of the latest re-purchase price declared by the MF in respect of each particular Scheme.

Investment in listed instruments of Real Estate Investment Trust (REIT)/Infrastructure Investment Trust (INVIT) is valued at closing price on a recognized stock exchange with the higher volumes. In case the instruments were not traded on any stock exchange within 15 days prior to date of valuation, valuation is done based on the latest NAV (not older than 1 year) submitted by the valuer.

Sovereign foreign currency bonds are valued using Composite Bloomberg Bond Trader (CBBT) price or Bloomberg Valuation Service (BVAL) price or on Treasury curve in the chronological order based on availability.

Non- Sovereign foreign currency Bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price , Bloomberg Generic price (BGN) , Last available CBBT pricing for the instrument or Proxy Bond Pricing from Bloomberg in the chronological order based on availability.

Masala bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price or as per FIMMDA guided valuation methodology for unquoted bonds in the chronological order based on availability.

Special bonds such as oil bonds, fertilizer bonds, UDAY bonds etc. which are directly issued by Government of India ('GOI') is valued based on FBIL valuation.

Equity shares in the Banks demat account, acquired through exercise of pledge, is not accounted as investments. Upon sale of the pledged shares, the proceeds are utilized to offset the borrower's liability

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. Based on management assessment of impairment, The Group additionally creates provision over and above the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss account until received.

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*

Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) including liquidity adjustment facility (LAF) with RBI are treated as collateralized borrowing and lending transactions respectively in accordance with RBI master circular No. DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. The first leg of the repo transaction is contracted at the prevailing market rates. The difference between consideration amounts of first and second (reversal of first) leg reflects interest and is recognized as interest income/expense over the period of transaction.

Group also undertakes Repo and Reverse repo transactions from IFSC Banking Unit in GIFT City in Foreign currency Sovereign Securities and accounting is similar to the domestic repo transactions.

g) *Investment fluctuation reserve*

With a view to building up of adequate reserves to protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

Transferred 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.

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### 18.6.3 *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.

**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. From the quarter ended December 31, 2019, the Bank consider slippages in Corporate NPAs post the period end till the date of results / restated financial statement, while determining NPAs and related provisioning requirements.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 (later extended to August 31, 2020) to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted (except advances at IFSC Banking Unit (IBU)), the asset classification as of March 31, 2020 has been retained based on the overdue status as at February 29, 2020. As a consequence the Bank has not recognized any slippage in asset classification from standard to NPA post February 29, 2020 on account of moratorium.

As per the RBI guidelines a general provision is made on all standard advances, including provision for borrowers having unhedged foreign currency exposure and for credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts. These also include provision for stressed sector exposures and provision for incremental exposure of the banking system to a specified borrower beyond Normally Permitted Lending Limit (NPLL) in proportion to bank's funded exposure to specified borrower. 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.

Accounts are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss account and included under other income.

In case of loans sold to asset reconstruction company, if consideration is more than net book value, the group 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% for exposures with contractual maturity greater than or equal to 180 days. In respect of short-term exposures with contractual maturity less than 180 days, 25% of the normal provision requirement is held.

### 18.6.4 *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 (representative offices) are translated at the daily average closing rates and of non-integral foreign operations (foreign branches) at the monthly average closing rates.

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

Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). Foreign exchange contracts are stated at net present value using LIBOR/SWAP curves of the respective currencies with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis.

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

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until the disposal of the net investment in the non-integral foreign operations.

In accordance with the RBI clarification, the Bank does not recognise in the profit and loss account the proportionate exchange gains or losses held in the foreign currency translation reserve on repatriation of profits from overseas operations.

Currency future contracts are marked to market daily using settlement price on a trading day, which is the closing price of the respective future contracts on that day. While the daily settlement prices is computed on the basis of weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the future contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss is daily set.

### 18.6.5 *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.

### 18.6.6 *Accounting for derivative transactions*

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

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

Cross currency interest rate swaps which are used by The Group to hedge its foreign currency borrowings have been designated as cash flow hedges and are measured at fair value. The corresponding gain or loss is recognised as cash flow hedge reserve. Further to match profit/ loss on account of revaluation of foreign currency borrowing, the corresponding amount is recycled from cash flow hedge reserve to Profit and Loss account.

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

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

Valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

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

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

### 18.6.7 *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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### 18.6.8 *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 |
| Automated Teller Machines ('ATMs') [1] | 15 years | 10 years |
| Leasehold improvements to premises | - | Over the lease period or 9 years whichever is less. |

**As per RBI Guidelines.*

*[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.*

- Assets costing up to ₹ 5,000 are fully depreciated in the year of purchase.
- For assets purchased/ sold during the year, depreciation is being provided on pro rata basis by the Bank.
- Improvements to leasehold assets are depreciated over the remaining period of lease
- Reimbursement, if any, is recognised on receipt and is adjusted to the book value of asset and depreciated over the balance life of the asset
- Whenever there is a revision in the estimated useful life of the asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset
- The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

### 18.6.9 *Impairment of assets*

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the recoverable amount of the assets.

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### 18.6.10 *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. The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

*Compensated Absence*

The employees of the Group are entitled to carry forward a part of their unavailed/unutilized leave subject to a maximum limit. The employees cannot encash unavailed/unutilized leave. The Group provides for leave encashment / compensated absences based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

*Gratuity*

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

The 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*

In accordance with law, all employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and The Group contribute monthly at a pre determined rate. Contribution to provident fund are recognized as expense as and when the services are rendered. The Group has no liability for future provident fund benefits other than its annual contribution.

In February 2019, the honorable Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Group has been legally advised that there are interpretative challenges on the application of judgment retrospectively and as such does not consider there is any probable obligations for past periods. The Group has given effect of this judgment from April 01, 2019 prospectively.

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*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 Group has no liability for future fund benefits other than the voluntary contribution made by employees who agree to contribute to the scheme.

### 18.6.11 *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.

### 18.6.12 *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 income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the balance sheet date.

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

### 18.6.13 *Provisions and contingent assets/liabilities*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of The Group 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 Group does not recognize a contingent liability but discloses its existence in the restated financial statements

In accordance with AS 29, Provisions, Contingent Liabilities and Contingent Assets, The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

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

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

### 18.6.14 *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.

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*18.6.15 Corporate social responsibility*

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss account.

*18.6.16 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.

*18.6.17 Bullion*

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on a price quoted by the supplier. The Group earns a fee on such bullion transactions. The fee is classified in other income. The Group also deals in bullion on a borrowing and lending basis and the interest paid / received thereon is classified as interest expense / income respectively.

*18.6.18 Share issue expenses*

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

*18.6.19 Segment information*

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

*18.6.20 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 PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

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18.7 *Capital*

18.7.1 *Equity Issue*

During the financial year ended March 31, 2020, the Bank has issued 231,055,018 equity shares of ₹ 2 each for cash pursuant to a Qualified Institutions Placement (QIP) at ₹ 83.55 aggregating to ₹ 19,304.64 million.

On March 13, 2020, the Government of India notified the "Yes Bank Ltd. Reconstruction Scheme, 2020" (Scheme). As per the Scheme, authorized capital has been increased from ₹ 11,000 million to ₹ 62,000 million (₹ 8,000 million as at March 31, 2019). The State Bank of India (SBI) and other investors invested in the Bank at a price of ₹ 10 per equity share of the Bank (₹ 2 face value with a ₹ 8 premium). As per the scheme, SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in YES Bank are also subject to a lock in for 75% of their holding as per this Scheme. Further, as per final reconstruction scheme of the Bank, Bank has issued 10,000 million equity shares at ₹ 10 each aggregating to ₹ 100,000.00 million.

The share allotment under reconstruction scheme is given below:

| Sr No. | Name of Investor | Subscription Amount (₹ in million) | Number of Equity Shares Allotted (in Million) |
|---|---|---|---|
| 1 | State Bank of India | 60,500 | 6,050 |
| 2 | Housing Development Finance Corporation Limited | 10,000 | 1,000 |
| 3 | ICICI Bank Limited | 10,000 | 1,000 |
| 4 | Axis Bank Limited | 6,000 | 600 |
| 5 | Kotak Mahindra Bank Limited | 5,000 | 500 |
| 6 | The Federal Bank Ltd | 3,000 | 300 |
| 7 | Bandhan Bank Limited | 3,000 | 300 |
| 8 | IDFC First Bank Limited | 2,500 | 250 |
| | TOTAL | 100,000 | 10,000 |

The Bank accreted ₹ 79,550.00 million (net of estimated share issue expenses of ₹ 450.00 million) as premium. The Bank also issued 4,384,174 shares pursuant to the exercise of stock option aggregating to ₹ 284.53 million. During the financial year ended March 31, 2019, the Bank has issued 12,065,794 shares pursuant to the exercise of stock option aggregating to ₹ 953.47 million.

On September 8, 2017, the shareholders of the Bank approved the sub-division of each equity share having a face value of ₹ 10 into five equity shares having a face value of ₹ 2 each through postal ballot. The record date for the sub-division was September 22, 2017. All shares and per share information in the restated financial results reflect the effect of such sub-division.

During the financial year ended March 31, 2018, the Bank has issued 20,538,180 shares pursuant to the exercise of stock option aggregating to ₹ 1,378.65 million.

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**Movement in Share Capital**

(₹ in million)

| Share Capital | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Opening Share Capital | 4,630.07 | 4,605.93 | 4,564.86 |
| Addition due to exercise of Stock Option | 8.76 | 24.13 | 41.07 |
| Addition due to shares issued for QIP | 462.11 | - | - |
| Addition due to shares issued under Reconstruction scheme | 20,000.00 | - | - |
| Closing Share Capital | **25,100.94** | **4,630.07** | **4,605.93** |

**Write Down of AT1 Bonds**

On March 13, 2020, pursuant to the provisions of Section 45 of the Banking Regulation Act, 1949, the Reserve Bank of India (RBI) reconstituted YES Bank Limited ("the Bank"). As a consequence of the reconstitution, the Bank was deemed to be non-viable. Further, the Bank incurred losses and breached RBI mandated Common Equity Ratio (CET 1) and other statutory ratios. This activated the triggers for write-down of Basel III additional tier 1 Bonds amounting to ₹ 84,150 million ("AT 1 Bonds") issued by the Bank. Accordingly, the Bank was constrained to write down AT Bonds on March 14, 2020. The Trustees, on behalf of the holders of AT 1 Bonds have filed a writ petition seeking to challenge the decision of the Bank to write down AT 1 bonds. The Bank, based on the legal opinion of its external independent legal counsel is of the view that the merits of the Bank's decision to write down the AT 1 bonds in accordance with the contractual terms for issuance of AT 1 Bonds.

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 was not paid by the Bank as the regulatory ratio of the Bank were lower than the minimum required

18.7.2 *Proposed Dividend:*

The Bank has made loss during the year and as consequence to that the Bank has not declared any dividend. Further, the Reserve Bank of India, vide its circular dated April 17, 2020, has declared that banks shall not make any further dividend payouts from profit pertaining to financial year ended March 31, 2020, until further instructions with the view to conserve capital in the environment of heightened uncertainly caused by COVID- 19.

18.7.3 *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 1" April, 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. As part of the Risk Based Supervision (RBS) exercise for FY 2018-19 concluded in November 2019, the RBI has pointed out certain retrospective divergence in the Bank's

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asset classification and provisioning as on 31st March 2019. In conformity with the above mentioned RBI circular, the below table outlines divergences in asset classification and provisioning.

| Sr. | Particulars | (₹ in millions) |
|---|---|---|
| 1 | Gross NPAs as on March 31, 2019 as reported by the Bank | 78,825.59 |
| 2 | Gross NPAs as on March 31, 2019 as assessed by RBI | 111,595.59 |
| 3 | Divergence in Gross NPAs (2-1) | 32,770.00 |
| 4 | Net NPAs as on March 31, 2019 as reported by the Bank | 44,848.49 |
| 5 | Net NPAs as on March 31, 2019 as assessed by RBI | 67,838.49 |
| 6 | Divergence in Net NPAs (5-4) | 22,990.00 |
| 7 | Provision for NPAs as on March 31, 2019 as reported by the Bank | 33,977.10 |
| 8 | Provision for NPAs as on March 31, 2019 as assessed by RBI | 43,757.10 |
| 9 | Divergence in provisioning (8-7) | 9,780.00 |
| 10 | Reported Net Profit after Tax (PAT) for the year ended March 31, 2019 | 17,202.79 |
| 11 | Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning | 10,840.31 |

**Divergence reported in financial of March 31, 2018.**

- The Bank classifies performing and non-performing advances (NPAs) as per the RBI's Prudential Norms on Income recognition, Asset Classification and Provisioning.
- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31st March, 2017.
- As part of the Risk Based Supervision (RBS) exercise for FY 2016-17 concluded in October 2017, the RBI has pointed out certain retrospective divergence in the Bank's asset classification and provisioning as on 31st March 2017. In conformity with the RBI circulars DBR.BP.BC.NO.63/21.04.018/2016-17 issued on April 18, 2017, SEBI circular issued on July 18, 2017 and as per approval from the Board of Directors at its Board Meeting held on October 26, 2017, the below table outlines divergences in asset classification and provisioning.

| Sr. | Particulars | (₹ in millions) |
|---|---|---|
| 1 | Gross NPAs as on March 31, 2017 as reported by the Bank | 20,185.57 |
| 2 | Gross NPAs as on March 31, 2017 as assessed by RBI | 83,737.57 |
| 3 | Divergence in Gross NPAs (2-1) | 63,551.99 |
| 4 | Net NPAs as on March 31, 2017 as reported by the Bank | 10,722.68 |
| 5 | Net NPAs as on March 31, 2017 as assessed by RBI | 58,916.24 |
| 6 | Divergence in Net NPAs (5-4) | 48,193.56 |
| 7 | Provision for NPAs as on March 31, 2017 as reported by the Bank | 9,462.89 |
| 8 | Provision for NPAs as on March 31, 2017 as assessed by RBI | 24,821.38 |
| 9 | Divergence in provisioning (8-7) | 15,358.49 |
| 10 | Reported Net Profit after Tax (PAT) for the year ended March 31, 2017 | 33,300.96 |
| 11 | Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning | 23,161.28 |

The net current impact of the aforementioned retrospective slippages due to divergence noted by RBI in October 2017 has been duly reflected in the results for the year ended March 31, 2018.

Out of the total divergence current position as on Mar 31, 2018 is as under:

| Particulars | (₹ in millions) | % |
|---|---|---|
| 1. Net Repayments (In full / partial)* | 24,343.47 | 38.30% |
| 2. Sold to Asset Reconstruction Company (ARC) against Security Receipts** (non cash component) | 8,031.58 | 12.64% |
| 3. Outstanding as on March 31, 2018 (a+b): | 31,176.94 | 49.06% |
| *a) Upgraded as Standard on account of satisfactory account conduct* | *26,326.94* | *41.43%* |
| *b) Classified as NPA**** | *4,850.00* | *7.63%* |
| **Total (1+2+3)** | 63,551.99 | |

* includes cash received from ARC for loans sold

** Recorded at Net book value of ₹ 5,681.97 million

*** Corresponding provision carried is 40%

### 18.8 *Income Taxes*

Provisions made for Income Tax during the year

*(₹ in million)*

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Current income tax expense | 13,379.12 | 23,009.69 | **22,439.16** |
| Deferred income tax credit | (57,435.25) | (16,612.30) | **(2,726.00)** |
| TOTAL | **(44,056.13)** | **6,397.39** | **19,713.16** |

### 18.9 *Staff retirement benefits*

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Group's financial statements as of March 31, 2020, March 31, 2019 and March 31, 2018:

**Changes in present value of Obligations**

*(₹ in million)*

| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Present Value of Obligation at the beginning of the year | 1,464.09 | 1,155.37 | 902.92 |
| Interest Cost | 103.41 | 87.56 | 61.85 |
| Current Service Cost | 376.36 | 279.03 | 262.64 |
| Past Service Cost | - | - | 0.41 |
| Benefits Paid | (154.86) | (83.96) | (108.47) |
| Actuarial (gain)/loss on Obligation | (204.80) | 26.07 | 36.01 |
| Present Value of Obligation at the end of the year | 1,584.20 | 1,464.09 | 1,155.37 |

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Changes in the fair value of plan assets:

(₹ *in million*)

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Fair value of plan assets at the beginning of the year | 1,125.60 | 1,155.29 | 885.95 |
| Adjustment to Opening Balance | - | - | 4.25 |
| Expected return on plan assets | 79.17 | 80.78 | 61.93 |
| Contributions | 200.00 | - | 321.34 |
| Benefits paid | (154.86) | (83.96) | (108.47) |
| Actuarial gain/( loss) on plan assets | (27.02) | (26.51) | (9.71) |
| Fair value of plan assets at the end of the period | 1,222.89 | **1,125.60** | 1,155.29 |

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, 2020 and March 31, 2019 comprises the following components:

(₹ *in million*)

| | **For the year ended March 31, 2020** | **For the year ended March 31, 2019** | **For the year ended March 31, 2018** |
|---|---|---|---|
| Current Service Cost | 376.36 | 279.03 | 262.64 |
| Interest Cost | 103.41 | 87.55 | 61.85 |
| Expected Return on plan assets | (79.17) | (80.78) | (61.93) |
| Net Actuarial gain recognized in the year | (177.78) | 52.59 | 45.72 |
| Past Service Cost | - | 0.09 | 0.41 |
| Expenses recognized | 222.82 | 338.48 | 307.14 |

**Experience History:**

(₹ *in million*)

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|---|---|---|
| (Gain)/Loss on obligation due to change in assumption | (252.08) | 57.48 | (70.88) | 48.37 | 15.18 |
| Experience (Gain)/Loss on obligation | 47.97 | (31.99) | 113.80 | 32.76 | (5.99) |
| Actuarial Gain/(Loss) on plan assets | (27.02) | (26.51) | (5.21) | 8.46 | (18.68) |

The assumptions used in accounting for the gratuity plan are set out below:

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| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Discount Rate | 5.47%~6.60% | 7.05%~7.55% | 7.4%~7.60% |
| Expected Return on Plan Assets | 8.00% | 7.00% | 7.00%~8.00% |
| Mortality | IALM (2012-14) Ult | IALM (2006-08) Ult | IALM (2006-08) Ult |
| Future Salary Increases | 9%~10.00% | 10%~12.00% | 12.00% |
| Disability | | | - |
| Attrition | 10%-34% | 8%-27% | 6%-25% |
| Retirement | 60 yrs | 60 yrs | 60 yrs |

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

Position of plan asset / liability

(₹ *in million*)

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Fair value of plan assets at the end of the period | 1,222.89 | 1,125.60 | 1,155.29 |
| Present Value of Obligation at the end of the year | 1,584.20 | 1,464.09 | 1,155.38 |
| **Plan asset / (liability)** | **(361.31)** | **(338.49)** | (0.09) |

The Group is yet to determine future contribution to Gratuity fund for Financial Year 2020-21

*National Pension Scheme*

The Group has contributed ₹ 26.69 million for the year ended March 31, 2020 (March 31, 2019: ₹20.82 million) (March 31, 2018: ₹15.22) 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 ₹ 1,069.79 million for the year ended March 31, 2020 (March 31, 2019: ₹ 823.71 million ) (March 31, 2018: ₹ 730.44 million ) towards contribution to the provident fund.

*Compensated absence*

The Group has recognised ₹ 170.40 million in the profit and loss account for the year ended March 31, 2020 (March 31, 2019: ₹ 174.07 million) (March 31, 2018: ₹ 53.85 million) towards compensated absences.

**18.10** *Segment Results*

Pursuant to the guidelines issued by RBI on AS-17 (Segment Reporting) - Enhancement of Disclosures dated April 18, 2007, effective from period ending March 31, 2008, the following business segments have been reported.

- **Treasury:** Includes investments, all financial markets activities undertaken on behalf of the 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.

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Segmental results for the year ended March 31, 2020 are set out below:

(₹ in million)

| Business Segments | Treasury | Corporate / Wholesale Banking | Retail Banking | Other Banking Operations | Total |
|---|---|---|---|---|---|
| Segment Revenue | 118,905.25 | 170,401.49 | 59,161.77 | 2,977.86 | **351,446.36** |
| Less: Inter-segment | | | | | (55,515.21) |
| Revenue net of inter- segment | | | | | 295,931.16 |
| Result | (15,056.17) | (244,883.17) | (10,469.90) | (450.87) | **(270,860.56)** |
| Unallocated Expenses | | | | | (21,671.86) |
| Operating Profit | | | | | (292,531.93) |
| Income Taxes | | | | | (65,236.68) |
| Extra-ordinary Profit/(Loss) | | | | | 62,969.45 |
| **Net Profit** | | | | | **(164,325.80)** |
| **Other Information:** | | | | | |
| Segment assets | 718,964.42 | 1,258,777.91 | 503,345.05 | 1,773.61 | **2,482,860.98** |
| Unallocated assets | | | | | 95,460.66 |
| **Total assets** | | | | | **2,578,321.64** |
| Segment liabilities | 1,317,079.06 | 478,934.16 | 547,960.39 | 1,958.42 | **2,345,931.98** |
| Unallocated liabilities | | | | | 232,389.66 |
| **Total liabilities** | | | | | **2,578,321.64** |

Other banking operations includes income from bancassurance business ₹ 836.40 million during year ended March 31, 2020.

Segmental results for the year ended March 31, 2019 are set out below:

(₹ in million)

| **Business Segments** | **Treasury** | **Corporate / Wholesale Banking** | **Retail Banking** | **Other Banking Operations** | **Total** |
|---|---|---|---|---|---|
| Segment Revenue | 104,539.78 | 222,612.45 | 45,658.71 | 2,936.72 | 375,747.65 |
| Less: Inter-segment | | | | | (32,759.28) |
| Revenue net of inter- segment | | | | | 342,988.37 |
| Result | 35,460.35 | 14,183.39 | (4,524.82) | 884.69 | 46,003.61 |
| Unallocated Expenses | | | | | (22,513.56) |
| Operating Profit | | | | | 23,490.05 |
| Income Taxes | | | | | 6,397.39 |
| Extra-ordinary Profit/(Loss) | | | | | - |
| **Net Profit** | | | | | **17,092.66** |
| **Other Information:** | | | | | |
| Segment assets | 1,302,564.99 | 1,979,830.69 | 486,554.09 | 2,939.84 | 3,771,889.61 |
| Unallocated assets | | | | | 36,706.48 |
| **Total assets** | | | | | 3,808,596.10 |
| Segment liabilities | 1,081,751.87 | 1,411,265.34 | 947,394.05 | 2,112.79 | 3,442,524.05 |
| Unallocated liabilities | | | | | 366,072.04 |
| **Total liabilities** | | | | | 3,808,596.10 |

Other banking operations includes income from bancassurance business ₹ 868.16 million during year ended March 31, 2019.

Segmental results for the year ended March 31, 2018 are set out below:

(₹ *in millions)*

| Business Segments | Treasury | Corporate / Wholesale Banking | Retail Banking | Other Banking Operations | Total |
|---|---|---|---|---|---|
| Segment Revenue | 65,927.05 | 166,354.92 | 29,728.16 | 2,662.90 | 264,673.03 |
| Add/ (Less): Inter-segment | | | | | (9,044.10) |
| Revenue net of inter- segment | | | | | 255,628.93 |
| Result | 29,460.99 | 54,753.48 | (5,907.63) | 1,223.37 | 79,530.21 |
| Unallocated Expenses | | | | | (17,484.85) |
| Operating Profit | | | | | 62,045.36 |
| Income Taxes | | | | | 19,713.16 |
| Extra-ordinary Profit/(Loss) | | | | | - |
| Net Profit | | | | | 42,332.20 |
| Other Information: | | | | | |
| Segment assets | 1,022,128.60 | 1,714,497.01 | 371,370.33 | 1,411.15 | 3,109,407.09 |
| Unallocated assets | | | | | 15,089.45 |
| Total assets | | | | | **3,124,496.54** |
| Segment liabilities | 751,075.32 | 1,261,035.68 | 750,850.50 | 5,311.04 | 2,768,272.54 |
| Unallocated liabilities | | | | | 356,224.00 |
| Total liabilities | | | | | **3,124,496.54** |

Other banking operations includes income from bancassurance business ₹ 767.80 million during year ended March 31, 2018.

*Notes for segment reporting:*

1. *The business of the Bank is concentrated largely in India. Accordingly, geographical segment results have not been reported in accordance with AS-17 (Segment Reporting).*
2. *In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.*
3. *Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.*
4. *The unallocated assets Includes tax paid in advance/tax deducted at source and deferred tax asset.*
5. *The unallocated liabilities include Share Capital, Reserves & Surplus and Tier 1 bond borrowings.*
6. *Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.*

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18.11 *Related Party Disclosures*

The Bank has transactions with its related parties comprising of investing party, 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, 2020 are disclosed below:

**Individuals having significant influence:**

- Mr. Ravneet Gill, Managing Director & CEO (till March 05, 2020)
- Mr. Prashant Kumar, Administrator - Appointed by the Reserve Bank of India, (from March 06, 2020 till March 25, 2020)
- Mr. Prashant Kumar, Managing Director & CEO (from March 26, 2020)

**Investing Company**

Investing party - State Bank of India Limited (SBI)

**Key Management Personnel ('KMP') (Whole time Director)**

- Mr. Ravneet Gill, Managing Director & CEO (till March 05, 2020)
- Mr. Prashant Kumar, Administrator - Appointed by the Reserve Bank of India, (from March 06, 2020 till March 25, 2020)
- Mr. Prashant Kumar, Managing Director & CEO (from March 26, 2020)

The following represents the significant transactions between the Group and such related parties including relatives of above mentioned KMP during the year ended March 31, 2020:

(*₹ in million*)

| Items / Related Party Category | Investing Party | Maximum Balance during the year | Whole time directors / individual having significant influence | Maximum Balance during the year | Relatives of whole time directors / individual having significant influence | Maximum Balance during the year | Enterprise where relative of whole time director having significant influence |
|---|---|---|---|---|---|---|---|
| Deposits | # | # | - | 12.65 | | | |
| Investment | # | # | | | | | |
| Interest received | # | | | | | | |
| Interest paid | # | | 0.31 | | | | |
| Receivable | # | | | | | | |
| Payable | # | | | | | | |
| Funded/Non Funded Exposure taken | # | | | | | | |

* *Represents outstanding as of March 31, 2020*

# As per RBI Circular, where there is only one entity in any category of related party, disclosure pertaining to that related party other than the relationship with that related party

*Represents outstanding as of March 31, 2020

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, 2020, the Bank has contributed ₹ 405.42 million (previous year ₹ 537.86 million) to YES Foundation. YES Foundation is an independent public charitable trust which undertakes social charitable activities. YES Foundation does not qualify as Related Party, as defined under the Accounting Standard 18 - Related Party Disclosure and RBI guidelines.

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, 2019:

(₹ in million)

| Items / Related Party Category | Whole time directors / individual having significant influence | Maximum Balance during the year | Relatives of whole time directors / individual having significant influence | Maximum Balance during the year | Enterprise where relative of whole time director having significant influence |
|---|---|---|---|---|---|
| Deposits | 3.06* | 15.62 | | | |
| Interest paid | 0.52 | | | | |
| Receiving of services | | | | | 5.46 |
| Dividend paid | 270.00 | | | | |

* *Represents outstanding as of March 31, 2019*

During the year ended March 31, 2019, the Bank has contributed ₹ 537.86 million (previous year ₹ 452.13 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.

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, 2018 are disclosed below:

**Individuals having significant influence:**

- Mr. Rana Kapoor, Managing Director & CEO

**Key Management Personnel ('KMP') (Whole time Director)**

- Mr. Rana Kapoor, Managing Director & CEO

**Related party to key management personnel**

- Late Mrs. Sheela Kapoor
- Mrs. Raakhe Kapoor Tandon (transaction till March 31, 2017)

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The following represents the significant transactions between the Group and such related parties including relatives of above mentioned KMP during the year ended March 31, 2018:

*(₹ in millions)*

| Items / Related Party Category | Whole time directors / individual having significant influence | Maximum Balance during the year | Relatives of whole time directors / individual having significant influence | Maximum Balance during the year | Enterprise where relative of whole time director having significant influence |
|---|---|---|---|---|---|
| Deposits | # | # | # | # | 6.02 |
| Interest paid | # | | # | | |
| Receiving of Services | # | | | | |
| Dividend paid | # | | - | | |

** Represents outstanding as of March 31, 2018*
*# In Financial Year 2017-18 there was only one related party in the said category, hence the Group has not disclosed the details of transactions in accordance with circular issued by the RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks".*

**18.12 *Operating Leases***

Lease payments recognized in the profit and loss account for the year ended March 31, 2020 was ₹3,940.53 million (Previous year Rs 3,651.58 million, FY 2018 Rs 4,067.79 million). During the year ended March 31, 2020, the Group had paid minimum lease payment ₹ 3,819.65 million (Previous year Rs 3,661.08 million, FY 2018 Rs 3,723.92 million).

The following table sets forth, for the period indicated, the details of future rentals payment on operating leases:

*(₹ in million)*

| Lease obligations | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Not later than one year | 3,370.46 | 3,501.92 | 3,711.47 |
| Later than one year and not later than five years | 10,123.52 | 9,817.78 | 14,691.30 |
| Later than five years | 13,749.82 | 12,418.84 | 16,627.33 |
| TOTAL | 27,243.80 | 25,738.54 | 35,030.10 |

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.

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18.13 *Earnings Per Share ('EPS')*

The Group reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20, "Earnings Per Share". The dilutive impact is mainly due to stock options granted to employees by the Bank.

The computation of earnings per share is given below:

*(₹ in million)*

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| **Basic (annualised)** | | | |
| Weighted average no. of equity shares outstanding | 2,928,382,648 | 2,309,296,728 | 2,292,768,279 |
| Net profit / (loss) (₹ ) | (164,325.80) | 17,092.66 | 42,332.20 |
| Basic earnings per share (₹ ) | (56.11) | 7.40 | 18.46 |
| **Diluted (annualised)** | | | |
| Weighted average no. of equity shares outstanding | 2,928,411,435 | 2,331,418,688 | 2,339,752,831 |
| Net profit / (loss) (₹ ) | (164,325.80) | 17,092.66 | 42,332.20 |
| Diluted earnings per share (₹ ) | (56.11) | 7.33 | 18.09 |
| Nominal value per share (₹ ) | 2 | 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 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.

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18.14 *ESOP disclosures*

*Statutory Disclosures Regarding Joining Stock Option Scheme:*

The Group has Five Employee Stock Option Schemes viz.

- Joining Employee Stock Option Plan II (JESOP II),
- Joining Employee Stock Option Plan III (JESOP III),
- YBL ESOP (consisting of two sub schemes JESOP IV/PESOP I)
- YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/ PESOP II/PESOP II -2010).
- YBL Employee Stock Option Scheme, 2018 (YBL ESOS 2018) [Consisting of YBL Joining Employee Stock Option Plan, 2018 (JESOP 2018); YBL Performance Employee Stock Option Plan, 2018 (PESOP 2018); and YBL MD&CEO (New) Stock Option Plan, 2019 (MD&CEO Plan 2019)]

Effective from June 13, 2018, all new options have been granted under the YBL ESOS 2018 (which inter-alia consists of JESOP 2018, PESOP 2018 and MD & CEO Plan 2019). The YBL ESOS 2018 and plans formulated thereunder are in compliance with the SEBI (Share Based Employees Benefits) Regulations, 2014 as amended from time to time. Source of shares are primary in nature, since the Bank has been issuing new equity shares upon exercise of options

JESOP II and JESOP III were in force for employees joining the Bank up to March 31, 2006 and March 31, 2007 respectively. Grants under PESOP II had been discontinued w.e.f. January 20, 2010. Grants under JESOP IV/PESOP I and JESOP V/ PESOP II -2010 had been discontinued w.e.f. June 12, 2018 pursuant to coming into effect of YBL ESOS 2018. However, any options already granted under the abovementioned plans would be valid in accordance with the terms & conditions mentioned in the plans

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

| JESOP/PESOP | ESOP Scheme | Exercise period |
|---|---|---|
| | JESOP II | 50% after 3 years and balance after 5 years from the Grant date |
| | JESOP III | 50% after 3 years and balance after 5 years from the Grant date |
| JESOP | JESOP IV | 50% after 3 years and balance after 5 years from the Grant date |
| | JESOP V | 50% after 3 years and balance after 5 years from the Grant date |
| | MD&CEO Plan 2019 | 20%, 30% & 50% each year, from end of 1st year from the Grant date |
| | PESOP I | 25% after each year from the Grant date |
| | PESOP II | 30%, 30% & 40% after each year from the Grant date |
| PESOP | PESOP II – 2010 | 30%, 30% & 40% each year, from end of 3rd year from the Grant date |
| | JESOP 2018 | 50% after 3 years and balance after 5 years from the Grant date |
| | PESOP 2018 | 30%, 30% & 40% each year, from end of 3rd year from the Grant date |
| | PESOP 2019 | 30%, 30% & 40% each year, from end of 3rd year 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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A summary of the status of the group's stock option plans as on March 31, 2019, March 31, 2018 and March 31, 2018 is set out below:

| | As at March 31, 2020 | |
|---|---|---|
| | PESOP | JESOP |
| Options outstanding at the beginning of the year | 35,019,115 | 18,254,826 |
| Granted during the year | 18,032,000 | 2,025,000 |
| Exercised during the year | 4,037,675 | 346,499 |
| Forfeited / lapsed during the year | 12,316,650 | 5,419,275 |
| Options outstanding at the end of the year | 36,696,790 | 14,514,052 |
| Options exercisable | 16,388,915 | 6,650,302 |
| Weighted average exercise price (₹) | 63.56 | 80.52 |
| Weighted average remaining contractual life of outstanding option (yrs) | 2.39 | 1.77 |

| | As at March 31, 2019 | |
|---|---|---|
| | PESOP | JESOP |
| Options outstanding at the beginning of the year | 46,257,335 | 15,963,100 |
| Granted during the year | 365,000 | 5,940,000 |
| Exercised during the year | 9,265,020 | 2,800,774 |
| Forfeited / lapsed during the year | 2,338,200 | 847,500 |
| Options outstanding at the end of the year | 35,019,115 | 18,254,826 |
| Options exercisable | 18,701,265 | 3,901,451 |
| Weighted average exercise price (₹) | 70.84 | 106.08 |
| Weighted average remaining contractual life of outstanding option (yrs) | 1.50 | 1.86 |

| | As at March 31, 2018 | |
|---|---|---|
| | PESOP | JESOP |
| Options outstanding at the beginning of the year | 64,802,165 | 20,614,950 |
| Granted during the year | 3,847,500 | 1,697,500 |
| Exercised during the year | 15,590,830 | 4,947,350 |
| Forfeited / lapsed during the year | 6,801,500 | 1,402,000 |
| Options outstanding at the end of the year | 46,257,335 | 15,963,100 |
| Options exercisable | 18,413,585 | 2,277,350 |
| Weighted average exercise price (₹) | 64.76 | 74.59 |
| Weighted average remaining contractual life of outstanding option (yrs) | 1.78 | 1.82 |

The group has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020 and March 31, 2019. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹ 505.40 million (March 31, 2019: ₹ 375.18 million) (March 31, 2018: ₹ 414.98 million), the basic earnings per share would have been ₹ (56.29) (March 31, 2019: ₹ 7.24) (March 31, 2018: ₹ 18.28) per share instead of ₹ (56.11) (March 31, 2019: ₹ 7.40) (March 31, 2018: ₹ 18.46) per share; and diluted earnings per share would have been ₹ (56.29) (March 31, 2019: ₹ 7.17) (March 31, 2018: ₹ 17.92) per share instead of ₹ (56.11) (March 31, 2019: ₹ 7.33) (March 31, 2018: ₹ 18.09) per share.

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The following assumptions have been made for computation of the fair value of ESOP granted for the year ended March 31, 2020, March 31, 2019 and March 31, 2018.

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Risk free interest rate | 6.29%-9.23% | 6.29%-9.23% | 6.29%-9.23% |
| Expected life | 1.5 yrs - 7.5 yrs | 1.5 yrs - 7.5 yrs | 1.5 yrs - 7.5 yrs |
| Expected volatility | 25.01%-48.72% | 25.01%-48.72% | 25.01%-48.72% |
| Expected dividends | 1.10% | 1.20% | 1.20% |

In computing the above information, certain estimates and assumptions have been made by the Management.

### 18.15 *Deferred Taxation*

The deferred tax asset of ₹ 82,809.96 million as at March 31, 2020, ₹ 25,374.71 million as at March 31, 2019 and ₹ 8,762.42 millions as at March 31, 2018, is included under other assets and the corresponding credits have been taken to the profit and loss account.

The components that give rise to the deferred tax asset included in the balance sheet are as follows:

*(₹ in million)*

| Particulars | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **Deferred tax asset** | | | |
| Depreciation | 585.78 | 597.38 | 418.59 |
| Provision for gratuity and unutilized leave | 322.73 | 395.53 | 213.48 |
| Provision for Non Performing Assets | 60,164.53 | 9,779.42 | 2,930.53 |
| Amortization of premium on HTM securities | 132.39 | 1,035.72 | 1,025.76 |
| Provision for standard advances | 3,123.15 | 11,119.17 | 3,220.59 |
| Other Provisions | 18,481.38 | 2,447.48 | 953.47 |
| **Deferred tax asset** | **82,809.96** | **25,374.70** | **8,762.42** |

The Group has a total deferred tax asset of ₹ 82,809.96 million as at March 31, 2020. During the year ended March 31, 2020, the Bank has made loss of ₹ 164,180.31 million, however it had taxable profit in the year ended March 31, 2020. The Bank believes that the stress is temporary in nature and would be rectified through infusion of fresh capital and the liquidity initiative measures being undertaken. Based on detailed financial projections approved by the Board, including plan for raising of deposits and other sources of funds for the next 3 years, the Bank is satisfied that with the proposed capital infusion and the Bank's strong customer base and branch network the Bank is expected to have sufficient future taxable income to utilise the said deferred tax assets. The Bank as a result continues to carry such deferred tax asset in its Balance Sheet, as there is reasonable certainty of its realization as specified in Accounting Standard 22 (Accounting for Taxes on Income).

During the quarter ended September 30, 2019, the Bank had elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank had recognised Provision for Income Tax and re-measured its deferred tax assets basis the rate prescribed in the aforesaid section and recognized the effect of this change by revising the annual effective income tax rate. The rate of income tax is changed from 34.944% to 25.168%. The re-measurement of accumulated deferred tax asset had resulted in a one-time additional charge of ₹ 7,086.10 million.

18.16 *Provisions and Contingencies*

The breakup of provisions of the Group for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 are given below:

(₹ *in million*)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Provision for taxation | (44,056.13) | 6,397.39 | 19,713.16 |
| Provision for investments | 64,415.77 | 6,824.89 | 2,599.44 |
| Provision for standard advances | (19,410.78) | 22,514.06 | 1,687.43 |
| Provision made/write off for non performing advances | 278,060.36 | 25,669.54 | 10,792.64 |
| Others Provisions* | 4,115.69 | 2,768.12 | 462.88 |
| TOTAL | **283,124.91** | **64,172.99** | **35,255.55** |

* *Other Provisions includes provision made against other assets.*

**18.17** ***Dues to Micro and Small Enterprises***

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been ` 655.70 million (March 31, 2019 ₹ 437.40 million) (March 31, 2018 Nil) worth bills which were paid with delays to micro and small enterprises. There have been ₹ 19.72 million worth bills remained unpaid as at March 31, 2020. There have been no demand of interest on these payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

**18.18** ***Provision for Long Term contracts***

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

**18.19** ***Disclosure on Complaints-***

The Bank became aware in September 2018 through communications from stock exchanges of anonymous whistleblower complaints alleging irregularities in the Bank's operations, potential conflict of interest of the founder and former MD & CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which was carried out by management and supervised by the Board of Directors. The enquiry resulted in a report that was reviewed by the Board in November 2018. Based on further inputs and deliberations in

December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. In April 2019, the Bank had received the phase 1 report from the external firm and based on further review/ deliberations had directed a phase 2 investigation from the said firm. Further, during the quarter ended December 31, 2019, the Bank received forensic reports on certain borrower groups commissioned by other consortium bankers, which give more information regarding the above mentioned allegations. The Bank at the direction of its Nomination and Remuneration Committee (NRC) obtained an independent legal opinion with respect to these matters. In February 2020, the Bank has received the final phase 2 report from the said external firm. Meanwhile, in March 2020, the Enforcement Directorate has launched an investigation into some aspects of transactions of the founder and former MD & CEO and alleged links with certain borrower groups. The ED is investigating allegations of money laundering, fraud and nexus between the founder and former MD & CEO and certain loan transactions. The Bank is in the process of evaluating all of the above reports and concluding if any of the findings have a material impact on financial statements/ processes and require further investigation. The Bank has taken this report with the newly constituted Audit Committee and Board and is awaiting further guidance and recommendation.

During the year ended March 31, 2020, the Bank had received various whistleblower complaints against the Banks management, former MD & CEO and certain members of the Board of Directors prior to being superseded by RBI. The NRC, basis investigations conducted by the management has, post its review, concluded that they have no material impact on financial statements.

In January 2020, the then Chairman of the Audit Committee of the Bank highlighted certain concerns around corporate governance and other operational matters at the Bank. The then Board decided to get this investigated by an independent external firm. A preliminary report has been received by the Board. While most of the allegations are unsubstantiated, the Board has requested the external firm for detailed recommendations highlighting areas where corporate governance can be further strengthened.

### 18.20 *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 restated consolidated financial statement.

### 18.20.1 *Credit/ Debit card reward points*

Provision for credit card and debit card reward points for the year ended March 31, 2020

*(₹ in million)*

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Opening provision | 233.67 | 112.12 |
| Provision made during the year | 166.98 | 180.73 |
| Utilised/Write-back of provision | (57.79) | (59.18) |
| Closing provision | 342.86 | 233.67 |

*The valuation of credit card and debit card reward points is based on actuarial valuation method obtained from an independent actuary.*

### 18.20.2 *Corporate Social Responsibility (CSR)*

a) Amount required to be spent by the Bank on CSR during the year ₹ 831.9 million (March 31, 2019 ₹ 955.8 million ) (March 31, 2018 ₹ 772.2 million ).

b) Amount spent towards CSR during the year and recognised as expense in the Profit and Loss account on CSR related activities is ₹ 405.42 million (March 31, 2019 ₹ 537.86 million) (March 31, 2018 ₹ 452.13 million), which comprise of following –

| (₹ in million) | March 31, 2020 | | |
|---|---|---|---|
| | In cash | Amt. unpaid/ provision | Total |
| Construction/acquisition of any asset | - | - | - |
| On purposes other than (i) above | 211.12 | 194.30 | 405.42 |

| (₹ in million) | March, 31 2019 | | |
|---|---|---|---|
| | In cash | Amt. unpaid/ provision | Total |
| Construction/acquisition of any asset | - | - | - |
| On purposes other than (i) above | 470.78 | 67.08 | 537.86 |

| (₹ in million) | March 31, 2018 | | |
|---|---|---|---|
| | In cash | Amt. unpaid/ provision | Total |
| Construction/acquisition of any asset | - | - | - |
| On purposes other than (i) above | 397.89 | 54.24 | 452.13 |

### 18.20.3 *Un-hedged/ uncovered foreign currency exposure of the Group*

The Group's foreign currency exposures as at March 31, 2019 that are not hedged/covered by either derivative instruments or otherwise are within the Net Overnight Open Position limit (NOOP) and the Aggregate Gap limit, as approved by the RBI. NOOP is ₹ 5,561.32 million as at March 31, 2020 (March 31, 2019 ₹ 2,206.32 million and March 31, 2018 ₹ 1,354.82 million).

### 18.20.4 *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, 2020 has been transferred without any delay.

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*18.21 Description of contingent liabilities*

| *Sr. No.* | *Contingent Liabilities* | *Brief* |
|---|---|---|
| 1. | Claims against the Bank not acknowledged as debts | The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows. |
| 2. | Liability on account of forward exchange and derivative contracts. | The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly. |
| 3. | Guarantees given on behalf of constituents, acceptances, endorsements and other obligations | As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations. |
| 4. | Other items for which the Bank is contingently liable | Purchase of securities pending settlement, capital commitments, amount deposited with RBI under Depositor Education Awareness Fund (DEAF), bill re-discounting, Foreign Exchange Contracts (Tom & Spot) |
| 5 | PF Liability | In February 2019, the honorable Supreme Court of India in its judgment clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Bank has been legally advised that there are interpretative challenges on the application of judgment retrospectively and as such does not consider there is any probable obligations for past periods. Due to imperative challenges, the Bank has not disclosed contingent liability amount for past liability. |

*Refer Schedule 12 for amounts relating to contingent liability*

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YES BANK

Prior period comparatives

Previous year's figures have been regrouped where necessary to conform to current year classification.

For B S R & Co. LLP
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

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

V Venkataraman

**Venkataramanan Vishwanath**

**Partner**

Membership No: 113156

Prashant

**Prashant Kumar**

*Managing Director & CEO*

*(DIN: 07562475)*

Adlakha

**Anurag Adlakha**

*Group Chief Financial Officer*

**Shivanand R Shettigar**

*Group Company Secretary*

Mumbai
July 03, 2020

B S R & Co. LLP
Chartered Accountants

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**Independent Auditor's Examination Report on Restated Standalone Financial Information in connection with proposed further public offering of equity shares (the "Equity Shares") by YES Bank Limited (the "Bank") (the "Issue")**

The Board of Directors
YES Bank Limited
YES BANK Tower; IFC 2, 15th Floor
Senapati Bapat Marg, Elphinstone (W)
Mumbai 400 013

3 July 2020

Dear Sirs

1. We have examined the attached Restated Standalone Financial Information of YES Bank Limited (the "Bank" or the "Issuer") ), comprising the Restated Standalone Balance Sheet as at 31 March 2020, 31 March 2019 and 31 March 2018, the Restated Standalone Profit and Loss Account and the Restated Standalone Cash Flow Statement for the years ended 31 March 2020, 31 March 2019 and 31 March 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively the "Restated Standalone Financial Information"), as approved by the Board of Directors at their meeting held on 3 July 2020 for the purpose of inclusion in the Red Herring Prospectus (the "RHP") / the Prospectus prepared by the Bank in connection with its proposed Further Public Offering of equity shares (the "FPO") prepared in terms of the requirements of:

   a. section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");

   b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

   c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

**Management's Responsibility**

2. The preparation of Restated Standalone Financial Information is the responsibility of the Board of Directors of the Bank for the purpose of inclusion in the RHP / Prospectus to be filed with Securities and Exchange Board of India ("SEBI"), relevant stock exchanges and Registrar of Companies, Maharashtra in connection with the proposed FPO. The Restated Standalone Financial Information have been prepared by the management of the Bank on the basis of preparation stated in note 18.2 to the Restated Standalone Financial Information. The Board of Directors of the Bank are responsible for designing, implementing and maintaining adequate

**Management's Responsibility** ***(Continued)***

internal control relevant to the preparation and presentation of Restated Standalone Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Bank complies with the Act, ICDR Regulations and the Guidance Note.

**Auditor's Responsibility**

3. We have examined such Restated Standalone Financial Information taking into consideration:

   a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 16 June 2020 in connection with the Issue;

   b. the Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c. concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Standalone Financial Information; and

   d. the requirements of Section 26 of the Act and the ICDR regulations.

   Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR regulations and the Guidance Note in connection with the FPO.

   We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control of Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

4. These Restated Standalone Financial Information have compiled by management from the audited standalone financial statements of the Bank as at and for the years ended 31 March 2020, 31 March 2019, 31 March 2018, prepared in accordance with the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949 , which have been approved by Board of Directors at their meeting held on 6 May 2020, 26 April 2019 and 26 April 2018 respectively. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

5. The audit report on the standalone financial statements issued by us was modified and included the following matters giving rise to modifications to the auditor's report on the financial statements as at and for the year ended 31 March 2020:

   a. that during the year ended 31 March 2020, the Bank has breached the regulatory requirements of RBI regarding maintaining the minimum CET I and Tier 1 capital ratios which indicates the position of capital adequacy of a bank. The breach is primarily on account of the increase in the provision for advances during the year ended 31 March 2020 as the Bank has decided, on a prudent basis, to enhance its Provision Coverage Ratio on its non-performing asset (NPA) loans over and above minimum RBI loan level provisioning. Inspite of the write back of the AT 1 bonds on 14 March 2020 there is a

**Auditor's Responsibility** ***(Continued)***

breach of Tier 1 capital ratio as at 31 March 2020. The CET I ratio and the Tier I capital ratio for the Bank as at 31 March 2020 stood at 6.3%.and 6.5 % as compared to the minimum requirements of 7.375% and 8.875% respectively. This implies that the Bank will have to take effective steps to augment its capital base in the year 2020-21. Further, in view of the RBI norms relating to the breach of the aforesaid ratio, there is uncertainty around RBI's potential action for such a breach. We are unable to comment on the consequential impact of the above regulatory breach on these standalone financial statements.

b. that the Bank became aware in September 2018 through communications from stock exchanges of an anonymous whistle-blower complaint alleging irregularities in the Bank's operations, potential conflicts of interests in relation to the former MD and CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which resulted in a report that was reviewed by the Board of Directors in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. During the year ended 31 March 2020, the Bank identified certain further matters which arose from other independent investigations initiated by the lead banker of a consortium on the companies allegedly favoured by the former MD and CEO. In March 2020, the Enforcement Directorate has launched an investigation into some aspects of .dealings and transactions by the former MD and CEO basis draft forensic reports from external agencies which further pointed out to conflict of interest between the former MD and CEO and certain companies and arrested him. In view of the fact that these enquiries and investigations are still ongoing, we are unable to comment on the consequential impact of the above matter on these standalone financial statements

6. The audit report on the standalone financial statements issued by us also included a material uncertainty related to going concern as at 31 March 2020 as follows:

- We draw attention to Note 18.3 of the Standalone Financial Statements, which indicates that the Bank has incurred a loss of Rs. 16,418 crores for the year ended 31 March 2020. Particularly during the last six months, there has also been a significant decline in the Bank's deposit base, an increase in their NPA ratios resulting in breach of loan covenants on its foreign currency debt and credit rating downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating. The Bank has also breached minimum Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio requirements of RBI during the year and has provided an amount of Rs.334 crores for the expected penalty on the SLR breach. The Bank has also breached the RBI mandated CET1 ratio and Tier 1 capital ratio which stood at 6.3%.and 6.5% as compared to the minimum requirements of 7.375% and 8.875% respectively. This requires the Bank to take effective steps to augment its capital base in the year 2020-21. The breach of the CET1 and Tier 1 requirements was also impacted by the decision of the Bank to enhance its Provision Coverage Ratio, on a prudent basis, on its NPA loans over and above RBI's minimum loan provisioning norms. Further, on 5 March 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective 5 March 2020. The RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on 5 March 2020. The above indicators of financial stress and actions taken by the RBI resulted in a significant withdrawal of deposits. On 13 March 2020, the Government of India notified the Yes Bank Limited Reconstruction Scheme 2020 ('the Scheme') [notified by the Central Government, in exercise of the powers conferred by sub section (4) and subsection 7 of section 45 of the Banking Regulation Act, 1949].

**Auditor's Responsibility *(Continued)***

Under this Scheme the authorized share capital of the Bank was increased to Rs.6,200 crores. The Bank has received capital from investors amounting to Rs.10,000 crores on 14 March 2020. The State Bank of India (SBI) and other banks and financial institutions invested in the Bank at a price of Rs.10 per equity share of the Bank (Rs.2 face value with a Rs.8 premium). SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in the Bank are also subject to a lock in for 75% of their holding as per this Scheme. A new Board of Directors, CEO and MD and Non Executive Chairman have also been appointed pursuant to the Scheme. In addition, the moratorium imposed on the Bank on 5 March 2020 was vacated on 18 March 2020 as per the Scheme. RBI has also granted short-term funding to the Bank for the period of 90 days. The Bank has submitted a proposal seeking extension for a period of one year. The draft reconstruction scheme proposed on 6 March 2020 had also envisaged that the Bank would be able to write back Additional Tier 1 (AT1) securities amounting to Rs.8,695 crores to equity. However, the final Scheme issued by the Government of India on 13 March 2020 does not contain any reference to the write back of the AT1 securities. Based on the legal advice on the contractual terms of the AT 1 bonds, the Bank has fully written back AT 1 bonds aggregating to Rs. 8,415 crores on 14 March 2020. This action by the Bank has been legally challenged through a writ petition in the Hon'ble Bombay High court. In line with the RBI's COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020, the Bank has granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers classified as Standard, even if overdue, as on 29 February 2020.

In the opinion of the Bank, based on the financial projections prepared by the Bank and approved by the Board for the next 3 years, the capital infusion, lines of liquidity provided by RBI and the reconstruction Scheme, the Bank will be able to realize its assets (including its deferred tax asset) and discharge its liabilities in its normal course of business and hence the financial statements have been prepared on a going concern basis. The said assumption of going concern is inter-alia dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios and mitigate the impact of Covid-19 and thus a material uncertainty exists that may cast a significant doubt on the Bank's ability to continue as a going concern. However, as stated above, as per management and the Board, there are mitigating factors to such uncertainties including the amount of capital funds that have been raised in March 2020, the nature and financial resources of new investors who have infused funds in the Bank, the new Board of Directors, CEO and MD and part time Chairman appointed as per the Scheme and the extent of regulatory support provided to the Bank by the RBI.

Our conclusion on the Standalone Financial Statements is not modified in respect of this matter.

**Auditor's Responsibility** ***(Continued)***

7. The audit report on the standalone financial statements issued by us also included emphasis of matter as at 31 March 2020 and 31 March 2019 as follows:

- For the year ended 31 March 2020:

    a) that the Bank has a total deferred tax asset of Rs. 8,281 crores as at 31 March 2020. As per the requirements of AS 22 - Income Taxes, based on the financial projections prepared by the Bank and approved by the Board of directors, the Bank has assessed that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The Bank expects to have a taxable profit for the future years. Our conclusion is not modified in respect of this matter.

    b) the Bank had made an additional provision of Rs. 15,422 crores for the period ended 31 December 2019 on a prudent evaluation of the status of NP As based on discussion with regulator over and above the RBI norms relating to the minimum provision to be made by banks on their loans and advances. The additional provision is judgmental based on the quality and status of specific loans identified by the Bank as at 31 March 2020. We believe that this judgment exercised by the Bank is appropriate. Our conclusion is not modified in respect of this matter.

- For the year ended 31 March 2020:

    a) the standalone financial statements which describes the ongoing enquiry by the Bank into certain anonymous whistle blower allegations. Our opinion is not modified in respect of this matter

**Opinion**

8. Based on our examination and according to the information and explanations provided to us, we report that the Restated Standalone Financial Information:

    a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2019 and 31 March 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended 31 March 2020;

    b) do not require any adjustments for the matter(s) giving rise to modifications mentioned in paragraph [5] above

    c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note

9. The Restated Standalone Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited standalone financial statements mentioned in paragraph 4 above.'

10. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

**Restrictions of use**

12. This report is intended solely for use of the Board of Directors for inclusion in the RHP / the Prospectus to be filed with Securities and Exchange Board of India, stock exchanges where the equity shares are listed and Registrar of Companies, Maharashtra (RoC), as applicable, in connection with the proposed FPO. Our report should not be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

V.Venkataraman

**Venkataramanan Vishwanath**
*Partner*
Membership No. 113156
UDIN: 20113156AAAADZ5249

Date: 3 July 2020
Place: Mumbai

**YES Bank Limited - Restated Financials**
**Restated Standalone Balance Sheet as at March 31, 2020**

*(₹ in thousands)*

| | Schedule | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|
| **CAPITAL AND LIABILITIES** | | | | |
| Capital | 1 | **25,100,944** | 4,630,066 | 4,605,934 |
| Reserves and surplus | 2 | **192,161,992** | 264,411,895 | 252,976,864 |
| Deposits | 3 | **1,053,639,434** | 2,276,101,818 | 2,007,381,476 |
| Borrowings | 4 | **1,137,905,026** | 1,084,241,089 | 748,935,808 |
| Other liabilities and provisions | 5 | **169,461,829** | 178,876,786 | 110,555,951 |
| TOTAL | | **2,578,269,225** | **3,808,261,654** | **3,124,456,033** |
| **ASSETS** | | | | |
| Cash and balances with Reserve Bank of India | 6 | **59,436,550** | 107,977,369 | 114,257,489 |
| Balances with banks and money at call and short notice | 7 | **24,393,460** | 160,917,748 | 133,086,175 |
| Investments | 8 | **439,148,259** | 895,220,327 | 683,989,387 |
| Advances | 9 | **1,714,432,943** | 2,414,996,024 | 2,035,338,628 |
| Fixed assets | 10 | **10,090,882** | 8,169,955 | 8,323,917 |
| Other assets | 11 | **330,767,131** | 220,980,231 | 149,460,437 |
| TOTAL | | **2,578,269,225** | **3,808,261,654** | **3,124,456,033** |
| Contingent liabilities | 12 | **4,585,260,892** | 6,541,580,198 | 5,818,296,390 |
| Bills for collection | | **51,201,926** | 50,592,373 | 19,355,641 |
| Significant Accounting Policies and Notes to Accounts forming part of Restated financial statements | 18 | | | |

As per our report of even date attached.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

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

**Venkataramanan Vishwanath**
*Partner*
Membership No: 113156

**Prashant Kumar**
*Managing Director & CEO*
*(DIN: 07562475)*

**Anurag Adlakha**
*Group Chief Financial Officer*

**Shivanand R. Shettigar**
*Group Company Secretary*

Mumbai
July 3, 2020

**YES BANK Limited**

**Restated Standalone Profit And Loss for the period ended March 31, 2020**

*( ₹ in thousands)*

| | | Schedule | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 | For the year ended Mar 31, 2018 |
|---|---|---|---|---|---|
| **I.** | **INCOME** | | | | |
| | Interest earned | 13 | **260,666,039** | 296,247,473 | 202,674,216 |
| | Other income | 14 | **118,564,938** | 45,901,526 | 52,238,335 |
| | **TOTAL** | | **379,230,977** | **342,148,999** | **254,912,551** |
| **II.** | **EXPENDITURE** | | | | |
| | Interest expended | 15 | **192,613,725** | 198,157,160 | 125,303,624 |
| | Operating expenses | 16 | **67,292,114** | 62,642,768 | 52,127,798 |
| | Provisions and contingencies | 17 | **283,505,448** | 64,146,283 | 35,235,492 |
| | **TOTAL** | | **543,411,287** | **324,946,211** | **212,666,914** |
| **III.** | **PROFIT** | | | | |
| | Net profit for the year | | **(164,180,310)** | 17,202,788 | 42,245,637 |
| | Profit brought forward | | **107,595,597** | 103,753,016 | 79,333,915 |
| | **TOTAL** | | **(56,584,713)** | **120,955,804** | **121,579,552** |
| **IV.** | **APPROPRIATIONS** | | | | |
| | Transfer to Statutory Reserve | | **-** | 4,300,697 | 10,561,409 |
| | Transfer to Capital Reserve | | **6,655,507** | 1,010,096 | 659,648 |
| | Transfer to Investment Reserve | | **147,226** | 6,707 | - |
| | Transfer to Investment Fluctuation Reserve | | **-** | 539,066 | - |
| | Dividend paid | | **4,633,917** | 6,223,989 | 5,488,101 |
| | Tax on Dividend paid | | **952,516** | 1,279,652 | 1,117,377 |
| | Balance carried over to balance sheet | | **(68,973,879)** | 107,595,597 | 103,753,016 |
| | **TOTAL** | | **(56,584,713)** | **120,955,804** | **121,579,552** |
| | Significant Accounting Policies and Notes to Accounts forming part of Restated financial statements | 18 | | | |
| | Earning per share (Refer Sch. 18.6.39) | | | | |
| | Basic (₹) | | **(56.07)** | 7.45 | 18.43 |
| | Diluted (₹) | | **(56.06)** | 7.38 | 18.06 |
| | (Face Value of Equity Share is ₹ 2/-) | | | | |

As per our report of even date attached.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

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

**Venkataramanan Vishwanath**
*Partner*
Membership No: 113156

**Prashant Kumar**
*Managing Director & CEO*
*(DIN: 07562475)*

**Anurag Adlakha**
*Group Chief Financial Officer*

**Shivanand R. Shettigar**
*Group Company Secretary*

Mumbai
July 3, 2020

YES BANK Limited - Restated Financials

Restated Cash flow statement for the year ended Mar 31, 2020

*(₹ in thousands)*

| | | Year ended 31-Mar-20 | Year ended 31-Mar-19 | Year ended 31-Mar-18 |
|---|---|---|---|---|
| **Cash flow from Operating Activities** | | | | |
| **Net profit before taxes** | | **(208,259,197)** | **23,573,471** | **61,943,094** |
| **Adjustment for** | | | | |
| Depreciation for the year | | 3,356,319 | 3,015,420 | 2,309,704 |
| Amortization of premium on investments | | 2,459,276 | 2,102,585 | 1,673,308 |
| Provision for investments | | 64,819,073 | 6,824,889 | 2,599,443 |
| Provision for standard advances | | (19,410,781) | 22,514,059 | 1,687,427 |
| Provision/write off of non performing advances | | 278,060,357 | 25,669,535 | 10,788,287 |
| Other provisions | | 4,115,686 | 2,767,116 | 397,075 |
| AT1 Write-down | | (84,150,000) | - | - |
| (Profit)/Loss on sale of land, building and other assets | | (3,282) | (3,947) | 12,892 |
| | (i) | **40,987,451** | **86,463,128** | **81,411,230** |
| **Adjustments for :** | | | | |
| Increase / (Decrease) in Deposits | | (1,222,462,384) | 268,720,342 | 578,642,909 |
| Increase/(Decrease) in Other Liabilities | | 54,542,767 | 38,016,714 | (1,384,431) |
| (Increase)/Decrease in Investments | | 241,926,711 | (160,198,010) | (104,836,672) |
| (Increase)/Decrease in Advances | | 422,502,724 | (405,326,931) | (725,187,573) |
| (Increase)/Decrease in Other assets | | (108,247,100) | (48,182,922) | (24,532,910) |
| | (ii) | **(611,737,282)** | **(306,970,807)** | **(277,298,677)** |
| Payment of direct taxes | (iii) | (5,655,486) | (26,103,985) | (22,889,711) |
| **Net cash generated from / (used in) operating activities (A) (i+ii+iii)** | | **(576,405,317)** | **(246,611,664)** | **(218,777,158)** |
| **Cash flow from investing activities** | | | | |
| Purchase of fixed assets | | (5,339,514) | (2,912,885) | (3,900,382) |
| Proceeds from sale of fixed assets | | 65,547 | 55,372 | 89,251 |
| Investment in subsidiaries | | (150,000) | (1,185,000) | (555,000) |
| (Increase) / Decrease in Held To Maturity (HTM) securities | | 147,017,008 | (58,775,403) | (82,552,484) |
| **Net cash generated / (used in) from investing activities (B)** | | **141,593,041** | **(62,817,916)** | **(86,918,615)** |
| **Cash flow from financing activities** | | | | |
| Increase in Borrowings | | 141,354,847 | 313,708,193 | 241,003,504 |
| Tier II Debt raised | | - | 30,420,000 | 70,000,000 |
| Innovative Perpetual Debt (paid)/raised | | - | (1,754,400) | 54,150,000 |
| Tier II Debt repaid during the year | | (4,024,500) | (5,430,400) | (2,489,000) |
| Proceeds from issue of Share Capital (net of share issue expense) | | 118,639,176 | 953,472 | 1,420,167 |
| Dividend paid during the year | | (4,633,917) | (6,223,989) | (5,488,101) |
| Tax on dividend paid | | (952,516) | (1,279,652) | (1,117,377) |
| **Net cash generated from / (used in) financing activities (C)** | | **250,383,090** | **330,393,224** | **357,479,193** |
| Effect of exchange fluctuation on translation reserve (D) | | (635,925) | 587,809 | 65,803 |
| **01-07-20** | | **(185,065,111)** | **21,551,453** | **51,849,223** |

*Contd...*

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011. India
Chartered Accountants

**YES BANK Limited**

**Restated Cash flow statement for the year ended Mar 31, 2020**

*( ₹ in thousands)*

| | Year ended 31-Mar-20 | Year ended 31-Mar-19 | Year ended 31-Mar-18 |
|---|---|---|---|
| **Cash and cash equivalents as at April 1st** | **268,895,117** | 247,343,664 | 195,494,441 |
| **Cash and cash equivalents as at Mar 31st** | **83,830,010** | 268,895,117 | 247,343,664 |
| **Notes to the Cash flow statement:** | | | |
| Cash and cash equivalents includes the following | | | |
| Cash and Balances with Reserve Bank of India | **59,436,550** | 107,977,369 | 114,257,489 |
| Balances with Banks and Money at Call and Short Notice | **24,393,460** | 160,917,748 | 133,086,175 |
| **Cash and cash equivalents as at March 31st** | **83,830,010** | **268,895,117** | **247,343,664** |

As per our report of even date attached.

**For B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Venkataramanan Vishwanath**
Partner
Membership No: 113156

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

**Prashant Kumar**
*Managing Director & CEO*
*(DIN: 07562475)*

**Anurag Adlakha**
*Group Chief Financial Officer*

**Shivanand R Shettigar**
*Group Company Secretary*

Mumbai
July 3, 2020

YES BANK Limited - Restated Financials

Schedules forming part of Restated Standalone Balance Sheet

(₹ in thousands)

| | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 1 - CAPITAL** | | | | |
| | **Authorised Capital** | | | |
| | 30,000,000,000 equity shares of ₹ 2/- each | 60,000,000 | 6,000,000 | 6,000,000 |
| | 20,000,000 preference shares of ₹ 100/- each | 2,000,000 | 2,000,000 | 2,000,000 |
| | **Issued, subscribed and paid-up capital (Refer Sch 18.6.1)** | | | |
| | *12,550,472,231 equity shares of ₹ 2/- each* | *25,100,944* | *4,630,066* | *4,605,934* |
| | (March 31, 2019 : 2,315,033,039 equity shares of ₹ 2/- each) | | | |
| | (March 31, 2018 : 2,302,967,245 equity shares of ` 2/- each) | | | |
| | TOTAL | 25,100,944 | 4,630,066 | 4,605,934 |
| **SCHEDULE 2 - RESERVES AND SURPLUS** | | | | |
| I. | Statutory Reserves | | | |
| | Opening balance | 48,934,100 | *44,633,403* | *34,071,994* |
| | Additions during the year | - | *4,300,697* | *10,561,409* |
| | Deductions during the year | - | - | - |
| | Closing balance | 48,934,100 | 48,934,100 | 44,633,403 |
| II. | **Share Premium** | | | |
| | Opening balance | 100,987,679 | 100,058,339 | 98,679,248 |
| | Additions during the year (Refer Sch 18.6.1) | 99,118,298 | 929,340 | 1,379,091 |
| | Deductions during the year | 950,000 | - | - |
| | Closing balance | 199,155,977 | 100,987,679 | 100,058,339 |
| III. | Capital Reserve | | | |
| | Opening balance | 5,534,577 | 4,524,481 | 3,864,833 |
| | Additions during the year (Refer Sch 18.6.3) | 6,655,507 | 1,010,096 | 659,648 |
| | Deductions during the year | - | - | - |
| | Closing balance | 12,190,084 | 5,534,577 | 4,524,481 |
| IV. | Investment Reserve | | | |
| | Opening balance | 232,904 | 226,197 | 226,197 |
| | Additions during the year (Refer Sch 18.6.4) | 147,226 | 6,707 | - |
| | Deductions during the year | - | - | - |
| | Closing balance | 380,130 | 232,904 | 226,197 |
| V | Foreign Currency Translation Reserve | | | |
| | Opening balance | 613,295 | 25,486 | (40,317) |
| | Additions during the year | (635,925) | 587,809 | 65,803 |
| | Deductions during the year | - | - | - |
| | Closing balance | (22,630) | 613,295 | 25,486 |
| VI. | Cash Flow Hedge Reserve | | | |
| | Opening balance | (25,323) | (244,057) | (160,135) |
| | Additions during the year (Refer Sch 18.6.5) | (15,533) | 218,734 | (83,922) |
| | Deductions during the year | - | - | - |
| | Closing balance | (40,856) | (25,323) | (244,057) |
| VII. | Investment Fluctuation Reserve | | | |
| | Opening balance | 539,066 | - | - |
| | Additions during the year | - | 539,066 | - |
| | Deductions during the year | - | - | - |
| | Closing balance | 539,066 | 539,066 | - |
| VIII. | Balance in Profit and Loss Account | (68,973,880) | 107,595,597 | 103,753,016 |
| | TOTAL | 192,161,992 | 264,411,895 | 252,976,864 |

B S R & Co. LLP

5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400011. India

Chartered Accountants

YES BANK LIMITED MUMBAI

YES BANK Limited - Restated Financials

Schedules forming part of Restated Standalone Balance Sheet

(₹ in thousands)

## SCHEDULE 3 - DEPOSITS

| | | | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|---|---|
| A. | I. | | Demand Deposits | | | |
| | | i) | From Banks | 7,932,044 | 17,301,403 | 14,602,217 |
| | | ii) | From Others | 87,061,069 | 268,119,467 | 273,655,030 |
| | II. | | Savings Bank Deposit | 185,635,246 | 467,112,348 | 443,504,509 |
| | III. | | Term Deposits | | | |
| | | i) | From banks | 86,786,217 | 184,849,906 | 112,971,241 |
| | | ii) | From others (incl. CD's issued) | 686,224,858 | 1,338,718,694 | 1,162,648,479 |
| | | | TOTAL | 1,053,639,434 | 2,276,101,818 | 2,007,381,476 |
| B. | I. | | Deposits of branches in India | 1,053,300,945 | 2,274,954,791 | 2,006,449,601 |
| | II. | | Deposits of branches outside India | 338,489 | 1,147,027 | 931,875 |
| | | | TOTAL | 1,053,639,434 | 2,276,101,818 | 2,007,381,476 |

## SCHEDULE 4 - BORROWINGS

| | | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|---|
| I. | | Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt | | | |
| A. | | Borrowing in India | | | |
| | i) | IPDI | 5,870,000 | 90,020,000 | 91,560,000 |
| | ii) | Tier II Borrowings | 177,759,000 | 180,759,000 | 152,339,000 |
| | | TOTAL (A) | 183,629,000 | 270,779,000 | 243,899,000 |
| B. | | Borrowings outside India | | | |
| | i) | IPDI | - | - | 325,875 |
| | ii) | Tier II Borrowings | 5,674,875 | 6,215,786 | 11,172,824 |
| | | TOTAL (B) | 5,674,875 | 6,215,786 | 11,498,699 |
| | | TOTAL (A+B) | 189,303,875 | 276,994,786 | 255,397,699 |
| II. | | Other Borrowings | | | |
| A. | | Borrowings in India | | | |
| | i) | Reserve Bank of India | 520,380,000 | - | 15,000,000 |
| | ii) | Other banks | 18,350,000 | 57,147,925 | 15,811,399 |
| | iii) | Other institutions and agencies | 278,921,592 | 345,669,057 | 187,167,910 |
| | | TOTAL (A) | 817,651,592 | 402,816,982 | 217,979,309 |
| B. | | Borrowings outside India — TOTAL (B) | 130,949,559 | 404,429,321 | 275,558,800 |
| | | TOTAL (A+B) | 948,601,151 | 807,246,303 | 493,538,109 |
| | | TOTAL (I+II) | 1,137,905,026 | 1,084,241,089 | 748,935,808 |

(1) Secured borrowings are ₹ 524,379,868 thousands (March 31, 2019 : ₹ 4,996,813 thousands)(March 31, 2018 : ` 46,463,203 thousands).

(2) Including ₹ 237,121,724 thousands of refinance borrowing (March 31, 2019: ₹ 302,872,244 thousands)(March 31, 2018: ` 123,216,106 thousands) ₹ 16,450,000 thousands (March 31 2019: ₹ 16,450,000 thousnads)(March 31 2018: ` 16,450,000 thousands) of Green Infrastructure Bonds raised to fund 'Green Projects' and ₹ 21,350,000 thousands (March 31, 2019: ₹ 21,350,000 thousands) (March 31, 2018: ` 21,350,000 thousands) of Long Term Infrastructure Bonds raised to finance affordable housing and infrastructure projects.

(3) Includes bonds of ₹ 36,032,742 thousands (March 31, 2019: ₹32,909,865 thousands) (March 31, 2018: `38,974,842 thousands) of Medium Term Notes issued from International Business Unit(IBU) in GIFT city Gujarat to fund its growth.

(₹ in thousands)

| | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS** | | | | |
| I. | Bills payable | 2,867,243 | 3,913,805 | 9,151,490 |
| II. | Inter-office adjustments (net) | - | - | - |
| III. | Interest accrued | 22,639,407 | 37,455,379 | 21,932,830 |
| IV. | Others (including provisions) | | | |
| | - Provision for standard advances | 12,597,187 | 32,007,968 | 9,493,909 |
| | - Country risk provision | 69,000 | 532,784 | - |
| | - Others | 128,339,480 | 104,966,850 | 69,977,722 |
| | - Income Tax Provision | 2,949,512 | - | - |
| | TOTAL | 169,461,829 | 178,876,786 | 110,555,951 |

| | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA** | | | | |
| I. | Cash in hand | 16,307,411 | 6,333,912 | 6,226,739 |
| II. | Balances with Reserve Bank of India | | | |
| | - In current account | 43,129,139 | 101,643,457 | 108,030,750 |
| | - In other account | - | - | - |
| | TOTAL | 59,436,550 | 107,977,369 | 114,257,489 |

| | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE** | | | | |
| I. In India | | | | |
| Balances with banks- | | | | |
| i) | In current accounts | 6,091,720 | 1,988,954 | 781,586 |
| ii) | In other deposit accounts | 255,095 | 5,089 | 83 |
| Money at call and short notice | | | | |
| i) | With Banks | - | - | - |
| ii) | With other institutions | - | - | - |
| iii) | Lending under reverse repo (RBI & Banks) | 13,200,000 | 88,310,161 | 112,009,654 |
| | TOTAL (I) | 19,546,815 | 90,304,204 | 112,791,323 |
| II. Outside India | | | | |
| i) | In current account | 4,532,635 | 39,148,020 | 14,494,277 |
| ii) | In other deposit account | - | - | - |
| iii) | Money at call and short notice | 314,010 | 31,465,525 | 5,800,575 |
| | TOTAL (II) | 4,846,645 | 70,613,545 | 20,294,852 |
| | TOTAL (I+II) | 24,393,460 | 160,917,748 | 133,086,175 |

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011. India
Chartered Accountants

YES BANK LIMITED

(₹ in thousands)

| | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 8 - INVESTMENTS (Net of provisions)** | | | | |
| A. Investments in India | | | | |
| i) | Government Securities | 329,069,163 | 553,611,120 | 488,860,831 |
| ii) | Other approved securities | - | - | - |
| iii) | Shares | 243,865 | 429,168 | 643,782 |
| iv) | Debentures and bonds | 74,399,345 | 154,985,441 | 145,045,609 |
| v) | Subsidiaries and/or joint ventures | 1,986,700 | 2,240,000 | 1,055,000 |
| vi) | Others (CPs, CDs, Security Receipts, Pass through certificates etc) | 31,937,625 | 60,825,681 | 38,030,003 |
| | | | | - |
| | TOTAL (I) | 437,636,698 | 772,091,410 | 673,635,225 |
| B. Investments outside India | | | | |
| i) | Government Securities | - | 120,595,843 | 3,445,612 |
| ii) | Shares | - | 9,421 | - |
| iii) | Debentures and bonds | - | 2,523,653 | 6,908,550 |
| iv) | Others (CPs, CDs, Security Receipts, Pass through certificates etc) | 1,511,561 | - | - |
| | TOTAL (II) | 1,511,561 | 123,128,917 | 10,354,162 |
| | TOTAL (I+II) | 439,148,259 | 895,220,327 | 683,989,387 |

**SCHEDULE 9 - ADVANCES**

| | | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|---|
| A. | i) | Bills purchased and discounted | 22,086,320 | 42,078,951 | 39,543,292 |
| | ii) | Cash credit, overdrafts and loans payable on demand | 342,942,031 | 412,651,470 | 349,496,606 |
| | iii) | Term loans* | 1,349,404,592 | 1,960,265,603 | 1,646,298,730 |
| | | TOTAL | 1,714,432,943 | 2,414,996,024 | 2,035,338,628 |
| | | ** Provision on Non Performing Advances (NPAs) has been netted off from Term Loans* | | | |
| B. | i) | Secured by tangible assets (includes advances secured by fixed deposits and book debt) | 1,301,095,908 | 1,961,505,002 | 1,477,676,098 |
| | ii) | Covered by Bank/Government guarantees | 2,720,758 | 10,366,160 | 5,996,099 |
| | iii) | Unsecured[1] | 410,616,277 | 443,124,862 | 551,666,431 |
| | | TOTAL | 1,714,432,943 | 2,414,996,024 | 2,035,338,628 |

[1] *Includes advances of ₹ 37,671,709.07 thousands (March 31, 2019: ₹ 128,510,880 thousands) (March 31, 2018: ` 337,552,952 thousands) for which security documentation is either being obtained or being registered. As at March 31, 2020 advances amounting to ₹ 12,738,207.03 thousand (March 31, 2019 : ₹ 2,403,000 thousands) (March 31, 2018 : Nil) has been secured by intangible securities such as charge over the rights, licenses, authority, etc.*

| | | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|---|
| C. I. | Advances in India | | | | |
| | i) | Priority sectors | 470,973,962 | 539,338,050 | 446,472,144 |
| | ii) | Public sector | 488,829 | 56,671 | 1,524,237 |
| | iii) | Banks | 1,119,061 | 674,817 | 1,214,227 |
| | iv) | Others | 1,100,969,962 | 1,686,228,220 | 1,442,062,406 |
| | | TOTAL (I) | 1,573,551,813 | 2,226,297,758 | 1,891,273,014 |
| II. | Advances outside India | | | | |
| | i) | Due from Banks | 5,853 | 431,707 | 1,716,986 |
| | ii) | Due from Others | 140,875,277 | 188,266,559 | 142,348,628 |
| | | (a) Bills purchased and discounted | - | - | - |
| | | (b) Syndicated and Term loans | 35,862,373 | 30,796,065 | 142,348,628 |
| | | (c) others | 105,012,904 | 157,470,494 | - |
| | | TOTAL (II) | 140,881,130 | 188,698,266 | 144,065,614 |
| | | TOTAL (I+II) | 1,714,432,943 | 2,414,996,024 | 2,035,338,628 |

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(₹ in thousands)

| | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 10 - FIXED ASSETS** | | | | |
| I. | Premises | | | |
| | At cost as on March 31st of preceding year | 378,031 | 378,031 | 378,031 |
| | Additions during the year | - | - | - |
| | Deductions during the year | - | - | - |
| | Accumulated depreciation to date | (21,006) | (14,704) | (8,402) |
| | TOTAL (I) | 357,025 | 363,327 | 369,629 |
| II. | Other Fixed Assets (including furniture and fixtures and software) | | | |
| | At cost as on March 31st of preceding year | 18,108,761 | 15,232,744 | 11,745,713 |
| | Additions during the year | 2,905,665 | 3,133,713 | 3,931,501 |
| | Deductions during the year | (310,177) | (257,697) | (444,470) |
| | Accumulated depreciation to date | (13,904,030) | (10,801,920) | (7,994,083) |
| | TOTAL (II) | 6,800,219 | 7,306,840 | 7,238,661 |
| | TOTAL (I+II) | 7,157,244 | 7,670,167 | 7,608,290 |
| | Capital work-in-progress | 2,933,638 | 499,788 | 715,627 |
| | TOTAL | 10,090,882 | 8,169,955 | 8,323,917 |

| | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 11 - OTHER ASSETS** | | | | |
| I. | Interest Accrued | 22,506,873 | 39,033,483 | 25,152,344 |
| II. | Advance tax and tax deducted at source (net of provision) | - | 4,801,326 | 1,674,968 |
| III. | Deferred tax asset (Refer Sch 18.6.51) | 82,809,960 | 25,329,143 | 8,717,588 |
| IV. | Non-Banking assets aquired in satisfaction of claims | 353,000 | 353,000 | 364,790 |
| V. | Others | 225,097,298 | 151,463,279 | 113,550,747 |
| | TOTAL | 330,767,131 | 220,980,231 | 149,460,437 |

| | | As at Mar 31, 2020 | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 12 - CONTINGENT LIABILITIES** | | | | |
| I. | Claims against the bank not acknowledged as debts | 612,500 | 549,157 | 116,436 |
| II. | Liability for partly paid investments | - | - | - |
| III. | Liability on account of outstanding forward exchange contracts | 1,519,467,414 | 2,834,098,764 | 3,000,448,825 |
| IV. | Liability on account of outstanding derivative contracts | | | |
| | - Single currency Interest Rate Swap | 1,866,270,431 | 1,702,671,190 | 1,141,440,348 |
| | - Others | 548,274,930 | 868,291,165 | 783,747,908 |
| V. | Guarantees given on behalf on constituents | | | |
| | - In India | 420,131,381 | 437,258,909 | 314,307,933 |
| | - Outside India | - | - | - |
| VI. | Acceptances, endorsement and other obligations | 198,799,106 | 390,140,737 | 411,689,385 |
| VII. | Other items for which the bank is contingently liable | | | |
| | - Purchase of securities pending settlement | 836,632 | 3,622,750 | 9,068,982 |
| | - Capital commitment | 3,199,380 | 2,937,672 | 2,936,618 |
| | - Amount deposited with RBI under Depositor Education and Awareness Fund (DEAF) | 53,681 | 32,834 | 13,533 |
| | - Foreign exchange contracts (Tom & Spot) | 25,887,555 | 300,477,020 | 154,526,423 |
| | -Custody | 1,727,883 | - | - |
| | - Bills Rediscounting | - | 1,500,000 | - |
| | TOTAL | 4,585,260,892 | 6,541,580,198 | 5,818,296,390 |

*Contingent Liability on account of outstanding forward exchange contracts and single currency interest rate swap as on March 31, 2020 includes notional amount of ₹1,067,721,532 thousands and ₹543,032,121 thousands (Mar 31, 2019: ₹2,035,934,447 thousands and ₹407,303,929 thousands) (March 31, 2018: `2,315,099,034 thousands and `318,672,816 thousands) guaranteed by CCIL representing 70.27% and 29.10% (Mar 31, 2019: 71.84% and 23.92%) (Mar 31, 2018: 77.16% and 27.92%)of total outstanding forward exchange contracts and single currency interest rate swaps respectively.*

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YES BANK Limited - Restated Financials
Schedules forming a part of Restated Profit and Loss Account

*(₹ in thousands)*

| | | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 | For the year ended Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 13 - INTEREST EARNED** | | | | |
| I. | Interest/discount on advances/bills | 212,611,879 | 229,226,405 | 154,782,364 |
| II. | Income on investments | 42,609,208 | 60,484,215 | 41,025,311 |
| III. | Interest on balances with Reserve Bank of India and other inter-bank funds | 2,103,677 | 3,975,738 | 5,160,730 |
| IV. | Others | 3,341,275 | 2,561,115 | 1,705,811 |
| | TOTAL | 260,666,039 | 296,247,473 | 202,674,216 |
| **SCHEDULE 14 - OTHER INCOME** | | | | |
| I. | Commission, exchange and brokerage | 15,261,935 | 36,361,452 | 41,379,643 |
| II. | Profit on the sale of investments (net) | 11,134,575 | 3,174,838 | 5,134,739 |
| III. | Profit/(Loss) on the revaluation of investments (net) | - | - | - |
| IV. | Profit/(Loss) on sale of land, building and other assets | 3,282 | 3,947 | (12,892) |
| V. | Profit on exchange transactions (net) | 3,731,959 | 1,570,297 | 2,315,709 |
| VI. | Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India | - | - | - |
| VII. | Miscellaneous income | 88,433,187 | 4,790,992 | 3,421,136 |
| | TOTAL | 118,564,938 | 45,901,526 | 52,238,335 |

***Miscellaneous income for the period ended March 31, 2020 includes extraorinary income on account of write down of Additional Tier I Bonds amounting to ₹ 84,150,000 thousands***

| | | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 | For the year ended Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 15 - INTEREST EXPENDED** | | | | |
| I. | Interest on deposits | 120,052,790 | 136,871,140 | 93,834,137 |
| II. | Interest on Reserve Bank of India/inter-bank borrowings/Tier I and Tier II debt instruments | 66,661,229 | 60,764,723 | 29,840,501 |
| III. | Others | 5,899,706 | 521,297 | 1,628,986 |
| | TOTAL | 192,613,725 | 198,157,160 | 125,303,624 |

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YES BANK Limited - Restated Financials

Schedules forming a part of Restated Profit and Loss Account

*( ₹ in thousands)*

| | | For the year ended Mar 31, 2020 | For the year ended Mar 31, 2019 | For the year ended Mar 31, 2018 |
|---|---|---|---|---|
| **SCHEDULE 16 - OPERATING EXPENSES** | | | | |
| I. | Payments to and provisions for employees | 25,998,717 | 24,697,653 | 21,889,199 |
| II. | Rent, taxes and lighting | 4,462,409 | 4,173,931 | 4,543,758 |
| III. | Printing and stationery | 393,774 | 423,256 | 368,753 |
| IV. | Advertisement and publicity | 274,273 | 648,283 | 959,102 |
| V. | Depreciation on Bank's property | 3,356,319 | 3,015,420 | 2,309,704 |
| VI. | Directors' fees, allowances and expenses | 54,242 | 43,413 | 19,848 |
| VII. | Auditors' fees and expenses | 42,500 | 23,203 | 13,685 |
| VIII. | Law charges | 151,949 | 90,931 | 60,940 |
| IX. | Postage, telegrams, telephones, etc. | 643,740 | 647,585 | 604,220 |
| X. | Repairs and maintenance | 351,547 | 420,294 | 345,426 |
| XI. | Insurance | 2,161,614 | 2,078,487 | 1,512,106 |
| XII. | Other expenditure | 29,401,030 | 26,380,312 | 19,501,057 |
| | TOTAL | 67,292,114 | 62,642,768 | 52,127,798 |

SCHEDULE 17 - PROVISIONS & CONTINGENCIES

| | | | | |
|---|---|---|---|---|
| I. | Provision for taxation (Refer Sch 18.6.33) | (44,078,887) | 6,370,684 | 19,697,457 |
| II. | Provision for investments | 64,819,073 | 6,824,889 | 2,599,443 |
| III. | Provision for standard advances | (19,410,781) | 22,514,059 | 1,687,427 |
| IV. | Provision/write off for non performing advances | 278,060,357 | 25,669,535 | 10,788,287 |
| V. | Other Provisions | 4,115,686 | 2,767,116 | 462,878 |
| | TOTAL | 283,505,448 | 64,146,283 | 35,235,492 |

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YES BANK LIMITED

# YES BANK Limited

## Restated Standalone Financial Statements

## For the year ended March 31, 2020

18. Significant accounting policies and notes forming part of the restated accounts for the year ended March 31, 2020

**Note 1. Statement on Material Adjustments and Regroupings**

The Restated Standalone Financial Statements consists of Restated Standalone Balance Sheet, Restated Standalone Profit and Loss Account, Restated Standalone Statement of Cash Flows and Restated Standalone Schedules to Restated Balance sheet & Restated Profit and Loss Account as of and for the Fiscal Years ended, March 31, 2018, March 31, 2019, and March 31, 2020 are collectively referred to as the "Restated Financial Information".

**Material Adjustments:**

The accounting policies as at and for the year ended March 31, 2020 are materially consistent with the policies adopted for each of the previous financial years ended March 31, 2019 and March 31, 2018. The Restated Standalone Financial Statements have been prepared based on the respective audited Historical Financial Statements for the Fiscal Years ended March 31, 2020, March 31, 2019 and March 31, 2018.

The following accounting policy was implemented during the year ended March 31, 2020, which has no material effect on the Restated Standalone Financial Statements:

Revenue recognition:
The Bank in FY20, has changed the methodology recognition of fee income such that a fee in excess of 2% received upfront on the origination of a loan would be amortized over the life of loan. The impact of such change in methodology for recognition of fees is not material and accordingly the same is not considered for Restated Financials.

**Non adjusting items:**

1. **Qualification in auditors' report**

   a. On the financial statements for the year ended March 31, 2020

   The auditor's report on the financial statements for the year ended March 31, 2020 included the following qualifications, which does not require any adjustment in the Restated Standalone Financial Statements

   - We draw attention to Note 18.3 of the standalone Financial Statements, which indicates that during the year ended 31 March 2020, the Bank has breached the regulatory requirements of the Reserve Bank of India ('RBI') regarding maintaining the minimum Common Equity Tier ('CET') 1 and Tier 1 capital ratios which indicates the position of capital adequacy of a bank. The breach is primarily on account of the increase in the provision for advances during the year ended 31 March 2020 as the Bank has decided, on a prudent basis, to enhance its Provision Coverage Ratio on its Non-Performing Asset (NPA) loans over and above minimum RBI loan level provisioning. Inspite of the write back of the AT1 bonds on 14 March 2020 there is a breach of Tier 1 capital ratio as at 31 March 2020. The CET1 ratio and the Tier 1 capital ratios for the Bank as at 31 March 2020 stood at 6.3% and 6.5 % as compared to the minimum requirements of 7.375% and 8.875% respectively. This implies that the Bank will have to take effective steps to augment its capital base in the year 2020-21. Further, in view of the RBI norms relating to the breach of the aforesaid ratios, there is uncertainty around RBI's potential action for such a breach. We are unable to comment on the consequential impact of the above regulatory breach on these standalone financial statements.

   - We draw attention to Note 18.6.69 to the Standalone financial statements, which discloses that the Bank became aware in September 2018 through communications from stock exchanges of an anonymous whistle-blower complaint alleging irregularities in the Bank's operations, potential conflicts of interests in relation to the former MD and CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which resulted in a report that was reviewed by the Board of Directors in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. During the year ended 31 March 2020, the Bank identified certain further matters which arose from other independent investigations initiated by the lead banker of a lenders' consortium on the companies allegedly favoured by the former MD and CEO. In March 2020, the Enforcement Directorate has launched an investigation into some aspects of dealings and transactions by the former MD and CEO basis draft forensic reports from external agencies which further pointed out to conflict of interest between the former MD and CEO and certain companies and arrested him. In view of the fact that these enquiries and investigations are still ongoing, we are unable to comment on the consequential impact of the above matter on these standalone financial statements.

2. **Material uncertainty related to going concern**

The auditor's report on the financial statements for the year ended March 31, 2020 included the following paragraph on material uncertainty related to going concern, which does not require any adjustment in the Restated Standalone Financial Statements

1. We draw attention to Note 18.3 of the Standalone Financial Statements, which indicates that the Bank has incurred a loss of Rs. 16,418 crores for the year ended 31 March 2020. Particularly during the last six months, there has also been a significant decline in the Bank's deposit base, an increase in their NPA ratios resulting in breach of loan covenants on its foreign currency debt and credit rating downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating. The Bank has also breached minimum Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio requirements of RBI during the year and has provided an amount of Rs.334 crores for the expected penalty on the SLR breach. The Bank has also breached the RBI mandated CET1 ratio and Tier 1 capital ratio which stood at 6.3%.and 6.5% as compared to the minimum requirements of 7.375% and 8.875% respectively. This requires the Bank to take effective steps to augment its capital base in the year 2020-21. The breach of the CET1 and Tier 1 requirements was also impacted by the decision of the Bank to enhance its Provision Coverage Ratio, on a prudent basis, on its NPA loans over and above RBI's minimum loan provisioning norms. Further, on 5 March 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective 5 March 2020. The RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on 5 March 2020. The above indicators of financial stress and actions taken by the RBI resulted in a significant withdrawal of deposits. On 13 March 2020, the Government of India notified the Yes Bank Limited Reconstruction Scheme 2020 ('the Scheme') [notified by the Central Government, in exercise of the powers conferred by sub section (4) and subsection 7 of section 45 of the Banking Regulation Act, 1949]. Under this Scheme the authorized share capital of the Bank was increased to Rs.6,200 crores. The Bank has received capital from investors amounting to Rs.10,000 crores on 14 March 2020. The State Bank of India (SBI) and other banks and financial institutions invested in the Bank at a price of Rs.10 per equity share of the Bank (Rs.2 face value with a Rs.8 premium). SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in the Bank are also subject to a lock in for 75% of their holding as per this Scheme. A new Board of Directors, CEO and MD and Non Executive Chairman have also been appointed pursuant to the Scheme. In addition, the moratorium imposed on the Bank on 5 March 2020 was vacated on 18 March 2020 as per the Scheme. RBI has also granted short-term funding to the Bank for the period of 90 days. The Bank has submitted a proposal seeking extension for a period of one year. The draft reconstruction scheme proposed on 6 March 2020 had also envisaged that the Bank would be able to write back Additional Tier 1 (AT1) securities amounting to Rs.8,695 crores to equity. However, the final Scheme issued by the Government of India on 13 March 2020 does not contain any reference to the write back of the AT1 securities. Based on the legal advice on the contractual terms of the AT 1 bonds, the Bank has fully written back AT 1 bonds aggregating to Rs. 8,415 crores on 14 March 2020. This action by the Bank has been legally challenged through a writ petition in the Hon'ble Bombay High court.

   In line with the RBI's COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020, the Bank has granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 (later extended to August 31, 2020) to all eligible borrowers classified as Standard, even if overdue, as on 29 February 2020.

   In the opinion of the Bank, based on the financial projections prepared by the Bank and approved by the Board for the next 3 years, the capital infusion, lines of liquidity provided by RBI and the reconstruction Scheme, the Bank will be able to realize its assets (including its deferred tax asset) and discharge its liabilities in its normal course of business and hence the financial statements have been prepared on a going concern basis. The said assumption of going concern is inter-alia dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios and mitigate the impact of Covid-19 and thus a material uncertainty exists that may cast a significant doubt on the Bank's ability to continue as a going concern. However, as stated above, as per management and the Board, there are mitigating factors to such uncertainties including the amount of capital funds that have been raised in March 2020, the nature and financial resources of new investors who have infused funds in the Bank, the new Board of Directors, CEO and MD and part time Chairman appointed as per the Scheme and the extent of regulatory support provided to the Bank by the RBI.

Our conclusion on the Standalone Financial Statements is not modified in respect of this matter.

**3. Emphasis of matter paragraph in auditor's report**

a. On the financial statements for the year ended March 31, 2020

The auditor's report on the financial statements for the year ended March 31, 2020 included the following Emphasis of Matter paragraphs, which do not require any adjustment in the Restated Standalone Financial Statements

- that the Bank has a total deferred tax asset of Rs. 8,281 crores as at 3 I March 2020. As per the requirements of AS 22 - Income Taxes, based on the financial projections prepared by the Bank and approved by the Board of directors, the Bank has assessed that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The Bank expects to have a taxable profit for the future years. Our conclusion is not modified in respect of this matter

- the Bank had made an additional provision of Rs. 15,422 crores for the period ended 31 December 2019 on a prudent evaluation of the status of NP As based on discussion with regulator over and above the RBI norms relating to the minimum provision to be made by banks on their loans and advances. The additional provision is judgmental based on the quality and status of specific loans identified by the Bank as at 31 March 2020. We believe that this judgment exercised by the Bank is appropriate. Our conclusion is not modified in respect of this matter.

b. On the financial statements for the year ended March 31, 2019

The auditor's report on the financial statements for the year ended March 31, 2019 included the following Emphasis of Matter paragraphs, which do not require any adjustment in the Restated Standalone Financial Statements

- the Standalone financial statements which describes the ongoing enquiry by the Bank into certain anonymous whistle blower allegations. Our opinion is not modified in respect of this matter

**4. Change in estimates**

a. From the quarter ended December 31, 2019, the Bank considers slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. Further, the Bank had decided, on a prudent basis, to enhance its Provision Coverage Ratio on its NPA loans over and above the RBI loan level provisioning requirements. This change is considered as change in estimates, and consequently no retrospective adjustments have been made in this regard to the Restated Financials

b. As part of the Risk Based Supervision (RBS) exercise for the Fiscal Year 2016-17 and 2018-19 concluded in November 2019, the Reserve Bank of India ('RBI') has pointed out certain retrospective divergence in respect of the Bank's asset classification and provisioning under the applicable prudential norms on income recognition, asset classification and provision as at 31 March 2019 and accordingly, the impact of such divergence is considered in the year in which the RBI has issued the report and consequently no retrospective adjustments have been made in this regard to the Restated Standalone Financial Statements.

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### 5. Material regroupings

Appropriate regrouping/reclassifications have been made in the Restated Financial Statements in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2019 (as amended), in respect of the corresponding items of assets, liabilities, income, expenses, and cash flows in order to align them with the groupings as per the audited financial statements of the Bank. Non-financial information including ratios, percentages, etc, have been updated to the extent applicable, as a consequence of regroupings / reclassifications made, as indicated above.

### 6. Material errors

There are no material errors that require any adjustment in the Restated Standalone Financial Statements.

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YES BANK LIMITED

18. **Significant accounting policies and notes forming part of the restated accounts for the year ended March 31, 2020**

18.1 *Background*

YES BANK is a publicly held bank engaged in providing a wide range of banking and financial services. YES BANK is a banking company governed by the Banking Regulation Act, 1949. The Bank was incorporated as a limited company under the Companies Act, 1956 on November 21, 2003. The Bank received the licence to commence banking operations from the Reserve Bank of India ('RBI') on May 24, 2004. Further, YES BANK was included to the Second Schedule of the Reserve Bank of India Act, 1934 with effect from August 21, 2004. Also the Bank has a branch at International Financial Services Centre ('IFSC') at GIFT City, Gujarat ('IBU'). The Bank classifies transactions undertaken by IBU as overseas operation.

On March 13, 2020, the Government of India notified the "Yes Bank Ltd. Reconstruction Scheme, 2020" (Scheme). As per the Scheme, authorized capital has been increased from ₹ 11,000 million to ₹ 62,000 million. The State Bank of India (SBI) and other investors invested in the Bank at a price of ₹ 10 per equity share of the Bank (₹ 2 face value with a ₹ 8 premium). As per the scheme, SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in Yes Bank are also subject to a lock in for 75% of their holding as per this Scheme.

18.2 *Basis of preparation*

The Restated Summary Statements have been compiled by the management from the audited standalone financial statements of each of the years ended March 31, 2020, 2019 and 2018 (together, the "Historical Audited Financial Statements"). The accounting policies have been consistently applied by the Bank in preparation of the Restated Standalone Financial Statements and are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2020

The Restated Standalone Financial Statements have been prepared by the Bank in accordance with the requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, to the extent applicable. The Restated Summary Statements have been prepared by the Bank specially for inclusion in the offer document to be filed by the Bank with the Securities and Exchange Board of India ("SEBI") to facilitate the management discussion and analysis of the Bank's financial performance in connection with its proposed initial public offering, and were approved by the Board on July 3, 2020.

The Historical Audited 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 restated financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows accrual method of accounting and the historical cost convention, unless otherwise stated by RBI guidelines.

*Use of estimates*

The preparation of restated 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 restated financial statements and income and expenses during the reporting period. Management believes that the estimates used in the preparation of the restated financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

18.3 Assessment of Going Concern:

In the aftermath of the IL&FS crisis in September 2018, the financial sector had been heavily constrained from a liquidity stand-point. Also, rising defaults in Power and Infrastructure sector in second half of 2019 have taken a toll on the stressed book of various Banks and NBFCs. In this macro environment, given its low capital covers, the Bank has been adversely impacted on account of elevated slippages in its corporate book especially in power and infra sector. The Bank reported a marginal profit for the quarter ended 30 June 2019 and reported loss in the quarter ended September 30, 2019. For the quarter ended December 31, 2019, as a consequence of increase in NPAs, additional recording slippages post period end and increase in Provision Coverage Ratio (PCR), the reported loss was ₹ 185,604 million. The Bank had also breached the RBI mandated Common Equity (CET1) ratio which stood at 0.62% at 31 December 2019 as compared to the requirement of 7.375%. The delay in capital raising triggered the downgrade of the Bank's rating by Rating Agencies.

In addition the deposit outflow in early October on account of a combination of events such as invocation of Promoter's pledged shares\IT glitches for Yes Bank (and others)\problems arising from financial distress in Punjab and Maharashtra Cooperative Bank led to a continuing breach in Liquidity Coverage Ratio (LCR) starting October 2019 and continues till date. The Bank's deposit base has seen a reduction from ₹ 2,094,973 million as at September 30, 2019 to ₹ 1,657,554 million as at December 31, 2019. The deposit position as at March 31, 2020 is ₹ 1,053,639 million and has reduced further to ₹ 1,027,179 million as at May 02, 2020. The Bank had also prepaid ~USD 1.18 billion (₹ 85,000 million) by February 29, 2020. On March 5, 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective March 5, 2020 which was lifted on March 18, 2020. Further, the RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on March 5, 2020. As per the moratorium a restriction was imposed on the withdrawal by depositors of amounts up to ₹ 50,000 and the Bank also could not grant or renew loans or make any investments.

A new Board of Directors, MD & CEO and Non Executive Chairman have also been appointed under the Scheme. The Bank has since obtained a Board approval to raise additional equity of upto Rs 150,000 million. As a consequence of the reconstitution the Bank was deemed to be un-viable. Consequently, write-back of certain Basel III additional tier 1 Bonds ("AT 1 Bonds") issued by the Bank had been triggered. Hence, such AT 1 Bonds amounting to ₹ 84,150 million have been fully written down permanently. The Trustees, on behalf of the holders of AT 1 Bonds have filed a writ petition seeking to challenge the decision of the Bank to write down AT 1 bonds. The Bank, based on the legal opinion of its external independent legal counsel is of the view that the merits of the Bank's decision to write back the AT 1 bonds is in accordance with the contractual terms for issuance of AT 1 Bonds. The Bank had also been granted a short term special liquidity facility for 90 days from the RBI. The Bank also raised CDs of ₹ 72,000 million as at March 31, 2020. As a consequence of the above factors the Bank's loss post tax and AT 1 write back (exceptional income) is ₹ 164,180 million. The Bank's CET1 ratio is 6.3% (regulatory requirement with CCB of 7.375%) and tier 1 capital ratio is 6.5% (regulatory requirement of 8.875%) as at March 31, 2020. The Bank has substantially enhanced its PCR and strengthened its Balance Sheet. However, RBI's current framework on 'Prompt Corrective Action' (PCA) considers regulatory breaches in CET as a potential trigger. The Bank remains in constant communication with RBI on the various parameters and ratios and RBI has not imposed any fine on the Bank for the regulatory breaches.

The Bank's deposit base has seen a reduction from ₹ 2,276,102 million as at March 31, 2019 to ₹ 1,053,639 million as at March 31, 2020 (Position as at May 02, 2020 ₹ 1,027,179 million). Consequently, the Bank's quarterly average 'Liquidity Coverage Ratio' (LCR) has fallen from 74% for the quarter ended December 31, 2019 to 40% for the quarter ended March 31, 2020 (regulatory limit 100%), position as at May 02, 2020 34.8%(regulatory limit 80%). The Bank also has a deferred tax asset of ₹ 82,810 million as at March 31, 2020. Though the Bank has made a loss of ₹ 164,180 million for the year ended March 31, 2020, the Bank has a taxable profit for the year ended March 31, 2020. The Bank continues to carry such deferred tax asset in its

Balance Sheet, as basis financial projections approved by the Board of Directors, there is reasonable certainty of having sufficient taxable income to enable realization of the said deferred tax asset as specified in Accounting Standard 22 (Accounting for Taxes on Income).

In the month of March 2020, SARS-CoV-2 virus responsible for COVID-19 continued to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic outlook and activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's future results will depend on related developments, which remain highly uncertain.

The Bank witnessed significant deposit withdrawal immediately post the moratorium was lifted, however the deposits stabilised post March 23, 2020. While further reduction in deposits lost post moratorium may cast material uncertainty, particularly in the current COVID scenario, the Bank under the leadership of new management and Reconstituted Board is confident that it can tide over the current issues successfully.

This belief is reinforced by the pedigree of new investors of the Bank (led by State Bank of India and other Financial Institutions). The Bank believes that the stress is temporary in nature and would be rectified through infusion of fresh capital and the liquidity initiative measures being undertaken. Further, The Bank's management and board of directors have made an assessment of its ability to continue as a going concern based on the detailed projected financial statements including plan for raising of deposits and other sources of funds for the next 3 years and are satisfied that with the proposed capital infusion and the Bank's strong customer base and branch network, will enable the Bank to continue its business for the foreseeable future, so as to be able to realize its assets and discharge its liabilities in its normal course of business. Based on the projection and assessment, the Bank believes that it will achieve operating profit in near term and expects higher level of recoveries from NPA as significant portion of the stressed book already classified as NPA, the Bank expected to be on a growth trajectory. As such, the financial statements continue to be prepared on a going concern basis.

**18.4 Estimation of uncertainties relating to the global health pandemic from COVID-19:**

From the quarter ended December 31, 2019, the Bank considers slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. Further, the Bank had decided, on a prudent basis, to enhance its Provision Coverage Ratio on its NPA loans over and above the RBI loan level provisioning requirements. As a result, the Bank recognized additional provisions of ₹ 154,220.39 million for the period ended December 31, 2019. In line with the RBI's COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and the Governor's Statement dated May 22, 2020, the Bank has granted a moratorium of six months on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and August31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted (except advances at IFSC Banking Unit (IBU)), the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) and as the asset classification as of March 31, 2020 has been retained based on the overdue status as at February 29, 2020. Hence on account of above mentioned RBI's COVID-19 Regulatory Package, Bank has not considered slippages post March 31, 2020 till the date of results / financial statement.

In line with RBI requirements, the Bank holds necessary provisions as at March 31, 2020 against the assets where the asset classification benefit has been extended on account of standstill requirements.

Refer disclosure 18.6.24 - Disclosure under COVID19 Regulatory Package

### 18.5 *Restated Significant accounting policies*

#### 18.5.1 *Revenue recognition*

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

- Interest income is recognized in the profit and loss account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognized as per the prudential norms of the RBI. Penal Interest is recognized upon certainty of its realization.
- Dividend income is recognized when the right to receive payment is established.
- Commission on guarantees issued by the Bank is recognized as income over the period of the guarantee.
- Commission on Letters of Credit ('LC') issued by the Bank is recognized as income at the time of issue of the LC.
- Income on non-coupon bearing discounted instruments is recognized over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognized over the tenor of the instrument on yield basis.
- In case of Bonds and Pass Through Certificates (PTC), premium on redemption, if any, is amortised over the tenure of the instrument on a yield basis.
- Revenue from financial advisory services is recognized in line with milestones achieved as per terms of agreement with clients which is reflective of services rendered.
- Facility fees and loan processing fees are recognised when due and realizable.
- Other fees and commission are accounted for as and when they became due.

#### 18.5.2 *Investments*

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015.

*Accounting and Classification*

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

a) *Cost of acquisition*

Costs such as brokerage pertaining to investments, paid at the time of acquisition and broken period interest are charged to the profit and loss account as per the RBI guidelines.

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.

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c) *Transfer between categories*

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

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

d) *Valuation*

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

Investments received in lieu of restructured advances scheme are valued in accordance with RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. Depreciation on equity shares acquired and held by the Bank under restructuring scheme is provided as per RBI guidelines.

Investments classified under the HTM category are carried at their acquisition cost and any premium over the face value, paid on acquisition, is amortised on a straight line basis over the remaining period to maturity. Amortization expense of premia on investments in the HTM category is deducted from interest income in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. Where in the opinion of management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made. Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve.

Equity investments in subsidiaries/joint ventures are classified under 'Held to Maturity'. The Bank assesses these investments for any permanent diminution in value and appropriate provisions are made.

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

Pass Through Certificates purchased for priority sector lending requirements are valued at Book Value in accordance with RBI guidelines.

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

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

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is netted in the Investment schedule. The short position is marked to market and loss, if any, is charged to the Profit and Loss account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss account.

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

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

At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction company are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date. In case of investment in Security Receipts on or after April 01, 2017 which are backed by more than 50% of the stressed assets sold by the bank or 10% of the stressed asset sold by the bank post April 01, 2018, provision for depreciation in value is made at higher of - provisioning rate required in terms of net assets value declared by Reconstruction Company(RC)/Securitization Company(SC) or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continue in the books of the Bank. All other investments in the Security Receipts are valued as per the NAV obtained from issuing RC/SC.

Investments in quoted Mutual Fund (MF) Units are valued at the latest repurchase price/net asset value declared by the mutual fund. Investments in un-quoted MF Units are valued on the basis of the latest re-purchase price declared by the MF in respect of each particular Scheme.

Investment in listed instruments of Real Estate Investment Trust (REIT)/Infrastructure Investment Trust (INVIT) is valued at closing price on a recognized stock exchange with the higher volumes. In case the instruments were not traded on any stock exchange within 15 days prior to date of valuation, valuation is done based on the latest NAV (not older than 1 year) submitted by the valuer.

Sovereign foreign currency bonds are valued using Composite Bloomberg Bond Trader (CBBT) price or Bloomberg Valuation Service (BVAL) price or on Treasury curve in the chronological order based on availability.

Non- Sovereign foreign currency Bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price , Bloomberg Generic price (BGN) , Last available CBBT pricing for the instrument or Proxy Bond Pricing from Bloomberg in the chronological order based on availability.

Masala bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price or as per FIMMDA guided valuation methodology for unquoted bonds in the chronological order based on availability.

Special bonds such as oil bonds, fertilizer bonds, UDAY bonds etc. which are directly issued by Government of India ('GOI') is valued based on FBIL valuation.

Equity shares in the Banks demat account, acquired through exercise of pledge, is not accounted as investments. Upon sale of the pledged shares, the proceeds are utilized to offset the borrower's liability

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. Based on management assessment of impairment, the 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.

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*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*

Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) including liquidity adjustment facility (LAF) with RBI are treated as collateralized borrowing and lending transactions respectively in accordance with RBI master circular No. DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. The first leg of the repo transaction is contracted at the prevailing market rates. The difference between consideration amounts of first and second (reversal of first) leg reflects interest and is recognized as interest income/expense over the period of transaction.

Bank also undertakes Repo and Reverse repo transactions from IFSC Banking Unit in GIFT City in Foreign currency Sovereign Securities and accounting is similar to the domestic repo transactions.

*g) Investment fluctuation reserve*

With a view to building up of adequate reserves to protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

Transferred to IFR will be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations; until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

*18.5.3 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.

**Asset classification**

**Provisioning**

Provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of the advances, subject to the minimum provisioning level prescribed in relevant RBI guidelines. The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific provisions in respect of non-performing advances are charged to the Profit and Loss account and included under Provisions and Contingencies. From the quarter ended December 31, 2019, the Bank consider slippages in Corporate NPAs post the period end till the date of results / restated financial statement, while determining NPAs and related provisioning requirements.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 ((later extended to August 31, 2020) to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted (except advances at IFSC Banking Unit (IBU)), the asset classification as of March 31, 2020 has been retained based on the overdue status as at February 29, 2020. As a consequence the Bank has not recognized any slippage in asset classification from standard to NPA post February 29, 2020 on account of moratorium.

As per the RBI guidelines a general provision is made on all standard advances, including provision for borrowers having unhedged foreign currency exposure and for credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts. These also include provision for stressed sector exposures and provision for incremental exposure of the banking system to a specified borrower beyond Normally Permitted Lending Limit (NPLL) in proportion to bank's funded exposure to specified borrower. 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.

Accounts are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss account and included under other income.

In case of loans sold to asset reconstruction company, if consideration is more than net book value, the Bank records the security receipts as investment at Net Book Value as per RBI guidelines.

The Bank has in place a Country Risk management policy as part of its Board approved Credit policy, which is based on extant regulatory guidelines and addresses the identification, measurement, monitoring and reporting of country risk. Countries are categorized into seven risk categories, viz. Insignificant, Low Risk, Moderately Low Risk, Moderate Risk, Moderately Risk, High Risk and Very High Risk. The Bank calculates direct and indirect country risk in line with the policy requirements. Indirect exposure is reckoned at 50% of the exposure in case of countries where the net funded exposure exceeds 1% of the Bank's total assets. Further, if the net funded exposure of the Bank in respect of each country exceeds 1% of the Bank's total assets, provisioning is required to be made on exposure to such countries. Depending on the risk category of the country, provisioning is done on a graded scale ranging from 0.25% to 100% for exposures with contractual maturity greater than or equal to 180 days. In respect of short-term exposures with contractual maturity less than 180 days, 25% of the normal provision requirement is held.

### 18.5.4 *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 (representative offices) are translated at the daily average closing rates and of non-integral foreign operations (foreign branches) at the monthly average closing rates.

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

Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). Foreign exchange contracts are stated at net present value using LIBOR/SWAP curves of the respective currencies with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis.

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

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until the disposal of the net investment in the non-integral foreign operations.

In accordance with the RBI clarification, the Bank does not recognise in the profit and loss account the proportionate exchange gains or losses held in the foreign currency translation reserve on repatriation of profits from overseas operations.

Currency future contracts are marked to market daily using settlement price on a trading day, which is the closing price of the respective future contracts on that day. While the daily settlement prices is computed on the basis of weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the future contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss is daily set.

**18.5.5 *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.

**18.5.6 *Accounting for derivative transactions***

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

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

Cross currency interest rate swaps which are used by the Bank to hedge its foreign currency borrowings have been designated as cash flow hedges and are measured at fair value. The corresponding gain or loss is recognised as cash flow hedge reserve. Further to match profit/ loss on account of revaluation of foreign currency borrowing, the corresponding amount is recycled from cash flow hedge reserve to Profit and Loss account.

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

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.

### 18.5.7 *Fixed assets*

Fixed assets are stated at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit /functioning capability from / of such assets.

### 18.5.8 *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 |
| Automated Teller Machines ('ATMs') [1] | 15 years | 10 years |
| Leasehold improvements to premises | - | Over the lease period or 9 years whichever is less. |

**As per RBI Guidelines.*

[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.*

- Assets costing up to ₹ 5,000 are fully depreciated in the year of purchase.
- For assets purchased/ sold during the year, depreciation is being provided on pro rata basis by the Bank.
- Improvements to leasehold assets are depreciated over the remaining period of lease
- Reimbursement, if any, is recognised on receipt and is adjusted to the book value of asset and depreciated over the balance life of the asset
- Whenever there is a revision in the estimated useful life of the asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset
- The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

### 18.5.9 *Impairment of assets*

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the recoverable amount of the assets.

### 18.5.10 *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 Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within specified periods.

Measurement of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI) and SEBI (Share Based Employee Benefits) Regulations, 2014. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

*Compensated absence*

The employees of the Bank are entitled to carry forward a part of their unavailed/unutilized leave subject to a maximum limit. The employees cannot encash unavailed/unutilized leave. The Bank provides for leave encashment / compensated absences based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

*Gratuity*

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

The 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*

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

In February 2019, the honorable Supreme Court of India in its judgment clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Bank has been legally advised that there are interpretative challenges on the application of judgment retrospectively and as such does not consider there is any probable obligations for past periods. The Bank has given effect of this judgment from April 01, 2019 prospectively.

*National Pension System (NPS)*

The NPS is a defined contribution retirement plan. The primary objective is enabling systematic savings and to provide retirees with an option to achieve financial stability. Pension contributions are invested in the pension fund schemes. The Bank has no liability for future fund benefits other than the voluntary contribution made by employees who agree to contribute to the scheme.

### 18.5.11 *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.

### 18.5.12 *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 income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the balance sheet date.

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

### 18.5.13 *Provisions and contingent assets/liabilities*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or a present obligation that arises from past events that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The Bank does not recognize a contingent liability but discloses its existence in the restated financial statements

In accordance with AS 29, Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

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

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

### 18.5.14 *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.

### 18.5.15 *Corporate social responsibility*

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss account.

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### 18.5.16 *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.

### 18.5.17 *Bullion*

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on a price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified in other income. The Bank also deals in bullion on a borrowing and lending basis and the interest paid / received thereon is classified as interest expense / income respectively.

### 18.5.18 *Share issue expenses*

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

### 18.5.19 *Segment information*

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

### 18.5.20 *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 PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

18.6 *Capital*

18.6.1 *Equity Issue*

During the financial year ended March 31, 2020, the Bank has issued 231,055,018 equity shares of ₹ 2 each for cash pursuant to a Qualified Institutions Placement (QIP) at ₹ 83.55 aggregating to ₹ 19,304.64 million.

On March 13, 2020, the Government of India notified the "Yes Bank Ltd. Reconstruction Scheme, 2020" (Scheme). As per the Scheme, authorized capital has been increased from ₹ 11,000 million to ₹ 62,000 million (₹ 8,000 million as at March 31, 2019). The State Bank of India (SBI) and other investors invested in the Bank at a price of ₹ 10 per equity share of the Bank (₹ 2 face value with a ₹ 8 premium). As per the scheme, SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in YES Bank are also subject to a lock in for 75% of their holding as per this Scheme. Further, as per final reconstruction scheme of the Bank, Bank has issued 10,000 million equity shares at ₹ 10 each aggregating to ₹ 100,000.00 million.

The share allotment under reconstruction scheme is given below:

| Sr No. | Name of Investor | Subscription Amount (₹ in million) | Number of Equity Shares Allotted (in Million) |
|---|---|---|---|
| 1 | State Bank of India | 60,500 | 6,050 |
| 2 | Housing Development Finance Corporation Limited | 10,000 | 1,000 |
| 3 | ICICI Bank Limited | 10,000 | 1,000 |
| 4 | Axis Bank Limited | 6,000 | 600 |
| 5 | Kotak Mahindra Bank Limited | 5,000 | 500 |
| 6 | The Federal Bank Ltd | 3,000 | 300 |
| 7 | Bandhan Bank Limited | 3,000 | 300 |
| 8 | IDFC First Bank Limited | 2,500 | 250 |
| | **TOTAL** | 100,000 | 10,000 |

The Bank accreted ₹ 79,550.00 million (net of estimated share issue expenses of ₹ 450.00 million) as premium. The Bank also issued 4,384,174 shares pursuant to the exercise of stock option aggregating to ₹ 284.53 million. During the financial year ended March 31, 2019, the Bank has issued 12,065,794 shares pursuant to the exercise of stock option aggregating to ₹ 953.47 million.

On September 8, 2017, the shareholders of the Bank approved the sub-division of each equity share having a face value of ₹ 10 into five equity shares having a face value of ₹ 2 each through postal ballot. The record date for the sub-division was September 22, 2017. All shares and per share information in the restated financial results reflect the effect of such sub-division.

During the financial year ended March 31, 2018, the Bank has issued 20,538,180 shares pursuant to the exercise of stock option aggregating to ₹ 1,378.65 million.

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Movement in Share Capital

(₹ in million)

| Share Capital | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Opening Share Capital | 4,630.07 | 4,605.93 | 4,564.86 |
| Addition due to exercise of Stock Option | 8.76 | 24.13 | 41.07 |
| Addition due to shares issued for QIP | 462.11 | - | - |
| Addition due to shares issued under Reconstruction scheme | 20,000.00 | - | |
| Closing Share Capital | **25,100.94** | **4,630.07** | **4,605.93** |

**18.6.2** *Proposed Dividend:*

The Bank has made loss during the year and as consequence to that the Bank has not declared any dividend. Further, the Reserve Bank of India, vide its circular dated April 17, 2020, has declared that banks shall not make any further dividend payouts from profit pertaining to financial year ended March 31, 2020, until further instructions with the view to conserve capital in the environment of heightened uncertainly caused by COVID- 19.

For FY2019, the Board of Directors of the Bank has recommended a dividend of ₹ 2 per equity share for approval by shareholders at the 15th Annual General Meeting. If approved, the total liability arising to the Bank would be ₹ 5,582.01 million, including dividend tax (previous year ₹ 7,503.64 million). The actual dividend payout may however change due to equity shares options exercised by employees between the end of the financial year and the dividend declaration date.

For FY 2018, the Board of Directors of the Bank has recommended a dividend of ` 2.70 per equity share for approval by shareholders at the 14th Annual General Meeting. If approved, the total liability arising to the Bank would be ` 7,496.43 million, including dividend tax (previous year ` 6,605.48 million). The actual dividend payout may however change due to equity shares options exercised by employees between the end of the financial year and the dividend declaration date.

**18.6.3** *Capital Reserve*

Profit on sale of investments in the Held to Maturity category is credited to the Profit and Loss Account and thereafter appropriated to capital reserve (net of applicable taxes and transfer to statutory reserve requirements). During the year ₹6,655.51 million (net of applicable taxes only) (previous year: ₹1,010.10 million and FY 2018 ₹659.65 million) was transferred to Capital Reserve.

**18.6.4** *Investment Reserve*

The Bank has transferred ₹ 147.23 million to Investment Reserve (Previous year: ₹ 6.71 million and FY 2018 ₹ Nil ) (net of applicable taxes and transfer to statutory reserve requirements) on provisions for depreciation on investments credited to Profit and Loss Account.

**18.6.5** *Cash Flow Hedge Reserve*

The Bank has debited ₹15.53 million to Cash Flow Hedge Reserve (Previous year: credited ₹218.73 million and FY 2018 debited ₹83.92 million) on cross currency interest rate swaps which are used by the Bank to hedge its foreign currency borrowings and have been designated as cash flow hedges and are measured at fair value.

18.6.6 *Investment Fluctuation Reserve (IFR)*

The Bank had made losses during the year ended March 31, 2020, and hence the Bank has transferred Nil in IFR (Previous year: ₹ 539.07 million and FY 2018 ₹ Nil).

18.6.7 *Capital Adequacy Ratio*

Capital Adequacy Ratio as per RBI guidelines as at March 31, 2020 is given below:

(₹ *in million*)

| **Basel – III** | **As at March 31, 2020** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|
| Common Equity Tier I | 151,738.68 | 256,989.71 | 248,503.97 |
| Additional Tier I Capital | 3,414.00 | 87,871.00 | 88,879.76 |
| Tier-1 capital | **155,152.68** | **344,860.71** | **337,383.73** |
| Tier-2 capital | 152,940.48 | 159,730.59 | 132,373.34 |
| **Total capital** | **308,093.16** | **504,591.30** | **469,757.06** |
| Credit Risk – Risk Weighted Assets (RWA) | 2,036,091.58 | 2,678,862.12 | 2,232,542.97 |
| Market Risk – RWA | 137,164.65 | 191,932.33 | 181,613.67 |
| Operational Risk – RWA | 228,985.68 | 184,986.56 | 139,276.11 |
| **Total risk weighted assets** | **2,402,241.90** | **3,055,781.01** | **2,553,432.74** |
| **Common Equity capital adequacy ratio (%)** | **6.3%** | **8.4%** | **9.7 %** |
| **Tier-1 capital adequacy ratio (%)** | **6.5%** | **11.3%** | **13.2 %** |
| **Tier-2 capital adequacy ratio (%)(*)** | **2.0%** | **5.2%** | **5.2 %** |
| **Total capital adequacy ratio (%)** | **8.5%** | **16.5%** | **18.4 %** |
| Amount raised during the year by issue of IPDI | - | - | 54,150.00 |
| Amount raised during the year by issue of Tier II Capital | - | **30,420.00** | **70,000.00** |

* *Tier I ratio of the Bank was below the regulatory minimum requirements and hence as per RBI guidelines Tier II ratio is restricted to 2%*

**18.6.8** ***Tier I and Tier II Capital***

During the financial year ended March 31 2020, the Bank has not issued Tier I or Tier II instruments.

During the financial year ended March 31 2019, the Bank has issued Tier II instruments amounting to ₹ 30,420 million:

(₹ *in million*)

| **Particulars** | **Nature of Security** | **Date of Issue** | **Coupon Rate (%)** | **Tenure** | **Amount** |
|---|---|---|---|---|---|
| Rated Listed Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures | Debentures | September 17, 2018 | 9.12 | 10 Years | 30,420 |
| | | | | **TOTAL** | **30,420** |

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During the financial year ended March 31 2018, the Bank has issued additional Tier I instruments amounting to ₹54,150 million and Tier II instruments amounting to ₹ 70,000 million:

*(₹ in million)*

| Particulars | Nature of Security | Date of Issue | Coupon Rate (%) | Tenure | Amount |
|---|---|---|---|---|---|
| Rated, Listed, Non Convertible, Redeemable, Unsecured, Basel III Compliant Tier II Bonds in the nature of debentures | Debentures | September 29, 2017 | 7.80 | 10 Years | 25,000.00 |
| Rated, Listed, Non Convertible, Redeemable, Unsecured, Basel III Compliant Tier II Bonds in the nature of debentures | Debentures | October 03, 2017 | 7.80 | 9 Years 11 Months & 28 Days | 15,000.00 |
| Perpetual Subordinated Unsecured Basel III Compliant Additional Tier I Bonds In The Nature Of Debentures | Debentures | October 18, 2017 | 9.00 | Perpetual | 54,150.00 |
| Rated, Listed, Non Convertible, Redeemable, Unsecured, Basel III Compliant Tier II Bonds in the nature of debentures | Debentures | February 22, 2018 | 8.73 | 10 Years | 30,000.00 |
| | | | | **TOTAL** | **1,24,150.00** |

**Write Down of AT1 Bonds**

On March 13, 2020, pursuant to the provisions of Section 45 of the Banking Regulation Act, 1949, the Reserve Bank of India (RBI) reconstituted YES Bank Limited ("the Bank"). As a consequence of the reconstitution, the Bank was deemed to be non-viable. Further, the Bank incurred losses and breached RBI mandated Common Equity Ratio (CET 1) and other statutory ratios. This activated the triggers for write-down of Basel III additional tier 1 Bonds amounting to ₹ 84,150 million ("AT 1 Bonds") issued by the Bank. Accordingly, the Bank was constrained to write down AT Bonds on March 14, 2020. The Trustees, on behalf of the holders of AT 1 Bonds have filed a writ petition seeking to challenge the decision of the Bank to write down AT 1 bonds. The Bank, based on the legal opinion of its external independent legal counsel is of the view that the merits of the Bank's decision to write down the AT 1 bonds in accordance with the contractual terms for issuance of AT 1 Bonds.

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 was not paid by the Bank as the regulatory ratio of the Bank were lower than the minimum required.

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18.6.9 *Investments*

I) Value of Investments

(₹ *in million*)

| Particulars | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Gross value of Investments | **514,465.51** | **905,718.50** | **687,662.67** |
| - In India | 509,999.97 | 782,311.14 | 677,302.96 |
| - Outside India | 4,465.54 | 123,407.36 | 10,359.71 |
| Provision for depreciation* | **75,317.25** | **10,498.17** | **3,673.29** |
| - In India | 72,363.27 | 10,219.73 | 3,667.74 |
| - Outside India | 2,953.98 | 278.45 | 5.55 |
| Net Value of Investments | **439,148.26** | **895,220.33** | **683.989.39** |
| - In India | 437,636.70 | 772,091.41 | 673,635.22 |
| - Outside India | 1,511.56 | 123,128.92 | 10,354.16 |

* Includes a provision of ₹ 68,254.23 million (FY 2019 ₹ 987.81 million) (FY 2018 ₹ 606.24 million) held for non performing investments

II) Movement of provisions held towards depreciation on investments

(₹ *in million*)

| Particulars | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Opening Balance | **10,498.18** | **3,673.29** | **1,073.85** |
| Add: Provision made during the year | 64,819.07 | 7,166.05 | 2,617.68 |
| Less: Write off / write back of provision during the year | - | 341.16 | 18.24 |
| **Closing Balance** | **75,317.25** | **10,498.18** | **3,673.29** |

*Sales and transfers of securities to/from Held to Maturity (HTM) category*

During the year ended March 31, 2020, the Bank has sold and transferred securities from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM. The book value of HTM investment sold during the year ended March 31, 2020 was ₹ 241,592.9 million. The market value of investments (excluding investments in subsidiaries) under HTM category was ₹ 316,942.3 million and was higher than the book value thereof as at March 31, 2020.

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**FY 2019**

The Bank has not sold or transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, shifting of securities explicitly permitted by the Reserve Bank from time to time, sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and repurchase of Government securities by Government of India from banks as permitted by RBI.

FY 2018

The Bank has not sold or transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, shifting of securities explicitly permitted by the Reserve Bank from time to time, sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and repurchase of Government securities by Government of India from banks as permitted by RBI.

### 18.6.10 *Repo Transactions*

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2020:

*(₹ in million)*

| | Minimum outstanding during the year | Maximum outstanding during the year | Daily average outstanding during the year | As at 31-Mar-20 |
|---|---|---|---|---|
| Securities sold under repos | | | | |
| i) Government Securities | - | 250,626.15 | 75,718.15 | 4,000.00 |
| ii) Corporate debt securities | - | - | - | - |
| Security purchased under reverse repo | | | | |
| i) Government Securities | - | 104,176.27 | 12,596.33 | - |
| ii) Corporate debt securities | - | - | - | - |

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2019:

*(₹ in million)*

| | Minimum outstanding during the year | Maximum outstanding during the year | Daily average outstanding during the year | As at 31-Mar-19 |
|---|---|---|---|---|
| Securities sold under repos | | | | |
| i) Government Securities | - | 69,230.88 | 11,884.73 | 4,996.81 |
| ii) Corporate debt securities | - | - | - | - |
| Security purchased under reverse repo | | | | |
| i) Government Securities | - | 96,027.29 | 20,868.98 | 20,310.16 |
| ii) Corporate debt securities | - | - | - | - |

*The above table represents the book value of securities sold and purchased under repos, triparty repos (TREPS) and reverse repos with interbank counterparties. It does not include securities sold and purchased under Liquidity Adjusted Facility (LAF) with RBI.*

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2018:

(₹ in million)

| | Minimum outstanding during the year | Maximum outstanding during the year | Daily average outstanding during the year | As at 31-Mar-18 |
|---|---|---|---|---|
| Securities sold under repos | | | | |
| i) Government Securities | - | 48,441.62 | 4,078.77 | 5,311.40 |
| ii) Corporate debt securities | - | - | - | - |
| Security purchased under reverse repo | | | | |
| i) Government Securities | 511.25 | 85,267.55 | 20,442.17 | 47,459.65 |
| ii) Corporate debt securities | - | - | - | - |

*The above table represents the book value of securities sold and purchased under repos, triparty repos (TREPS) and reverse repos with interbank counterparties. It does not include securities sold and purchased under Liquidity Adjusted Facility (LAF) with RBI.*

***Non-SLR Investment Portfolio***

**i. Issuer composition of Non SLR investments**

Issuer composition of Non SLR investments as at March 31, 2020 is given below:

(₹ in million)

| No | Issuer | Amount | Extent of private placement (a) | Extent of 'below investment grade' securities (b) | Extent of 'unrated' securities # (c) | Extent of 'unlisted' securities* (d) |
|---|---|---|---|---|---|---|
| i) | PSUs | - | - | - | - | - |
| ii) | Financial Institutions | 115,898.28 | 79,892.87 | 79,318.77 | 3,065.10 | 9,236.96 |
| iii) | Banks | - | - | - | - | - |
| iv) | Private Corporates | 31,286.71 | 30,894.21 | 19,950.00 | 525.62 | 5,907.34 |
| v) | Subsidiaries/ Joint ventures | 2,390.00 | 2,390.00 | - | | 2,390.00 |
| vi) | Others | 35,678.82 | 35,442.14 | - | - | 35,442.14 |
| vii) | Provision held towards depreciation** | (75,174.72) | | | | |
| | **Total** | **110,079.10** | **148,619.22** | **99,268.77** | **3,590.71** | **52,976.44** |

**Investments amounting to ₹ 49,426.43million are exempted from applicability of RBI prudential limit for Unlisted Non-SLR securities*

*# excludes investment in equity shares and units, non –Indian government securities of IBU and non SLR government of India securities*

*** Includes a provision of ₹68,254.23 million held for non performing investments*

*Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.*

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Issuer composition of Non SLR investments as at March 31, 2019 is given below:

*(₹ in million)*

| 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 | 1,112.80 | 1,112.80 | - | - | 62.80 |
| ii) | Financial Institutions | 129,659.42 | 86,742.28 | - | 3,065.10 | 15,756.38 |
| iii) | Banks | 696.05 | 0.00 | - | 0.00 | 696.05 |
| iv) | Private Corporates | 51,852.94 | 51,132.73 | 5,500.00 | 525.62 | 7,799.85 |
| v) | Subsidiaries/ Joint ventures | 2,240.00 | 2,240.00 | - | | 2,240.00 |
| vi) | Others | 166,501.23 | 45,644.20 | - | - | 166,241.23 |
| vii) | Provision held towards depreciation** | (10,453.24) | - | | | |
| | Total | **341,609.21** | **186,872.01** | **5,500.00** | **3,590.71** | **192,796.31** |

*Investments amounting to ₹189,246.31 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 ₹987.81 million held for non performing investments*

*Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.*

Issuer composition of Non SLR investments as at March 31, 2018 is given below:

*(₹ in millions)*

| 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 | 5,423.34 | 911.70 | - | - | 5,423.34 |
| ii) | Financial Institutions | 53,731.19 | 53,726.19 | - | 264.19 | 264.19 |
| iii) | Banks | 30.22 | 30.22 | - | 0.00 | 0.00 |
| iv) | Private Corporates | 102,809.99 | 91,650.26 | 50.00 | 568.12 | 12,863.92 |
| v) | Subsidiaries/ Joint ventures | 1,055.00 | 1,055.00 | - | - | 1,055.00 |
| vi) | Others | 35,481.69 | 32,030.53 | - | - | 35,481.69 |
| vii) | Provision held towards depreciation** | (3,402.88) | - | - | - | - |
| | Total | **195,128.56** | **179,403.90** | **50.00** | **832.31** | **55,088.14** |

**Investments amounting to ₹ 51,538 millions are exempted from applicability of RBI prudential limit for Unlisted Non-SLR securities.*

*# excludes investment in equity shares and units.*

*** Includes a provision of ₹606.24 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, 2020 | March 31, 2019 | March 31, 2018 |
|---|---|---|---|
| Opening Balance | 1,154.08 | 674.94 | 460.09 |
| Additions during the year | 91,069.68 | 479.14 | 285.76 |
| Reductions during the year | - | - | 70.91 |
| Closing Balance | 92,223.76 | 1,154.08 | 674.94 |
| Total Provision Held | 68,254.23 | 987.81 | 606.24 |

*18.6.11 Derivatives*

*Forward Rate Agreement/ Interest Rate Swap*

The details of Forward Rate Agreements / Interest Rate Swaps outstanding as at March 31, 2020 is given below:

*(₹ in million)*

| Sr. No | Items | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| i) | The notional principal of swap agreements | 1,866,270.43 | 1,702,671.19 | 1,141,440.35 |
| ii) | Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements[1] | 4,408.91 | 2,740.33 | 1,760.74 |
| iii) | Collateral required by the bank upon entering into swaps | - | - | - |
| iv) | Concentration of credit risk arising from the swaps [Percentage Exposure to Banks] [1] | 11.02% | 12.75% | 21.56 % |
| | [Percentage Exposure to PSUs] [1] | 27.25% | 22.14% | 52.29 % |
| v) | The fair value of the swap book [2] | (741.28) | (1,661.03) | (285.43) |
| | - *INBMK* | (696.49) | (179.66) | (39.32) |
| | - *MIBOR* | (380.88) | (1,280.48) | (317.97) |
| | - *MIFOR* | (993.94) | (542.91) | 129.79 |
| | - *FCY IRS* | 1,330.02 | 342.03 | (57.93) |

*[1] Losses and Credit risk concentration are measured as net receivable under swap contracts*
*[2] Fair values represent mark-to-market including accrued interest.*

The nature and terms of the Rupee IRS as on March 31, 2020 are set out below:

*(₹ in million)*

| Nature | Nos. | Notional Principal | Benchmark | Terms |
|---|---|---|---|---|
| Trading | 10 | 12,000.00 | INBMK | Fixed Payable V/S Floating Receivable |
| Trading | 1 | 1,000.00 | INBMK | Fixed Receivable V/S Floating Payable |
| Trading | 743 | 290,287.95 | MIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 741 | 278,097.10 | MIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 249 | 93,574.20 | MIFOR | Fixed Payable V/S Floating Receivable |
| Trading | 178 | 69,019.80 | MIFOR | Fixed Receivable V/S Floating Payable |

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The nature and terms of the FCY IRS as on March 31, 2020 are set out below:

*(₹ in million)*

| Nature | Nos. | Notional Principal | Benchmark | Terms |
|---|---|---|---|---|
| Hedging | 2 | 36,103.25 | USD LIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 744 | 404,022.83 | USD LIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 718 | 407,992.62 | USD LIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 191 | 245,277.18 | USD LIBOR | Floating Payable V/S Floating Receivable |
| Trading | 35 | 4,562.73 | EURIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 53 | 5,265.57 | EURIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 1 | 139.26 | JPY LIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 13 | 9,181.95 | GBP LIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 13 | 9,659.74 | GBP LIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 1 | 86.25 | AUD LIBOR | Fixed Receivable V/S Floating Payable |

The nature and terms of the Rupee IRS as on March 31, 2019 are set out below:

*(₹ in million)*

| Nature | Nos | Notional Principal | Benchmark | Terms |
|---|---|---|---|---|
| Trading | 13 | 15,760.00 | INBMK | Fixed Payable V/S Floating Receivable |
| Trading | 1 | 1,000.00 | INBMK | Fixed Receivable V/S Floating Payable |
| Trading | 630 | 278,870.61 | MIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 645 | 261,024.55 | MIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 266 | 103,934.30 | MIFOR | Fixed Payable V/S Floating Receivable |
| Trading | 173 | 64,632.70 | MIFOR | Fixed Receivable V/S Floating Payable |

The nature and terms of the FCY IRS as on March 31, 2019 are set out below:

*(₹ in million)*

| Nature | Nos. | Notional Principal | Benchmark | Terms |
|---|---|---|---|---|
| Hedging | 2 | 32,997.03 | USD LIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 611 | 347,201.72 | USD LIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 548 | 339,546.98 | USD LIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 228 | 225,530.36 | USD LIBOR | Floating Payable V/S Floating Receivable |
| Trading | 36 | 4,728.11 | EURIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 42 | 5,304.32 | EURIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 1 | 124.84 | JPY LIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 14 | 11,152.68 | GBP LIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 3 | 10,863.00 | GBP LIBOR | Fixed Receivable V/S Floating Payable |

The nature and terms of the Rupee IRS as on March 31, 2018 are set out below:

*(₹ in million)*

| Nature | Nos | Notional Principal | Benchmark | Terms |
|---|---|---|---|---|
| Hedging | 2 | 750.00 | MIFOR | Fixed Payable V/S Floating Receivable |
| Trading | 13 | 15,760.00 | INBMK | Fixed Payable V/S Floating Receivable |
| Trading | 1 | 1,000.00 | INBMK | Fixed Receivable V/S Floating Payable |
| Trading | 473 | 235,350.32 | MIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 498 | 206,242.32 | MIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 252 | 95,332.30 | MIFOR | Fixed Payable V/S Floating Receivable |
| Trading | 134 | 54,299.10 | MIFOR | Fixed Receivable V/S Floating Payable |



The nature and terms of the FCY IRS as on March 31, 2018 are set out below:

*(₹ in million)*

| Nature | Nos. | Notional Principal | Benchmark | Terms |
|---|---|---|---|---|
| Hedging | 2 | 39,105.00 | USD LIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 400 | 201,337.24 | USD LIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 400 | 174,714.57 | USD LIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 162 | 102,673.66 | USD LIBOR | Floating Receivable V/S Floating Payable |
| Trading | 18 | 2,652.59 | EURIBOR | Fixed Receivable V/S Floating Payable |
| Trading | 18 | 2,872.49 | EURIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 1 | 123.01 | JPY LIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 2 | 4,613.88 | GBP LIBOR | Fixed Payable V/S Floating Receivable |
| Trading | 2 | 4,613.88 | GBP LIBOR | Fixed Receivable V/S Floating Payable |

### 18.6.12 *Un-hedged / uncovered foreign currency exposure of the Bank*

The Bank's foreign currency exposures as at March 31, 2020 that are not hedged/covered by either derivative instruments or otherwise are within the Net Overnight Open Position limit (NOOP) and the Aggregate Gap limit, as approved by the RBI. NOOP is ₹ 5,561.32 million as at March 31, 2020 (March 31, 2019 ₹ 2,205.59 million and March 31, 2018 ₹ 1,353.36 million).

### 18.6.13 *Exchange Traded Interest Rate Derivatives*

The following table sets forth, for the period indicated, the details of exchange traded interest rate derivatives:

*(₹ in million)*

| Sr.No. | Particulars | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| 1 | Notional Principal amount of exchange traded interest rate derivatives undertaken during the year : | | | |
| | - 6.79% Government Securities 2027 | - | 22,884.80 | 35,757.20 |
| | -7.17% Government Securities 2028 | 66,193.40 | 173,803.40 | - |
| | -6.68% Government Securities 2031 | 750.00 | 750.00 | - |
| | -7.26% Government Securities 2029 | 207,328.40 | - | - |
| | -7.27% Government Securities 2026 | 4,000.00 | - | - |
| | -7.57% Government Securities 2033 | 5,050.00 | - | - |
| | -6.45% Government Securities 2029 | 51,647.20 | - | - |
| 2 | Notional Principal amount of exchange traded interest rate derivatives outstanding- | | | |
| | -7.17% Government Securities 2028 | - | 4,945.00 | - |
| | -6.68% Government Securities 2031 | - | 750.00 | - |
| | -6.45% Government Securities 2029 | 50.00 | - | - |

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| | | |
|---|---|---|
| 3 | Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" | N.A. |
| 4. | Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" | N.A. |

*18.6.14 Currency Futures*

The Bank had dealt in exchange traded currency forwards (Futures) during the financial year ended March 31, 2020, March 31, 2019 and March 31, 2018. As at March 31, 2020 the open contracts on the exchange were Nil and for March 31, 2019 were to the tune of USD 4.10 million (₹ 285.29 million) for April 2019 expiry and for March 31, 2018 – Nil open contracts.

*18.6.15 Disclosures on risk exposure in derivatives*

As per RBI Master circular DBR.BP.BC.No.23/21.04.018/2015-16 dated July 1, 2015, the following disclosures are being made with respect to risk exposure in derivatives of the Bank:

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

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

c) As part of prudent business and risk management practice, the Bank has also instituted a comprehensive limit and control structure encompassing Value-at-Risk (VAR), Sensitivity, Greeks, Stop loss & credit limits for derivative transactions including suitability and appropriateness framework. The Bank has an internal reporting mechanism providing regular reports to the RMC as well as to the management of the Bank. Such a structure helps the Bank to monitor and mitigate market risk across FX and interest rates.

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

e) In addition to the above, the Bank independently evaluates the potential credit exposure on account of all derivative transactions, wherein risk limits are specified separately for each product, in terms of both credit exposure and tenor. As mandated by the Credit Policy of the Bank, the Bank has instituted an approval structure for all treasury/derivative related credit exposures. Wherever necessary, appropriate credit covenants are stipulated as trigger events to call for collaterals or terminate transaction and contain the risks.

f) The Bank reports all trading positions to the management on a daily basis. The Bank revalues its trading position on a daily basis for Management and Information System ('MIS') and control purposes and records the same in the books of accounts on a monthly basis.

g) For derivative contracts in the banking book designated as hedge, the Bank documents at the inception of the relationship between the hedging instrument and the underlying exposure, the risk management objective for undertaking the hedge and 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.

h) Refer Note 18.5.6 for accounting policy on derivatives.

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The details of derivative transactions as at March 31, 2020, March 31, 2019 and MARCH 31, 2018 are given below:

(₹ in million)

| Sr. No | Particular | Currency derivatives [1] | | | Interest rate derivatives [4] | | |
|---|---|---|---|---|---|---|---|
| | | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
| i) | **Derivatives (Notional Principal Amount)** | | | | | | |
| | a) For hedging | 5,642.15 | 24,894.18 | 27,349.32 | 36,103.25 | 32,997.03 | 39,855.00 |
| | b) For trading | 542,581.81 | 837,853.50 | 756,398.59 | 1,830,218.15 | 1,675,217.65 | 1,101,585.35 |
| ii) | **Marked to market positions[2]** | | | | | | |
| | a) Asset (+) | 19,535.19 | 11,870.11 | 9,189.21 | 30,747.24 | 11,227.54 | 5,481.15 |
| | b) Liability (-) | 23,096.02 | 12,210.08 | 8,273.63 | 33,599.65 | 13,228.06 | 5,599.59 |
| iii) | **Credit exposure[3]** | 58,076.46 | 64,931.17 | 56,452.85 | 47,601.51 | 26,289.71 | 17,500.44 |
| iv) | **Likely impact of one percentage change in interest rate (100*PV01)** (Refer Note 1&2 below) | | | | | | |
| | a) on hedging derivatives | 71.75 | 320.47 | 479.20 | 941.23 | 1,103.47 | 1,726.80 |
| | b) on trading derivatives | 725.32 | 1,283.29 | 535.57 | 1,425.50 | 2,205.81 | 2,100.19 |
| v) | **Maximum and minimum of 100*PV01 observed during the year** (Refer Note 1&2 below) | | | | | | |
| | a) on hedging | | | | | | |
| | Maximum | 339.25 | 564.00 | 604.30 | 1,209.84 | 1,779.17 | 1,798.95 |
| | Minimum | 71.40 | 308.14 | 364.25 | 848.67 | 1,082.50 | 3.62 |
| | b) on trading | | | | | | |
| | Maximum | 1,455.90 | 1,368.24 | 1,025.93 | 2,362.83 | 2,932.88 | 2,216.24 |
| | Minimum | 670.30 | 348.04 | 409.68 | 1,200.15 | 1,654.17 | 1,394.45 |

[1] *Currency derivatives includes options purchased and sold, cross currency interest rate swaps and currency futures.*

[2] *Trading portfolio including accrued interest.*

[3] *Mark to Market for credit exposure includes accrued interest.*

[4] *Interest rate derivatives include Interest Rate Swaps, forward rate agreements and exchange traded interest rate derivatives.*

*Note:*

1) *Denotes absolute value of loss which the Bank could suffer on account of a change in interest rates by 1% which however doesn't capture the off-setting exposures between interest rate and currency derivatives.*

2) *PV01 exposures reported above may not necessarily indicate the interest rate risk the Bank is exposed to, given that PV01 exposures in Investments (which may offset the PV01 reflected above) do not form part of the above table.*

3) *The notional principal amount of foreign exchange contracts classified as trading at March 31, 2020 amounted to ₹ 1,496,207.26 million (Previous year ₹ 2,816,549.88 million and FY 2018 ₹ 2,999,631.85 million)). For these trading contracts, as on March 31, 2020, marked to market position was asset of ₹ 34,541.65 million (Previous year: ₹ 40,879.82 million, FY 2018 ₹ 21,147.95 million) and liability of ₹ 33,551.58 million (Previous Year: ₹ 42,674.09 million, FY 2018 ₹ 20,920.03 million). The notional principal amount of foreign exchange contracts classified as hedging at March 31, 2020 amounted to ₹ 23,260.15 million (previous year: ₹ 17,548.88 million, FY 2018 ₹ 816.98 million). Credit exposure on forward exchange contracts at March 31, 2020 was ₹ 57,079.44 million (Previous Year: ₹ 101,707.60 million, FY 2018 ₹ 93,577.45 million ) of which exposure on CCIL is ₹ 28,336.86 million (Previous Year: ₹ 55,019.15 million, FY 2018 ₹ 56,459.69 million).*

*Asset quality*

### *18.6.16 Non-Performing Advances*

The details of movement of gross NPAs, net NPAs and provisions during the year ended March 31, 2020, during the year ended March 31, 2019 and the year ended March 31, 2018 are given below :

*(₹ in million)*

| No. | Particulars | March 31, 2020 | March 31, 2019 | March 31, 2018 |
|---|---|---|---|---|
| (i) | Net NPA to Net Advances | 5.03% | 1.86% | 0.64 % |
| (ii) | Movement of NPAs (Gross) | | | |
| | (a) Opening balance | 78,825.60 | 26,268.02 | 20,185.57 |
| | (b) Additions (Fresh NPAs during the year) | 372,724.86 | 79,703.31 | 82,157.37 |
| | Subtotal (A) | 451,550.46 | 105,971.33 | 102,342.94 |
| | Less: | | | |
| | (i) Up-gradations | 25,593.93 | 11,149.95 | 33,264.06 |
| | (ii) Recoveries | 28,760.66 | 11,306.45 | 35,724.93 |
| | (iii) Write-offs (including Technical Write Off) | 68,419.98 | 4,689.33 | 7,085.93 |
| | Sub-total (B) | 122,774.57 | 27,145.73 | 76,074.92 |
| | Gross NPAs (closing balance) (A-B) | 328,775.89 | 78,825.60 | 26,268.02 |
| (iii) | Movement of Net NPAs | | | |
| | (a) Opening Balance | 44,848.50 | 13,127.46 | 10,722.68 |
| | (b) Additions during the year | 85,296.67 | 50,002.04 | 68,015.64 |
| | (c) Reductions during the year | 43,907.37 | 18,281.00 | 65,610.86 |
| | (d) Closing balance | 86,237.80 | 44,848.50 | 13,127.46 |
| (iv) | Movement of provisions for NPAs (excluding provision on standard assets) | | | |
| | (a) Opening balance | 33,977.10 | 13,140.56 | 9,462.89 |
| | (b) Additions during the year | 287,428.19 | 29,701.27 | 14,141.74 |
| | (c) write off / write back of excess provision | 78,867.20 | 8,864.73 | 10,464.07 |
| | (d) Closing balance | 242,538.09 | 33,977.10 | 13,140.56 |

From the quarter ended December 31, 2019, the Bank considers slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. As a consequence NPA till March 13, 2020 was considered in the quarter ended December 2019 results. Subsequently, RBI gave guidelines vide circular dated March 27, 2020 and April 17, 2020 on COVID-19 Regulatory Package. Under which the Bank granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 (later extended to August 31, 2020). The Bank in line with RBI circular has upgraded NPA's of ₹ 312.15 million (slipped between March 1, 2020 to March 13, 2020) which it had declared as NPA as at December 31, 2020.

During the financial year ended March 31, 2020, the Bank had written off certain NPA as a technical write off.

(₹ in million)

| Particulars | March 31, 2020 | March 31, 2019 | March 31, 2018 |
|---|---|---|---|
| Opening balance of Technical Write off as at April 01 | - | - | - |
| Add: Technical Write off during the financial year | 63,580.60 | - | - |
| Less: Recoveries made from previously Technical Written Accounts in previous financial year. | - | - | - |
| Closing balance of Technical Write off as at March 31 | 63,580.60 | - | - |

### 18.6.17 *Provision coverage Ratio*

The provision coverage ratio of the Bank as at March 31, 2020 computed as per the RBI guidelines is 73.77% (previous year 43.10%, FY 2018 50.02%)

### 18.6.18 *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. As part of the Risk Based Supervision (RBS) exercise for FY 2018-19 concluded in November 2019, the RBI has pointed out certain retrospective divergence in the Bank's asset classification and provisioning as on March 31, 2019. In conformity with the above mentioned RBI circular, the below table outlines divergences in asset classification and provisioning.

| Sr. | Particulars | (₹ in millions) |
|---|---|---|
| 1 | Gross NPAs as on March 31, 2019 as reported by the Bank | 78,825.59 |
| 2 | Gross NPAs as on March 31, 2019 as assessed by RBI | 111,595.59 |
| 3 | Divergence in Gross NPAs (2-1) | 32,770.00 |
| 4 | Net NPAs as on March 31, 2019 as reported by the Bank | 44,848.49 |
| 5 | Net NPAs as on March 31, 2019 as assessed by RBI | 67,838.49 |
| 6 | Divergence in Net NPAs (5-4) | 22,990.00 |
| 7 | Provision for NPAs as on March 31, 2019 as reported by the Bank | 33,977.10 |
| 8 | Provision for NPAs as on March 31, 2019 as assessed by RBI | 43,757.10 |
| 9 | Divergence in provisioning (8-7) | 9,780.00 |
| 10 | Reported Net Profit after Tax (PAT) for the year ended March 31, 2019 | 17,202.79 |
| 11 | Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning | 10,840.31 |

**FY 2019**

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1" April, 2019. banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period. Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for FY2018

**FY 2018**

**Divergence reported in financial of March 31, 2018.**

- The Bank classifies performing and non-performing advances (NPAs) as per the RBI's Prudential Norms on Income recognition, Asset Classification and Provisioning.
- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31st March, 2017.
- As part of the Risk Based Supervision (RBS) exercise for FY 2016-17 concluded in October 2017, the RBI has pointed out certain retrospective divergence in the Bank's asset classification and provisioning as on 31st March 2017. In conformity with the RBI circulars DBR.BP.BC.NO.63/21.04.018/2016-17 issued on April 18, 2017, SEBI circular issued on July 18, 2017 and as per approval from the Board of Directors at its Board Meeting held on October 26, 2017, the below table outlines divergences in asset classification and provisioning.

| Sr. | Particulars | (₹ in millions) |
|---|---|---|
| 1 | Gross NPAs as on March 31, 2017 as reported by the Bank | 20,185.57 |
| 2 | Gross NPAs as on March 31, 2017 as assessed by RBI | 83,737.57 |
| 3 | Divergence in Gross NPAs (2-1) | 63,551.99 |
| 4 | Net NPAs as on March 31, 2017 as reported by the Bank | 10,722.68 |
| 5 | Net NPAs as on March 31, 2017 as assessed by RBI | 58,916.24 |
| 6 | Divergence in Net NPAs (5-4) | 48,193.56 |
| 7 | Provision for NPAs as on March 31, 2017 as reported by the Bank | 9,462.89 |
| 8 | Provision for NPAs as on March 31, 2017 as assessed by RBI | 24,821.38 |
| 9 | Divergence in provisioning (8-7) | 15,358.49 |
| 10 | Reported Net Profit after Tax (PAT) for the year ended March 31, 2017 | 33,300.96 |
| 11 | Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning | 23,161.28 |

The net current impact of the aforementioned retrospective slippages due to divergence noted by RBI in October 2017 has been duly reflected in the results for the year ended March 31, 2018.

Out of the total divergence current position as on Mar 31, 2018 is as under:

| Particulars | (₹ in millions) | % |
|---|---|---|
| 1. Net Repayments (In full / partial)* | 24,343.47 | 38.30% |
| 2. Sold to Asset Reconstruction Company (ARC) against Security Receipts** (non cash component) | 8,031.58 | 12.64% |
| 3. Outstanding as on March 31, 2018 (a+b): | 31,176.94 | 49.06% |
| *a) Upgraded as Standard on account of satisfactory account conduct* | *26,326.94* | *41.43%* |
| *b) Classified as NPA**** | *4,850.00* | *7.63%* |
| **Total (1+2+3)** | 63,551.99 | |

* includes cash received from ARC for loans sold
** Recorded at Net book value of ₹ 5,681.97 million
*** Corresponding provision carried is 40%

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### 18.6.19 *Disclosure as per requirement of Prudential Framework for Resolution of Stressed Assets*

As per requirement of RBI circular on Prudential Framework for Resolution of Stressed Assets dated June 7, 2019, below mentioned are details as of March 31, 2020.

| Sr. No. | Description of Resolution Plan (RP) | No of cases | Aggregate Loan Outstanding (₹ in millions) |
|---|---|---|---|
| 1 | Payment of Overdues by the borrower | 49 | 76,287.76 |
| 2 | Restructuring / change in ownership outside IBC | - | - |
| 3 | Resolution pursued under IBC | - | - |
| 4 | Assignment of debt / recovery proceedings | - | - |

### 18.6.20 *Concentration of NPAs*

Exposure (Funded + Non Funded) of the Bank to top four NPA is ₹ 85,314.08 million as at March 31, 2020 (previous year ₹ 32,843.86 million, FY 2018 ₹ 14,510.13 million).

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*18.6.21 Sector-wise Advances and NPA*

The details of Sector-wise Gross Advances and Gross NPAs as at March 31, 2020 and March 31, 2019 are given below:

(₹ *in* million)

| Sector | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Gross Advances | Gross NPAs | % of Gross NPAs to Gross Advances in that sector | Gross Advances | Gross NPAs | % of Gross NPAs to Gross Advances in that sector |
| **Priority Sector** | | | | | | |
| Agriculture and Allied activities | 79,647.00 | 4,673.54 | 5.87% | 111,749.39 | 1,898.74 | 1.70% |
| Advances to industries sector eligible as priority sector lending | 105,102.24 | 1,773.45 | 1.69% | 129,938.12 | 524.80 | 0.40% |
| *Gems and Jewellery* | *20,304.04* | *24.28* | *0.12%* | *30,993.87* | *5.10* | *0.02%* |
| *Textile* | *13,420.26* | *100.57* | *0.75%* | *16,092.38* | *144.72* | 0.90% |
| Services | 263,133.75 | 4,407.02 | 1.67% | 276,349.81 | 2,416.79 | 0.87% |
| Personal Loans | - | - | - | 179.12 | 11.57 | 6.46% |
| Others | 30,672.76 | 567.39 | 1.85% | 23,134.42 | 142.80 | 0.62% |
| **Sub-Total (A)** | **478,555.75** | **11,421.40** | **2.39%** | **541,350.86** | **4,994.69** | **0.92%** |
| **Non Priority Sector** | | | | | | |
| Agriculture and Allied activities | 10,433.92 | - | - | 40,838.96 | 1,436.64 | 3.52% |
| Industry | 791,414.54 | 197,295.10 | 24.93% | 1,015,658.40 | 49,271.25 | 4.85% |
| *Construction* | *100,392.51* | *68,998.41* | *68.73%* | *123,099.91* | *6,533.30* | *5.31%* |
| *Electricity (generation-transmission and distribution)* | *91,443.87* | *25,943.61* | *28.37%* | *128,619.87* | *6,674.29* | *5.19%* |
| Services | 496,107.12 | 117,654.36 | 23.77% | 687,709.95 | 21,678.71 | 3.15% |
| *Commercial Real Estate* | *232,582.40* | *73,512.82* | *31.76%* | *238,146.48* | *11,369.22* | *4.77%* |
| *NBFCs* | *23,648.99* | *8,270.81* | *34.97%* | *69,941.58* | *73.55* | *0.11%* |
| *Tourism, Hotel and Restaurants* | *74,510.02* | *0.01* | *0.00%* | *120,061.67* | *99.24* | *0.08%* |
| Personal Loans | 50,645.71 | 678.96 | 1.34% | 43,403.39 | 514.21 | 1.18% |
| Others | 129,813.98 | 1,726.06 | 1.33% | 120,011.56 | 930.10 | 0.78% |
| **Sub-Total (B)** | **1,478,415.28** | **317,354.48** | **21.47%** | **1,907,622.26** | **73,830.90** | **3.87%** |
| **Total (A+B)** | **1,956,971.03** | **328,775.88** | **16.80%** | **2,448,973.12** | **78,825.60** | **3.22%** |

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The details of Sector-wise Gross Advances and Gross NPAs as at March 31, 2019 and March 31, 2018 are given below:

(₹ *in* million)

| Sector | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Gross Advances | Gross NPAs | % of Gross NPAs to Gross Advances in that sector | Gross Advances | Gross NPAs | % of Gross NPAs to Gross Advances in that sector |
| **Priority Sector** | | | | | | |
| Agriculture and Allied activities | 111,749.39 | 1,898.74 | 1.70% | 108,333.92 | 1,152.95 | 1.06 % |
| Advances to industries sector eligible as priority sector lending | 129,938.12 | 524.80 | 0.40% | 101,882.22 | 559.16 | 0.55 % |
| *Gems and Jewellery* | *30,993.87* | *5.10* | *0.02%* | *24,830.95* | - | - |
| Services | 276,349.81 | 2,416.79 | 0.87% | 215,285.26 | 764.18 | 0.35 % |
| Personal Loans | 179.12 | 11.57 | 6.46% | 407.33 | 8.07 | 1.98% |
| Others | 23,134.42 | 142.80 | 0.62% | 22,107.22 | 16.60 | 0.08 % |
| **Sub-Total (A)** | **541,350.86** | **4,994.69** | **0.92%** | **448,015.95** | **2,500.96** | **0.56 %** |
| | | | | | | |
| **Non Priority Sector** | | | | | | |
| Agriculture and Allied activities | 40,838.96 | 1,436.64 | 3.52% | 5,319.14 | - | - |
| Industry | 1,015,658.40 | 49,271.25 | 4.85% | 1,037,517.44 | 22,282.04 | 2.15 % |
| *Construction* | *123,099.91* | *6,533.30* | *5.31%* | *109,338.86* | *2,576.69* | *2.36 %* |
| *Electricity (generation-transmission and distribution)* | *128,619.87* | *6,674.29* | *5.19%* | *185,688.75* | *7,539.25* | *4.06 %* |
| Services | 687,709.95 | 21,678.71 | 3.15% | 450,248.18 | 1,060.75 | 0.24 % |
| *Commercial Real Estate* | *238,146.48* | *11,369.22* | *4.77%* | *146,172.40* | *115.93* | *0.08 %* |
| *NBFCs* | *69,941.58* | *73.55* | *0.11%* | - | - | - |
| *Tourism, Hotel and Restaurants* | *120,061.67* | *99.24* | *0.08%* | *67,879.79* | *108.00* | *0.16%-* |
| Personal Loans | 43,403.39 | 514.21 | 1.18% | 27,654.56 | 140.12 | 0.51 % |
| Others | 120,011.56 | 930.10 | 0.78% | 79,723.91 | 284.15 | 0.36 % |
| | | | | | | |
| **Sub-Total (B)** | **1,907,622.26** | **73,830.90** | **3.87%** | **1,600,463.23** | **23,767.06** | **1.49 %** |
| | | | | | | |
| **Total (A+B)** | **2,448,973.12** | **78,825.60** | **3.22%** | **2,048,479.18** | **26,268.02** | **1.28 %** |

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*18.6.22 Restructured Accounts*

The details of accounts Restructured during the year ended March 31, 2020 are given below:

*(₹ in million)*

| No. | Type of Restructuring | Restructured Accounts as on April 1 of the FY (opening figures) | | | Fresh restructuring during the year | | | Down gradations of restructured accounts during the FY | | | Upgradations to restructured standard category during the FY | | | Write-offs/Sale/Recovery of restructured accounts during the FY | | | Restructured Accounts as on March 31 of the FY | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Asset Classification | No. of borrowers | Amount outstanding as at March 31,2019 | Provision thereon as at March 31,2019 | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding as at March 31,2020 | Provision thereon as at March 31,2020 |
| 1 | CDR | | | | | | | | | | | | | | | | | | |
| | **Standard** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Substandard** | - | (0.00) | (0.00) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Doubtful** | 2.00 | 242.97 | 242.97 | - | - | - | (2.00) | (242.97) | (242.97) | - | - | - | - | - | - | - | - | - |
| | **Loss** | - | - | - | - | - | - | 2.00 | 242.97 | 242.97 | - | - | - | - | - | - | 2.00 | 242.97 | 242.97 |
| | **Total** | **2.00** | **242.97** | **242.97** | - | - | - | - | - | - | - | - | - | - | - | - | **2.00** | **242.97** | **242.97** |
| | | | | | | | | | | | | | | | | | | | |
| 2 | **Others** | | | | | | | | | | | | | | | | | | |
| | **Standard** | - | 0.00 | 0.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Substandard** | 1.00 | 22.74 | 3.41 | - | - | - | (1.00) | (22.74) | (3.41) | - | - | - | - | - | - | - | - | - |
| | **Doubtful** | 4.00 | 950.06 | 852.47 | - | - | - | (1.00) | (243.97) | (146.38) | - | - | - | (1.00) | (289.29) | (289.29) | 2.00 | 416.79 | 416.79 |
| | **Loss** | - | - | - | - | - | - | 2.00 | 266.71 | 149.79 | - | - | - | - | (1.61) | 115.31 | 2.00 | 265.10 | 265.10 |
| | **Total** | **5.00** | **972.80** | **855.88** | - | - | - | - | - | - | - | - | - | **(1.00)** | **(290.90)** | **(173.99)** | **4.00** | **681.90** | **681.90** |
| | | | | | | | | | | | | | | | | | | | |
| 3 | **Grand Total** | | | | | | | | | | | | | | | | | | |
| | **Standard** | - | 0.00 | 0.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Substandard** | 1.00 | 22.74 | 3.41 | - | - | - | (1.00) | (22.74) | (3.41) | - | - | - | - | - | - | - | - | - |
| | **Doubtful** | 6.00 | 1,193.03 | 1,095.44 | - | - | - | (3.00) | (486.94) | (389.35) | - | - | - | (1.00) | (289.29) | (289.29) | 2.00 | 416.79 | 416.79 |
| | **Loss** | - | - | - | - | - | - | 4.00 | 509.68 | 392.76 | - | - | - | - | (1.61) | 115.31 | 4.00 | 508.07 | 508.07 |
| | **Total** | **7.00** | **1,215.77** | **1,098.85** | - | - | - | - | - | - | - | - | - | **(1.00)** | **(290.90)** | **(173.99)** | **6.00** | **924.87** | **924.87** |

*Notes:-*

1. There are no SME cases which have been restructured during the year ended March 31, 2020 except those disclosed in point no 18.6.23 .
2. Divergence identified for the financial year ended March 31, 2019 on account of non compliance with RBI guidelines on restructuring are disclosed in Divergence Note (Note no. 18.6.18).
3. There have been no accounts upgraded from restructured advances during the year ended March 31, 2020
4. The outstanding amount and number of borrowers as at March 31, 2020 is after considering recoveries and sale of assets during the year.
5. The above table pertains to advances and does not include investment in shares which are fully provided for.
6. The provision in the above table includes Non Performing Advances Provision held on the restructured advances.
7. 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.
8. For the purpose of arithmetical accuracy as required by Para 3.4.2. (xii) of RBI circular no DBR.BP.BC.No.23/21.04.018/2015-16 movement in provisions in the existing restructured account as compared to opening balance, is disclosed under column fresh restructuring(for increase in provision) and write-off/sale/recovery(for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

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The details of accounts Restructured during the year ended March 31, 2019 are given below:

₹ in million

| No. | Type of Restructuring | Restructured Accounts as on April 1 of the FY (opening figures) | | | Fresh restructuring during the year | | | Downgradations of restructured accounts during the FY | | | Upgradations to restructured standard category during the FY | | | Write-offs/Sale/Recovery of restructured accounts during the FY | | | Restructured Accounts as on March 31 of the FY | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Asset Classification | No. of borrowers | Amount outstanding as at March 31,2018 | Provision thereon as at March 31,2018 | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding as at March 31,2019 | Provision thereon as at March 31,2019 |
| 1 | CDR | | | | | | | | | | | | | | | | | | |
| | Standard | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Substandard | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Doubtful | 2 | 248.48 | 248.48 | - | - | - | - | - | - | - | - | - | - | (5.51) | (5.51) | 2 | 242.97 | 242.97 |
| | Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 2 | 248.48 | 248.48 | - | - | - | - | - | - | - | - | - | - | (5.51) | (5.51) | 2 | 242.97 | 242.97 |
| | | | | | | | | | | | | | | | | | | | |
| 2 | Others | | | | | | | | | | | | | | | | | | |
| | Standard | 3 | 913.27 | 51.72 | | | | (1) | (38.79) | (1.94) | - | - | - | (2) | (874.47) | (49.78) | - | - | - |
| | Substandard | 1 | 243.97 | 146.38 | | | 1.47 | - | (205.18) | (144.44) | - | - | - | | (16.06) | | 1 | 22.74 | 3.41 |
| | Doubtful | 4 | 1,161.13 | 617.10 | | 0.20 | 289.78 | 1 | 243.97 | 146.38 | - | - | - | (1) | (455.24) | (200.79) | 4 | 950.06 | 852.47 |
| | Loss | - | - | - | | | | | | | - | - | - | | | | - | - | - |
| | Total | 8 | 2,318.37 | 815.21 | - | 0.20 | 291.25 | - | - | - | - | - | - | (3) | (1,345.77) | (250.57) | 5 | 972.80 | 855.88 |
| | | | | | | | | | | | | | | | | | | | |
| 3 | Grand Total | | | | | | | | | | | | | | | | | | |
| | Standard | 3 | 913.27 | 51.72 | - | - | - | (1.00) | (38.79) | (1.94) | - | - | - | (2) | (874.47) | (49.78) | - | - | - |
| | Substandard | 1 | 243.97 | 146.38 | - | - | 1.47 | - | (205.18) | (144.44) | - | - | - | - | (16.06) | - | 1 | 22.74 | 3.41 |
| | Doubtful | 6 | 1,409.61 | 865.58 | - | 0.20 | 289.78 | 1.00 | 243.97 | 146.38 | - | - | - | (1) | (460.75) | (206.30) | 6 | 1,193.03 | 1,095.44 |
| | Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 10 | 2,566.85 | 1,063.68 | - | 0.20 | 291.25 | - | - | - | - | - | - | (3) | (1,351.28) | (256.08) | - | 1,215.77 | 1,098.85 |

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*Notes:-*

1. There are no SME cases which have been restructured during the year ended March 31, 2019.
2. There have been no accounts upgraded from restructured advances during the year ended March 31, 2019
3. The outstanding amount and number of borrowers as at March 31, 2019 is after considering recoveries and sale of assets during the year.
4. The above table pertains to advances and does not include investment in shares which are fully provided for.
5. The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
6. 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.
7. For the purpose of arithmetical accuracy as required by Para 3.4.2. (xii) of RBI circular no DBR.BP.BC.No.23/21.04.018/2015-16 movement in provisions in the existing restructured account as compared to opening balance, is disclosed under column fresh restructuring(for increase in provision) and write-off/sale/recovery(for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

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Restated Standalone Financial Statements for the year ended March 31, 2020

*The details of accounts Restructured during the year ended March 31, 2018 are given below:*

*₹ in million*

| No. | Type of Restructuring | Restructured Accounts as on April 1 of the FY (opening figures) | | | Fresh restructuring during the year | | | Downgradations of restructured accounts during the FY | | | Upgradations to restructured standard category during the FY | | | Write-offs/Sale/Recovery of restructured accounts during the FY | | | Restructured Accounts as on March 31 of the FY | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Asset Classification | No. of borrowers | Amount outstanding as at March 31,2017 | Provision thereon as at March 31,2017 | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding | Provision thereon | No. of borrowers | Amount outstanding as at March 31,2018 | Provision thereon as at March 31,2018 |
| 1 | CDR | | | | | | | | | | | | | | | | | | |
| | Standard | 1 | 9.52 | 0.48 | - | - | - | - | - | - | - | - | - | (1) | (9.52) | (0.48) | - | 0.00 | 0.00 |
| | Substandard | 2 | 281.48 | 212.29 | - | - | - | (2.00) | (281.48) | (212.29) | - | - | - | - | - | - | - | (0.00) | (0.00) |
| | Doubtful | - | (0.00) | 0.00 | - | - | 69.19 | 2.00 | 281.48 | 212.29 | - | - | - | - | (33.00) | (33.00) | 2 | 248.48 | 248.48 |
| | Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 3 | 291.00 | 212.77 | - | - | 69.19 | - | - | - | - | - | - | (1) | (42.52) | (33.48) | 2 | 248.48 | 248.48 |
| | | | | | | | | | | | | | | | | | | | |
| 2 | Others | | | | | | | | | | | | | | | | | | |
| | Standard | 10 | 5,700.94 | 502.40 | - | 79.75 | 3.99 | (5.00) | (1,489.19) | (280.10) | (2) | (3,347.93) | (167.40) | - | (30.29) | (7.17) | 3 | 913.27 | 51.72 |
| | Substandard | - | 0.00 | 0.00 | - | | 109.79 | 1.00 | 243.97 | 36.60 | - | - | - | - | - | - | 1 | 243.97 | 146.38 |
| | Doubtful | 2 | 97.44 | 65.25 | - | 23.59 | 373.59 | 4.00 | 1,245.22 | 243.51 | (1) | (52.93) | (20.74) | (1) | (152.19) | (44.51) | 4 | 1,161.13 | 617.10 |
| | Loss | - | - | - | - | | | | | | | | | | | | - | - | - |
| | Total | 12 | 5,798.38 | 567.65 | - | 103.34 | 487.37 | - | - | - | (3) | (3,400.86) | (188.14) | (1) | (182.49) | (51.68) | 8 | 2,318.37 | 815.21 |
| | | | | | | | | | | | | | | | | | | | |
| 3 | Grand Total | | | | | | | | | | | | | | | | | | |
| | Standard | 11 | 5,710.46 | 502.88 | - | 79.75 | 3.99 | (5.00) | (1,489.19) | (280.10) | (2) | (3,347.93) | (167.40) | (1) | (39.81) | (7.65) | 3 | 913.27 | 51.72 |
| | Substandard | 2 | 281.48 | 212.29 | - | - | 109.79 | (1.00) | (37.51) | (175.69) | - | - | - | - | - | - | 1 | 243.97 | 146.38 |
| | Doubtful | 2 | 97.44 | 65.25 | - | 23.59 | 442.78 | 6.00 | 1,526.70 | 455.80 | (1) | (52.93) | (20.74) | (1) | (185.19) | (77.51) | 6 | 1,409.61 | 865.58 |
| | Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | - | - | - |
| | Total | 15 | 6,089.38 | 780.42 | - | 103.34 | 556.56 | - | - | - | (3) | (3,400.86) | (188.14) | (2) | (225.01) | (85.16) | 10 | 2,566.85 | 1,063.68 |

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*Notes:-*

1. There are no SME cases which have been restructured during the year ended March 31, 2018.
2. There have been 3 accounts upgraded from restructured advances during the year ended March 31, 2018
3. The outstanding amount and number of borrowers as at March 31, 2018 is after considering recoveries and sale of assets during the year.
4. The above table pertains to advances and does not include investment in shares of net book value of ₹ 27 million in the amount outstanding.
5. The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
6. 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.
7. For the purpose of arithmetical accuracy as required by Para 3.4.2. (xii) of RBI circular no DBR.BP.BC.No.23/21.04.018/2015-16 movement in provisions in the existing restructured account as compared to opening balance, is disclosed under column fresh restructuring(for increase in provision) and write-off/sale/recovery(for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

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*18.6.23 Restructuring of Advances - Micro Small and Medium Enterprises.*

During the year ended March 31, 2020, the Bank has restructured advances amounting to ₹ 369.24 million (previous year - Nil, FY 2018 Nil) to Micro Small and Medium Enterprises.

**18.6.24 Disclosure under COVID19 Regulatory Package**

As per requirement of RBI circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on COVID19 Regulatory Package - Asset Classification and Provisioning, below mentioned are details of where moratorium / deferment was extended as of March 31, 2020 as per above circular.

| Particulars | ₹ In million |
|---|---|
| Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of above mentioned circular*; | 150,105.54 |
| Respective amount where asset classification benefits is extended. | 27,129.45 |
| Provisions made during the Q4FY2020 terms of paragraph 5 of above mentioned circular; | 2,378.42 |
| Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of above mentioned circular | Not Applicable |

** Borrowers with overdue status as of February 29, 2020 and continue to be in overdue as of March 31, 2020. Reported amount is position as of March 31, 2020.*

From the quarter ended December 31, 2019, the Bank consider slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. Hence NPAs till March 13, 2020 was considered in the quarter and nine months ended December 2019 results reported on March 14, 2020. Further the Bank had decided, on a prudent basis, to enhance its Provision Coverage Ratio on its NPA loans over and above the RBI loan level provisioning requirements. As a result, the Bank recognized additional provisions of ₹ 154,220.39 million in the quarter ended December 31, 2019. Subsequently, RBI issued guidelines on COVID-19 Regulatory Package, under which, the Bank granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 (later extended to August 31, 2020). For all such accounts where the moratorium is granted ((except advances at IFSC Banking Unit (IBU) and advances to NBFC sector), the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) and as the asset classification as of March 31, 2020 has been retained based on the overdue status as at February 29, 2020. Hence on account of above mentioned RBI circular dated April 17, 2020, Bank has not considered slippages post March 31, 2020 till the date of results / financial statement.

In line with RBI requirements, the Bank holds necessary provisions as at March 31, 2020 against the assets where the asset classification benefit has been extended on account of standstill requirements.

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18.6.25 *Financial assets sold to Securitization Company/Reconstruction Company for Asset Reconstruction*

a) Details of Financial assets sold to Securitization/Reconstruction Company during the year ended March 31, 2020 are as follows-

(*₹ in million*)

| | Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---|---|---|---|
| (i) | No. of accounts | 1 | 2 | 8 |
| (ii) | Aggregate principal value (net of specific provisions) of accounts sold to SC / RC | 1,233.55 | 5,450.56 | 15,803.78 |
| (iii) | Aggregate consideration received in Cash (previous year includes Net Book Value of Security Receipts of *₹2,878.10* million ) | 1,114.00 | 4,558.70 | 17,911.10 |
| (iv) | Additional consideration realized in respect of accounts transferred in earlier years | - | - | - |
| (v) | Aggregate gain / (loss) over net book value* | (119.55) | (891.86) | 2,107.32 |

**As per the extant RBI guidelines, the Bank has not recognized the gains in the restated financial statements and has recorded the Security Receipts at Net Book Value (NBV). If the sale value is lower than the net book value, the entire loss has been written off in the year of sale.*

b) Details of Investments held as Security Receipts received by sale of NPA to Securitization/Reconstruction Company as at March 31, 2020 and March 31, 2019 are as follows-

(*₹ in million*)

| 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, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Net Book value of investments in security receipts | 15,532.65 | 17,266.83 | - | - | 15,532.65 | 17,266.83 |

* *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.*

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*Details of Investments held as Security Receipts received by sale of NPA to Securitization/Reconstruction Company as at March 31, 2019 and March 31, 2018 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, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Net Book value of investments in security receipts | 17,266.83 | 18,847.22 | - | - | 17,266.83 | 18,847.22 |

c) Details of ageing of Investments held as Security Receipts as at March 31, 2020 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 | 20,734.54 | 871.68 | |
| *Provision held against (i)* | *5,633.31* | *440.27* | |
| (ii) Book value of SRs backed by NPAs* sold by other banks / financial institutions / non-banking financial companies as underlying | - | - | 141.99 |
| *Provision held against (ii)* | - | - | *141.99* |
| **Total (i) + (ii)** | **20,734.54** | **871.68** | **141.99** |

***Includes all Security Receipts received by Bank on sale of assets as permitted under RBI circular DBOD.BP.BC.No. 98/21.04.132/2013-14 dated February 26, 2014.***

Details of ageing of Investments held as Security Receipts as at March 31, 2019 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 | 21,288.01 | 489.18 | |
| *Provision held against (i)* | *4,143.48* | *366.87* | |
| (ii) Book value of SRs backed by NPAs* sold by other banks / financial institutions / non-banking financial companies as underlying | - | - | 158.63 |
| *Provision held against (ii)* | - | - | *158.63* |
| **Total (i) + (ii)** | **21,288.01** | **489.18** | **158.63** |

*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, 2018 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 | 21,201.01 | - | - |
| *Provision held against (i)* | *2,353.80* | - | - |
| (ii) Book value of SRs backed by NPAs* sold by other banks / financial institutions / non-banking financial companies as underlying | - | - | 176.96 |
| Provision held against (ii) | - | - | *176.96* |
| **Total (i) + (ii)** | **21,201.01** | - | **176.96** |

*Includes all Security Receipts received by Bank on sale of assets as permitted under RBI circular DBOD.BP.BC.No. 98/21.04.132/2013-14 dated February 26, 2014.

### *18.6.26 Non-performing financial assets purchased/ sold from/ to other bank*

The Bank has not purchased/sold any non performing financial assets from/to another bank during the year ended March 31, 2020, March 31, 2019 and March 31, 2018.

### *18.6.27 Provisions for Standard Assets*

Provision on standard advances for the year FY 2019-20 was ₹12,597.18 million. As per requirement of RBI circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on COVID19 Regulatory Package - Asset Classification and Provisioning, the Bank has created provision amounting to ₹ 2,378.42 million.

Provision on standard advances for the year FY 2018-19 was ₹32,007.97 million. During the year FY 2018-19 based on review of Credit portfolio of the Bank, the Bank had identified certain performing accounts which faced stress due to market and liquidity condition. The Bank had created Contingency Provision of ₹ 21,000 million in FY 2018-19 towards such identified accounts. The Bank has utilized the same during the financial year ended March 31, 2020.

Provision on standard advances for the year FY 2017-18 was ₹ 9,493.91 million.

### *18.6.28 Business ratios*

| **Business Ratios** | **As at March 31, 2020** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|
| i) Interest income as a percentage to working funds[1] | 8.56% | 9.00% | 8.55% |
| ii) Non interest income as a percentage to working funds[1] | 3.89% | 1.40% | 2.20% |
| iii) Operating profit as a percentage to working funds[1] | 3.92% | 2.47% | 3.27% |
| iv) Return on assets[1] | (5.39%) | 0.52% | 1.78% |
| v) Business (deposits + net advances) per employee[2] *(₹ in million)* | 119.51 | 232.74 | 213.02 |
| vi) Profit per employee[2] *(₹ in million)* | (7.34) | 0.89 | 2.30 |

*[1] Working funds represents the average of total assets as reported in Return Form X to RBI under Section 27 of the Banking Regulation Act, 1949.*
*[2] For the purpose of computation of business per employee (deposits plus advances), interbank deposits have been excluded and average employees have been considered.*

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18.6.29 *Asset Liability Management*

The following table sets forth the maturity pattern of assets and liabilities of the Bank as on March 31, 2020

*(₹ in million)*

| Maturity Buckets | Loans & Advances | Investment Securities | Deposits | Borrowings | FCY Assets | FCY Liabilities |
|---|---|---|---|---|---|---|
| 1 Day | 8,025.33 | 71,789.61 | 8,441.02 | - | 8,979.71 | 68.99 |
| 2-7 days | 9,708.54 | 6,371.23 | 30,023.25 | 30,674.28 | 1,079.07 | 1,843.81 |
| 8-14 Days | 4,915.97 | 12,327.99 | 25,286.98 | 10,000.00 | 1,727.93 | 1,512.93 |
| 15-30 Days | 13,982.47 | 22,911.60 | 58,617.11 | 10,514.33 | 7,007.66 | 14,250.90 |
| 1-2 Months | 18,841.10 | 6,655.15 | 60,540.55 | 5,526.27 | 15,982.49 | 23,244.12 |
| 2-3 Months | 27,924.66 | 68,869.55 | 53,676.95 | 5,22,566.50 | 7,942.29 | 9,385.51 |
| 3-6 Months | 88,869.66 | 29,080.88 | 2,18,193.16 | 30,823.89 | 23,900.57 | 27,626.33 |
| 6-12 Months | 2,10,239.94 | 39,658.60 | 2,01,121.17 | 69,532.14 | 29,603.21 | 40,786.90 |
| 1-3 Years | 6,15,287.44 | 45,538.60 | 1,10,073.90 | 1,03,259.49 | 52,635.38 | 74,307.17 |
| 3-5 Years | 3,69,496.19 | 86,511.33 | 2,80,739.70 | 1,62,949.70 | 36,761.05 | 13,316.29 |
| 5+ Years | 3,47,141.65 | 49,433.72 | 6,925.64 | 1,92,058.43 | 32,499.00 | 38,763.72 |
| **TOTAL** | **1,714,432.94** | **439,148.26** | **1,053,639.43** | **1,137,905.03** | **218,118.37** | **245,106.68** |

The following table sets forth the maturity pattern of assets and liabilities of the Bank as on March 31, 2019

*(₹ in million)*

| Maturity Buckets | Loans & Advances | Investment Securities | Deposits | Borrowings | FCY Assets | FCY Liabilities |
|---|---|---|---|---|---|---|
| 1 day | 18,741.23 | 115,057.51 | 14,114.50 | 2,766.20 | 45,844.33 | 3,009.61 |
| 2 days to 7 days | 25,450.36 | 82,235.40 | 72,695.90 | 11,443.21 | 143,295.26 | 44,405.33 |
| 8 days to 14 days | 18,905.83 | 76,910.98 | 56,700.46 | 8,127.59 | 51,584.38 | 7,211.95 |
| 15 days to 30 days | 87,805.53 | 49,944.03 | 93,871.31 | 25,199.10 | 8,897.66 | 24,760.44 |
| 31 days to 2 months | 53,956.34 | 21,081.44 | 102,819.85 | 42,943.52 | 9,979.06 | 17,926.29 |
| Over 2 to 3 months | 59,965.66 | 20,424.66 | 93,756.82 | 51,850.79 | 10,069.68 | 30,538.71 |
| Over 3 to 6 months | 134,256.62 | 54,993.97 | 291,401.98 | 94,698.15 | 12,414.32 | 75,875.66 |
| Over 6 to 12 months | 267,698.90 | 81,453.84 | 532,865.04 | 80,783.27 | 15,576.34 | 87,206.34 |
| Over 1 year to 3 years | 815,539.91 | 106,228.31 | 259,174.09 | 225,747.43 | 68,904.81 | 137,663.10 |
| Over 3 years to 5 years | 458,421.60 | 173,169.29 | 744,942.50 | 239,219.02 | 61,780.53 | 75,666.30 |
| Over 5 years | 474,254.06 | 113,720.89 | 13,759.37 | 301,462.81 | 53,294.83 | 38,451.86 |
| **TOTAL** | **2,414,996.02** | **895,220.33** | **2,276,101.82** | **1,084,241.09** | **481,641.20** | **542,715.58** |

*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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The following table sets forth the maturity pattern of assets and liabilities of the Bank as on March 31, 2018

(₹ *in million*)

| Maturity Buckets | Loans & Advances | Investment Securities | Deposits | Borrowings | FCY Assets | FCY Liabilities |
|---|---|---|---|---|---|---|
| 1 day | 10,988.03 | 137,582.88 | 13,024.30 | - | 14,880.51 | 193.47 |
| 2 days to 7 days | 13,100.67 | 30,880.58 | 82,984.05 | 49,556.74 | 17,967.18 | 10,924.44 |
| 8 days to 14 days | 13,216.35 | 35,252.15 | 63,368.79 | 3,380.43 | 2,842.68 | 5,178.34 |
| 15 days to 30 days | 72,905.99 | 75,887.61 | 81,897.55 | 14,135.49 | 19,366.13 | 13,097.10 |
| 31 days to 2 months | 52,563.54 | 23,284.64 | 137,014.31 | 18,042.32 | 8,389.32 | 13,384.64 |
| Over 2 to 3 months | 62,912.23 | 22,200.05 | 115,962.90 | 33,629.88 | 12,158.69 | 27,379.05 |
| Over 3 to 6 months | 148,767.19 | 35,487.29 | 202,682.14 | 69,982.00 | 15,531.12 | 59,634.76 |
| Over 6 to 12 months | 265,795.20 | 61,563.74 | 389,251.43 | 24,335.08 | 25,143.58 | 39,802.43 |
| Over 1 year to 3 years | 708,650.71 | 44,110.38 | 181,873.32 | 131,991.66 | 45,377.19 | 61,440.64 |
| Over 3 years to 5 years | 358,786.63 | 134,284.60 | 719,657.50 | 101,783.36 | 72,149.10 | 93,754.96 |
| Over 5 years | 327,652.08 | 83,455.47 | 19,665.19 | 302,098.86 | 25,085.58 | 29,695.44 |
| TOTAL | **2,035,338.63** | **683,989.39** | **2,007,381.48** | **748,935.81** | **258,891.07** | **354,485.28** |

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.

***18.6.30 Exposures***

The Bank has lending to sectors, which are sensitive to asset price fluctuations. Such sectors include capital market and real estate.

***Exposure to Real Estate Sector***

The exposure, representing the higher of funded and non-funded limits sanctioned or outstanding to real estate sector, is given in the table below:

(₹ *in* million)

| Sr. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| i) | **Direct exposure** | | | |
| | Residential Mortgages | 68,518.37 | 61,423.70 | 37,895.13 |
| | Commercial Real Estate* | 274,390.37 | 343,537.29 | 254,879.15 |
| | *Of total Commercial real estate - exposure to residential real estate projects* | *179,976.26* | *226,018.49* | 174,818.07 |
| | *Of total Commercial Real Estate - outstanding as advances* | *234,579.57* | *248,340.53* | 164,404.61 |
| | Investments in Mortgage Backed Securities (MBS) and other securitized exposures | | | |
| | - Residential | 2,782.25 | 3,767.22 | 757.85 |
| | - Commercial Real Estate | - | - | - |
| ii) | **Indirect exposure** | | | |
| | Fund based and non fund based exposures on National Housing Board and Housing Finance Companies | 87,231.42 | 128,267.61 | 63,456.04 |
| | TOTAL | **432,922.41** | **536,995.81** | **356,988.17** |

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**Commercial real estate exposure classification is based on RBI circular DBOD.BP.BC.No. 42/08.12.015/2009-10 dated September 9, 2009.*

*Exposure to Capital Market*

The exposure representing the higher of funded and non-funded limits sanctioned or outstanding to capital market sector is given in the table below:

(*₹ in million*)

| Sr. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| 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; | 285.73 | 442.60 | 204.88 |
| 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; | 4,633.02 | 6,154.06 | 3,736.64 |
| iii) | advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | - | - | - |
| iv) | advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances; | 6,333.69 | 5,295.06 | 2,237.61 |
| v) | secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;* | 10,462.61 | 13,646.54 | 9,488.19 |
| 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; | 10,555.53 | 21,789.52 | 23,171.23 |
| vii) | financing for acquisition of equity in overseas companies /financing for acquisition of equity in Indian companies | 19,215.80 | 44,218.55 | 12,949.56 |
| 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) | 200.41 | 202.53 | 173.00 |
| | **Total Exposure to Capital Market** | **51,686.80** | **91,748.86** | **51,961.11** |

**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).

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** Out of the above ₹282.59 million is exposure to YES Securities (India) Limited, which is a subsidiary of the Bank*

### 18.6.31 *Risk Category wise Country Exposure*

As per the extant RBI guidelines, the country exposure (direct and indirect) of the Bank is categorised into various risk categories listed in the following table. As at March 31, 2020, the funded country exposure (net) of the Bank as a percentage of total funded assets for Mauritius was 1.07% (March 31, 2019: 0.80%) (March 31, 2019 : United States of America was 4.37% and for United Kingdom was 1.11%) and (March 31, 2018 : United States of America was 0.82% and for United Kingdom was 0.94%). As the net funded exposure to Mauritius exceeded 1.0% of total funded assets, the Bank held a provision of ₹ 68.97 million on country exposure at March 31, 2020 (March 31, 2019: ₹ 532.78 million and March 31, 2018: "NIL") based on RBI guidelines.

*(₹ in million)*

| Risk Category | Exposure (net) as at March 31, 2020 | Provision held as at March 31, 2020 | Exposure (net) as at March 31, 2019 | Provision held as at March 31, 2019 | Exposure (net) as at March 31, 2018 | Provision held as at March 31, 2018 |
|---|---|---|---|---|---|---|
| Insignificant | 149,504.65 | - | 374,555.20 | 532.78 | 223,896.21 | - |
| Low | 60,475.34 | 68.97 | 65,596.60 | - | 54,802.82 | - |
| Moderately Low | - | - | 2,391.78 | - | 1,750.32 | - |
| Moderate | 4,148.74 | - | 1,549.65 | - | 704.61 | - |
| Moderate High | - | - | - | - | - | - |
| High | - | - | - | - | - | - |
| Very High | - | - | - | - | - | - |
| **TOTAL** | **214,128.73** | **68.97** | **444,093.23** | **532.78** | **281,153.96** | - |

### 18.6.32 *Details of factoring exposure*

The factoring exposure of the Bank outstanding as on March 31, 2020 is ₹ 2,251.50 million (previous year: ₹ 6,059.85 million, FY 2018 ₹ 7,362.30 million).

*Miscellaneous*

### 18.6.33 *Income Taxes*

Provisions made for Income Tax during the year

*(₹ in million)*

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Current income tax expense | 13,401.93 | 22,982.24 | 22,385.22 |
| Deferred income tax credit | (57,480.82) | (16,611.55) | (2,687.77) |
| **TOTAL** | **(44,078.89)** | **6,370.69** | **19,697.45** |

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*18.6.34 Disclosure of penalties imposed by RBI*

(₹ in million)

| | For the year ended March 31, 2020 |
|---|---|
| Deficiency (Note Sorting Machines were not installed) observed during incognito visit of a YES Bank Branch | 0.01 |
| Penalties on account of Soiled/ Mutilate/ Counterfeit Notes deposited by currency chest | 0.00 |
| TOTAL | **0.01** |

(₹ in million)

| | For the year ended March 31, 2019 |
|---|---|
| Non-compliance with RBI directions on Time-bound implementation and strengthening of Swift related operational controls. | 10.00 |
| Penalty on account of non- compliance with RBI guidelines on issuance of co-branded open loop prepaid cards* | 1.13 |
| Penalties on account of counterfeit notes deposited by branches and currency chest | 0.02 |
| TOTAL | **11.15** |

** Based on communication received from the RBI vide letter dated April 22, 2019.*

(₹ in million)

| | For the year ended March 31, 2018 |
|---|---|
| Penalty on account of non-compliance with the directions issued by RBI on Income Recognition Asset Classification (IRAC) norms and delayed reporting of information security incident involving the outsourced ATM switch of the bank. | 60.00 |
| Penalties on account of counterfeit notes/ soiled notes remitted by branches and currency chest | 0.07 |
| TOTAL | **60.07** |

*18.6.35 Fees/ Remuneration received from bancassurance*

Bank has earned ₹ 836.40 million from bancassurance business during year ended March 31, 2020 (previous year: ₹ 868.16 million, FY 2018 ₹ 767.80 million).

*18.6.36 Concentration of Deposits*

As at March 31, 2020, the deposits of top 20 depositors aggregated to ₹ 130,699.58 million (previous year: ₹ 246,727.21 million, FY 2018 ₹ 244,366.30 million) (excluding certificate of deposits, which are tradable instruments), representing 12.40% (previous year: 10.84%, FY 2018 12.17 %) of the total deposit base.

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*18.6.37 Concentration of Advances*

As at March 31, 2020 the top 20 advances aggregated to ₹439,799.02 million (previous year ₹617,993.23 million, FY 2018 ₹ 484,353.89 million), representing 11.62% (previous year 13.28%, FY 2018 -12.72%) of the total advances. For this purpose, advance is computed as per definition of Credit Exposure in RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

*18.6.38 Concentration of Exposures*

As at March 31, 2020 the top 20 exposures aggregated to ₹ 497,206.14million (previous year ₹ 677,765.38 million, FY 2018 ₹ 556,575.44 million), representing 12.56% (previous year 13.54%, FY 2018 13.68%) of the total exposures. Exposure is computed as per definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

***18.6.39 Earnings Per Share ('EPS')***

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20, "Earnings Per Share". The dilutive impact is mainly due to stock options granted to employees by the Bank.

The computation of earnings per share is given below:

*(₹ in million)*

| **Particulars** | **Year ended March 31, 2020** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|---|
| **Basic (annualised)** | | | |
| Weighted average no. of equity shares outstanding | 2,928,382,648 | 2,309,296,728 | 2,292,768,279 |
| Net profit / (loss) (₹ ) | (164,180.31) | 17,202.79 | 42,245.64 |
| Basic earnings per share (₹ ) | (56.07) | 7.45 | 18.43 |
| **Diluted (annualised)** | | | |
| Weighted average no. of equity shares outstanding | 2,928,411,435 | 2,331,418,688 | 2,339,752,831 |
| Net profit / (loss) (₹ ) | (164,180.31) | 17,202.79 | 42,245.64 |
| Diluted earnings per share (₹ ) | (56.06) | 7.38 | 18.06 |
| Nominal value per share (₹ ) | 2 | 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.

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### 18.6.40 *Overseas Assets, NPAs and Revenue*

The below table shows total assets, NPAs and revenue for the overseas branches of the Bank

*₹ in million*

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| Total assets | 176,562.78 | 331,594.88 | 181,840.46 |
| Total NPAs | 7,995.64 | - | - |
| Total revenue | 10,935.62 | 15,602.98 | 9,184.00 |

### 18.6.41 *Repatriation of profits*

During the FY 2019-20, there is no repatriation of profits.

During FY 2018-19, given adequate availability of liquidity at IBU and on account of high volatility in USD-INR movement which could expose Bank to translation risk to the extent of accumulated reserves at IBU, IBU repatriated an amount of USD 90 million (₹ 6,459.43 million) to HO from its accumulated reserves.. The Bank has not recognized any gain in Profit and Loss Statement, as per RBI notification dated April 18, 2017, from Foreign Currency Translation Reserve (FCTR) on repatriation of accumulated profits / retained earnings.

During the FY 2017-18, there is no repatriation of profits.

### 18.6.42 *Sponsored SPVs*

The Bank has not sponsored any SPV and hence there is no consolidation due to SPVs in Bank's books for FY 2020, FY 2019 and FY 2018.

### 18.6.43 *Credit default swaps*

The Bank has not transacted in credit default swaps during the year ended March 31, 2020 (previous year: Nil, FY 2018: Nil).

### 18.6.44 *Credit / Debit card reward points*

Provision for credit card and debit card reward points for the year ended March 31, 2020

*(₹ in million)*

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Opening provision | 233.67 | 112.12 |
| Provision made during the year | 166.98 | 180.73 |
| Utilised/Write-back of provision | (57.79) | (59.18) |
| Closing provision | 342.86 | 233.67 |

During financial year ending March 31, 2018, the Bank has provided ₹ 77.70 millions for accumulated rewards points on credit and debit card

*The valuation of credit card and debit card reward points is based on actuarial valuation method obtained from an independent actuary.*

*18.6.45 Corporate Social Responsibility (CSR)*

a) Amount required to be spent by the Bank on CSR during the year ₹ 831.9 million (previous year ₹ 955.8 million, FY 2018 ₹ 772.21 million ).

b) Amount spent towards CSR during the year and recognised as expense in the Profit and Loss account on CSR related activities is ₹ 405.42 million (previous year ₹ 537.86 million, FY 2018 ₹ 452.13 million), which comprise of following –

*(₹ in million)*

| | March 31, 2020 | | | March, 31 2019 | | | March, 31 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | In cash | Amt unpaid / provision | Total | In cash | Amt unpaid / provision | Total | In cash | Amt unpaid / provision | Total |
| i. Construction/acquisition of any asset | - | - | - | - | - | - | - | - | - |
| ii. On purposes other than (i) above | 211.12 | 194.30 | 405.42 | 470.78 | 67.08 | 537.86 | 397.89 | 54.24 | 452.13 |

***18.6.46*** *Staff retirement benefits*

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Bank's restated financial statements as of March 31, 2020 , March 31, 2019 and March 31, 2018:

a) Changes in present value of Obligations

*(₹ in million)*

| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Present Value of Obligation at the beginning of the year | 1,440.46 | 1,129.14 | 873.21 |
| Interest Cost | 101.77 | 85.75 | 60.03 |
| Current Service Cost | 366.86 | 271.85 | 256.57 |
| Past Service Cost | - | - | - |
| Benefits Paid | (153.87) | (80.28) | (103.59) |
| Actuarial (gain)/loss on Obligation | (201.45) | 33.98 | 42.92 |
| Present Value of Obligation at the end of the year | **1,553.76** | **1,440.46** | **1,129.14** |

Changes in the fair value of plan assets:

*(₹ in million)*

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Fair value of plan assets at the beginning of the year | 1,117.87 | 1,144.35 | 870.91 |
| Adjustment to Opening Balance | - | - | 4.25 |
| Expected return on plan assets | 78.42 | 80.05 | 60.92 |
| Contributions | 200.00 | - | 321.34 |
| Benefits paid | (153.87) | (80.28) | (103.59) |
| Actuarial gain/( loss) on plan assets | (26.95) | (26.25) | (9.48) |
| Fair value of plan assets at the end of the period | **1,215.46** | **1,117.87** | **1,144.35** |

The Bank has entire contribution of Gratuity Fund as Investments with Insurance Companies which are invested primarily in debt instruments as approved by IRDA.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations

Net gratuity cost for the year ended March 31, 2020 and March 31, 2019 comprises the following components:

(₹ *in million)*

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Current Service Cost | 366.86 | 271.85 | 256.57 |
| Interest Cost | 101.77 | 85.75 | 60.03 |
| Expected Return on plan assets | (78.42) | (80.05) | (60.92) |
| Net Actuarial gain recognized in the year | (174.50) | 60.24 | 52.40 |
| Past Service Cost | - | - | - |
| Expenses recognized | 215.71 | 337.79 | 308.08 |

**Experience History:**

(₹ *in million)*

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|---|---|---|---|
| (Gain)/Loss on obligation due to change in assumption | (249.13) | 63.57 | (70.88) | 46.39 | 14.11 | 33.71 |
| Experience (Gain)/Loss on obligation | 47.68 | (29.59) | 113.80 | 30.12 | (9.26) | (51.13) |
| Actuarial Gain/(Loss) on plan assets | (26.95) | (26.25) | (5.21) | 6.96 | (14.25) | (2.49) |

The assumptions used in accounting for the gratuity plan are set out below:

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Discount Rate | 6.00% | 7.05% | 7.60% |
| Expected Return on Plan Assets | 6.00% | 7.00% | 7.00% |
| Mortality | IALM (2012-14) Ult | IALM (2006-08) Ult | IALM (2006-08) Ult |
| Future Salary Increases | 9.00% | 12.00% | 12.00% |
| Disability | | | - |
| Attrition | 13%-25% | 13%-25% | 13%-25% |
| Retirement | 60 yrs | 60 yrs | 60 yrs |

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

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Position of plan asset / liability

(₹ in million)

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Fair value of plan assets at the end of the period | 1,215.46 | 1,117.87 | 1,144.35 |
| Present Value of Obligation at the end of the year | 1,553.76 | 1,440.46 | 1,129.15 |
| **Plan asset / (liability)** | (338.3) | (322.59) | 15.20 |

The Bank is yet to determine future contribution to Gratuity fund for Financial Year 2020-21

*National Pension Scheme*

The Bank has contributed ₹ 24.36 million for the year ended March 31, 2020 (March 31, 2019: ₹ 19.33 million and March 31, 2018: ₹ 15.22 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 ₹ 1,039.82 million for the year ended March 31, 2020 (March 31, 2019: ₹ 804.29 million and March 31, 2018: ₹ 716.81 million ) towards contribution to the provident fund.

*Compensated absence*

The Bank has recognised ₹ 169.54 million in the profit and loss account for the year ended March 31, 2020 (March 31, 2019: ₹ 169.60 million and March 31, 2018: ₹ 51.72 million) towards compensated absences.

*18.6.47 Segment Results*

Pursuant to the guidelines issued by RBI on AS-17 (Segment Reporting) - Enhancement of Disclosures dated April 18, 2007, effective from period ending March 31, 2008, the following business segments have been reported.

- **Treasury:** Includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilisation from other banks and financial institutions.
- **Corporate / Wholesale Banking:** Includes lending, deposit taking and other services offered to corporate customers.
- **Retail Banking:** Includes lending, deposit taking and other services offered to retail customers.
- **Other Banking Operations:** Includes para banking activities like third party product distribution, merchant banking etc.

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Segmental results for the year ended March 31, 2020 are set out below:

(₹ *in million*)

| Business Segments | Treasury | Corporate / Wholesale Banking | Retail Banking | Other Banking Operations | Total |
|---|---|---|---|---|---|
| Segment Revenue | 118,905.25 | 170,550.01 | 59,161.77 | 1,982.65 | 350,599.67 |
| Less: Inter-segment | | | | | (55,518.69) |
| Revenue net of inter-segment | | | | | 295,080.98 |
| Result | (15,056.16) | (244,768.03) | (10,469.90) | (36.45) | (270,330.55) |
| Unallocated Expenses | | | | | (22,078.65) |
| Operating Profit | | | | | (292,409.19) |
| Income Taxes | | | | | (65,259.44) |
| Extra-ordinary Profit/(Loss) | | | | | 62,969.45 |
| Net Profit | | | | | (164,180.31) |
| Other Information: | | | | | |
| Segment assets | 718,647.95 | 1,258,879.95 | 503,345.05 | 232.44 | 2,481,105.39 |
| Unallocated assets | | | | | 97,163.85 |
| Total assets | | | | | 2,578,269.23 |
| Segment liabilities | 1,317,079.06 | 479,468.85 | 547,960.41 | 970.67 | 2,345,478.98 |
| Unallocated liabilities | | | | | 232,790.24 |
| Total liabilities | | | | | 2,578,269.22 |

Other banking operations includes income from bancassurance business ₹ 836.40 million during year ended March 31, 2020.

Segmental results for the year ended March 31, 2019 are set out below:

(₹ *in million*)

| Business Segments | Treasury | Corporate / Wholesale Banking | Retail Banking | Other Banking Operations | Total |
|---|---|---|---|---|---|
| Segment Revenue | 104,539.78 | 222,653.47 | 45,658.71 | 2,051.90 | **374,903.85** |
| Less: Inter-segment | | | | | (32,759.28) |
| Revenue net of inter- segment | | | | | 342,144.57 |
| Result | 35,460.35 | 14,180.12 | (4,524.82) | 916.64 | **46,032.30** |
| Unallocated Expenses | | | | | (22,458.83) |
| Operating Profit | | | | | 23,573.47 |
| Income Taxes | | | | | 6,370.68 |
| Extra-ordinary Profit/(Loss) | | | | | - |
| **Net Profit** | | | | | **17,202.79** |
| **Other Information:** | | | | | |
| Segment assets | 1,302,259.99 | 1,979,884.76 | 486,554.09 | 885.39 | **3,769,584.22** |
| Unallocated assets | | | | | 38,677.42 |
| **Total assets** | | | | | 3,808,261.64 |
| Segment liabilities | 1,081,751.87 | 1,411,797.46 | 947,394.05 | 1,082.29 | **3,442,025.66** |
| Unallocated liabilities | | | | | 366,235.98 |
| **Total liabilities** | | | | | **3,808,261.64** |

Other banking operations includes income from bancassurance business ₹ 868.16 million during year ended March 31, 2019.

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Segmental results for the year ended March 31, 2018 are set out below:

(₹ in million)

| Business Segments | Treasury | Corporate / Wholesale Banking | Retail Banking | Other Banking Operations | Total |
|---|---|---|---|---|---|
| Segment Revenue | 65,927.05 | 166,358.80 | 29,728.16 | 1,954.12 | 263,968.13 |
| Less: Inter-segment | | | | | 9,044.11 |
| Revenue net of inter- segment | | | | | 254,924.02 |
| Result | 29,460.99 | 54,748.04 | (5,907.63) | 1,108.21 | 79,409.61 |
| Unallocated Expenses | | | | | (17,466.51) |
| Operating Profit | | | | | 61,943.10 |
| Income Taxes | | | | | 9,697.46 |
| Extra-ordinary Profit/(Loss) | | | | | - |
| **Net Profit** | | | | | 42,245.64 |
| **Other Information:** | | | | | |
| Segment assets | 1,022,128.60 | 1,714,630.32 | 371,370.33 | 329.97 | 3,108,459.22 |
| Unallocated assets | | | | | 15,996.81 |
| **Total assets** | | | | | 3,124,456.03 |
| Segment liabilities | 751,075.32 | 1,261,531.12 | 750,850.50 | 4,724.60 | 2,768,181.54 |
| Unallocated liabilities | | | | | 356,274.49 |
| **Total liabilities** | | | | | 3,124,456.03 |

Other banking operations includes income from bancassurance business ₹ 767.80 million during year ended March 31, 2018.

*Notes for segment reporting:*

1. *The business of the Bank is concentrated largely in India. Accordingly, geographical segment results have not been reported in accordance with AS-17 (Segment Reporting).*
2. *In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.*
3. *Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.*
4. *The unallocated assets Includes tax paid in advance/tax deducted at source and deferred tax asset.*
5. *The unallocated liabilities include Share Capital, Reserves & Surplus and Tier 1 bond borrowings.*
6. *Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.*

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*18.6.48 Related Party Disclosures*

The Bank has transactions with its related parties comprising of subsidiary, key management personnel and the relative of key management personnel

As per AS 18 "Related Party Disclosures", notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, the Bank's related parties for the year ended March 31, 2020 are disclosed below:

**Subsidiary**

- Yes Securities (India) Limited
- Yes Asset Management (India) Limited
- Yes Trustee Limited

**Individuals having significant influence:**

- Mr. Ravneet Gill, Managing Director & CEO (till March 05, 2020)
- Mr. Prashant Kumar, Administrator - Appointed by the Reserve Bank of India, (from March 06, 2020 till March 25, 2020)
- Mr. Prashant Kumar, Managing Director & CEO (from March 26, 2020)

**Investing Company**

Investing party - State Bank of India Limited (SBI)

**Key Management Personnel ('KMP') (Whole time Director)**

- Mr. Ravneet Gill, Managing Director & CEO (till March 05, 2020)
- Mr. Prashant Kumar, Administrator - Appointed by the Reserve Bank of India, (from March 06, 2020 till March 25, 2020)
- Mr. Prashant Kumar, Managing Director & CEO (from March 26, 2020)

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2020:

| Items / Related Party Category | Investing party [1] | Maximum Balance during the year | Subsidiaries[2,3] | Maximum Balance during the year | Whole time directors / individual having significant influence | Maximum Balance during the year | Relatives of whole time directors / individual having significant influence | Maximum Balance during the year | Enterprise where relative of whole time director having significant influence |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | # | # | 600.98* | 1,437.63 | - | 12.65 | - | - | - |
| Advances (Overdraft) | | | 102.05* | 2039.12 | | | | | |
| Investment | # | # | 2,390.00* | 2,390.00 | | | | | |
| Interest received | # | | 145.87 | | | | | | |
| Interest paid | # | | 33.38 | | 0.31 | | | | |
| Reimbursement of Cost incurred | | | 54.06 | | | | | | |
| Receiving of services | | | 0.93 | | | | | | |
| Payable | # | | 1.33 | | | | | | |
| Receivable | # | | 34.29 | | | | | | |
| Sale of Assets | | | | | | | | | |
| Funded/Non Funded Exposure taken | # | | 1,375.00 | | | | | | |
| Dividend paid | | | | | | | | | |

# As per RBI Circular, where there is only one entity in any category of related party, disclosure pertaining to that related party other than the relationship with that related party
*Represents outstanding as of March 31, 2020
[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 ₹150 million.
[3] As per the RBI master circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks, the Bank has provided ₹ 403.0 million for impairment of investment in subsidiaries.

During the year ended March 31, 2020, the Bank has contributed ₹ 405.42 million (previous year ₹ 537.86 million) to YES Foundation. YES Foundation is an independent public charitable trust which undertakes social charitable activities. YES Foundation does not qualify as Related Party, as defined under the Accounting Standard 18 - Related Party Disclosure and RBI guidelines.

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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, 2019:

*(₹ in million)*

| Items / Related Party Category | Subsidiaries | Maximum Balance during the year | Whole time directors / individual having significant influence | Maximum Balance during the year | Relatives of whole time directors / individual having significant influence | Maximum Balance during the year | Enterprise where relative of whole time director having significant influence |
|---|---|---|---|---|---|---|---|
| Deposits | 527.71* | 33,003.57 | 3.06* | 15.62 | | | |
| Advances (Overdraft) | 1,024.17* | 1,035.91 | | | | | |
| Investment | 2,240.00* | 2,240.00 | | | | | |
| Interest received | 41.02 | | | | | | |
| Interest paid | 44.29 | | 0.52 | | | | |
| Reimbursement of Cost incurred | 17.57 | | | | | | |
| Receiving of services | 8.22 | | | | | | 5.46 |
| Dividend paid | | | 270 | | | | |
| Payable | 2.70 | | | | | | |
| Receivable | 3.11 | | | | | | |
| Sale of Assets | 0.64 | | | | | | |

*Represents outstanding as of March 31, 2019*

# During the year, Bank has made additional investment in two subsidiaries; YES Securities (India) Limited and YES Asset Management (India) Limited for ₹ 990 million and ₹ 195 million respectively.

During the year ended March 31, 2019, the Bank has contributed ₹ 537.86 million (previous year ₹ 452.13 million) to YES Foundation. YES Foundation is an independent public charitable trust which undertakes social charitable activities. YES Foundation does not qualify as Related Party, as defined under the Accounting Standard 18 - Related Party Disclosure and RBI guidelines.

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he following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2018:

(₹ *in million*)

| Items / Related Party Category | Subsidiaries | Maximum Balance during the year | Whole time directors / individual having significant influence | Maximum Balance during the year | Relatives of whole time directors / individual having significant influence | Maximum Balance during the year | Enterprise where relative of whole time director having significant influence |
|---|---|---|---|---|---|---|---|
| Deposits | 495.44* | 746.93 | # | # | # | # | |
| Investment | 1,055.00* | 1,055.00 | | | | | |
| Advances (Overdraft) | 150.38* | 374.00 | | | | | |
| Interest received | 3.88 | | | | | | |
| Interest paid | 9.32 | | # | | # | | |
| Reimbursement of Cost incurred | 25.43 | | | | | | |
| Receiving of services | 8.34 | | # | | | | 6.02 |
| Dividend paid | | | # | | | | |
| Payable to subsidiary | 1.07 | | | | | | |
| Receivable from subsidiary | 3.10 | | | | | | |
| Sale of fixed asset | 5.24 | | | | | | |

** Represents outstanding as of March 31, 2018*

*# In Financial Year 2017-18 there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by the RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks".*

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### 18.6.49 *Operating Leases*

Lease payments recognized in the profit and loss account for the year ended March 31, 2020 was ₹ 3,900.61 million (Previous year: ₹ 3,613.24 million, FY 2018 ₹4,041.06 million). During the year ended March 31, 2020, the Bank paid minimum lease payment ₹ 3,782.51 million (Previous year: ₹3,623.94 million, FY 2018 ₹3,696.34 million).

The following table sets forth, for the period indicated, the details of future rentals payment on operating leases:

(*₹ in million*)

| Lease obligations | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Not later than one year | 3,337.42 | 3,461.65 | 3,674.42 |
| Later than one year and not later than five years | 10,090.09 | 9,751.31 | 14,583.08 |
| Later than five years | 13,749.82 | 12,418.84 | 16,627.33 |
| TOTAL | 27,177.33 | 25,631.80 | 34,884.83 |

The Bank does not have any provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

### 18.6.50 *ESOP disclosures*

*Statutory Disclosures Regarding Joining Stock Option Scheme:*

The Bank has Five Employee Stock Option Schemes viz.

- Joining Employee Stock Option Plan II (JESOP II),
- Joining Employee Stock Option Plan III (JESOP III),
- YBL ESOP (consisting of two sub schemes JESOP IV/PESOP I)
- YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/ PESOP II/PESOP II -2010)
- YBL Employee Stock Option Scheme, 2018 (YBL ESOS 2018) [Consisting of YBL Joining Employee Stock Option Plan, 2018 (JESOP 2018); YBL Performance Employee Stock Option Plan, 2018 (PESOP 2018), PESOP 2019; and YBL MD&CEO (New) Stock Option Plan, 2019 (MD&CEO Plan 2019)]

Effective from June 13, 2018, all new options have been granted under the YBL ESOS 2018 (which inter-alia consists of JESOP 2018, PESOP 2018 and MD & CEO Plan 2019). The YBL ESOS 2018 and plans formulated thereunder are in compliance with the SEBI (Share Based Employees Benefits) Regulations, 2014 as amended from time to time. Source of shares are primary in nature, since the Bank has been issuing new equity shares upon exercise of options

JESOP II and JESOP III were in force for employees joining the Bank up to March 31, 2006 and March 31, 2007 respectively. Grants under PESOP II had been discontinued w.e.f. January 20, 2010. Grants under JESOP IV/PESOP I and JESOP V/ PESOP II -2010 had been discontinued w.e.f. June 12, 2018 pursuant to coming into effect of YBL ESOS 2018. However, any options already granted under the abovementioned plans would be valid in accordance with the terms & conditions mentioned in the plans

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

| JESOP/PESOP | ESOP Scheme | Exercise period |
|---|---|---|
| JESOP | JESOP II | 50% after 3 years and balance after 5 years from the Grant date |
| | JESOP III | 50% after 3 years and balance after 5 years from the Grant date |
| | JESOP IV | 50% after 3 years and balance after 5 years from the Grant date |
| | JESOP V | 50% after 3 years and balance after 5 years from the Grant date |
| | MD&CEO Plan 2019 | 20%, 30% & 50% each year, from end of 1st year from the Grant date |
| PESOP | PESOP I | 25% after each year from the Grant date |
| | PESOP II | 30%, 30% & 40% after each year from the Grant date |
| | PESOP II - 2010 | 30%, 30% & 40% each year, from end of 3rd year from the Grant date |
| | JESOP 2018 | 50% after 3 years and balance after 5 years from the Grant date |
| | PESOP 2018 | 30%, 30% & 40% each year, from end of 3rd year from the Grant date |
| | PESOP 2019 | 30%, 30% & 40% each year, from end of 3rd year 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.

A summary of the status of the Bank's stock option plans as on March 31, 2020 and March 31, 2019 is set out below:

| | As at March 31, 2020 | | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|---|---|
| | PESOP | JESOP | PESOP | JESOP | PESOP | JESOP |
| Options outstanding at the beginning of the year | 35,019,115 | 18,254,826 | 46,257,335 | 15,963,100 | 64,802,165 | 20,614,950 |
| Granted during the year | 18,032,000 | 2,025,000 | 365,000 | 5,940,000 | 3,847,500 | 1,697,500 |
| Exercised during the year | 4,037,675 | 346,499 | 9,265,020 | 2,800,774 | 15,590,830 | 4,947,350 |
| Forfeited / lapsed during the year | 12,316,650 | 5,419,275 | 2,338,200 | 847,500 | 6,801,500 | 1,402,000 |
| Options outstanding at the end of the year | 36,696,790 | 14,514,052 | 35,019,115 | 18,254,826 | 46,257,335 | 15,963,100 |
| Options exercisable | 16,388,915 | 6,650,302 | 18,701,265 | 3,901,451 | 18,413,585 | 2,277,350 |
| Weighted average exercise price (`) | 63.56 | 80.52 | 70.84 | 106.08 | 64.76 | 74.59 |
| Weighted average remaining contractual life of outstanding option (yrs) | 2.39 | 1.77 | 1.50 | 1.86 | 1.78 | 1.82 |

The Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020, March 31, 2019 and March 31, 2018. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit /loss after tax would have been lower by ₹ 505.40 million (Previous year: ₹ 375.18 millions, FY 2018 ₹ 414.98 millions), the basic earnings per share would have been ₹ (56.24) (Previous year: ₹ 7.29, FY 2018 ₹ 18.24 ) per share instead of ₹ (56.07) (Previous year: ₹ 7.45, FY 2018 ₹ 18.43) per share, and diluted earnings per share would have been ₹ (56.24) (Previous year: ₹ 7.22, FY 2018 ₹ 17.88) per share instead of ₹ (56.06) ( Previous year: ₹ 7.38, FY 2018 ₹ 18.06) per share.

The following assumptions have been made for computation of the fair value of ESOP granted for the year ended March 31, 2020, March 31, 2019 and March 31, 2018.

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Risk free interest rate | 6.29%-9.23% | 6.29%-9.23% | 6.29%-9.23% |
| Expected life | 1.5 yrs - 7.5 yrs | 1.5 yrs - 7.5 yrs | 1.5 yrs - 7.5 yrs |
| Expected volatility | 25.01%-48.72% | 25.01%-48.72% | 25.01%-48.72% |
| Expected dividends | 1.10% | 1.20% | 1.20% |

In computing the above information, certain estimates and assumptions have been made by the Management.

*18.6.51 Deferred Taxation*

The deferred tax asset of ₹ 82,809.96 million as at March 31, 2020, ₹ 25,329.14 million as at March 31, 2019 and ₹ 8,717.59 million as at March 31, 2018 is included under other assets and the corresponding credits have been taken to the profit and loss account.

The components that give rise to the deferred tax asset included in the balance sheet are as follows:

*(₹ in million)*

| **Particulars** | **As at March 31, 2020** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|
| **Deferred tax asset** | | | |
| Depreciation | 585.78 | 598.64 | 415.56 |
| Provision for gratuity and unutilized leave | 322.73 | 391.24 | 208.24 |
| Provision for Non Performing Assets | 60,164.53 | 9,779.42 | 2,926.75 |
| Amortization of premium on HTM securities | 132.39 | 1,035.72 | 1,025.76 |
| Provision for standard advances | 3,123.15 | 11,119.17 | 3,220.59 |
| Other Provisions | 18,481.38 | 2,404.94 | 920.69 |
| **Deferred tax asset** | **82,809.96** | **25,329.13** | **8,717.59** |

The Bank has a total deferred tax asset of ₹ 82,809.96 million as at March 31, 2020. During the year ended March 31, 2020, the Bank has made loss of ₹ 164,180.31 million, however it had taxable profit in the year ended March 31, 2020. The Bank continues to carry such deferred tax asset in its Balance Sheet, as basis financial projections approved by the Board of Directors, there is reasonable certainty of having sufficient taxable income to enable realization of the said deferred tax asset as specified in Accounting Standard 22 (Accounting for Taxes on Income).

During the quarter ended September 30, 2019, the Bank had elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank had recognised Provision for Income Tax and re-measured its deferred tax assets basis the rate prescribed in the aforesaid section and recognized the effect of this change by revising the annual effective income tax rate. The rate of income tax is changed from 34.944% to 25.168%. The re-measurement of accumulated deferred tax asset had resulted in a one-time additional charge of ₹ 7,086.10 million.

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18.6.52 *Provisions and Contingencies*

The breakup of provisions of the Bank for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 are given below:

(₹ *in million*)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Provision for taxation | (44,078.89) | 6,370.68 | 19,697.46 |
| Provision for investments | 64,819.07 | 6,824.89 | 2,599.44 |
| Provision for standard advances | (19,410.78) | 22,514.06 | 1,687.43 |
| Provision made/write off for non performing advances | 278,060.36 | 25,669.54 | 10,788.29 |
| Others Provisions* | 4,115.69 | 2,767.12 | 462.88 |
| TOTAL | **283,505.45** | **64,146.28** | **35,235.50** |

* *Other Provisions includes provision made against other assets.*

*Other Disclosures*

**18.6.53** ***Disclosure on Remuneration***

*a.* Composition of the N&RC of the Bank as on March 31, 2020 is as follows:

| | |
|---|---|
| Mr. Mahesh Krishnamurti | Non-Executive Director |
| Mr. Sunil Mehta | Non-Executive Director (Chairman) |
| Mr. Atul Bheda | Non-Executive Director |
| Mr. Swaminathan Janakiraman | Director nominated by State Bank of India |

The roles and responsibilities of the N&RC are as under-

1. To review the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval;
2. To examine the qualification, knowledge, skill sets and experience of each director vis-a-vis the Bank's requirements and their effectiveness to the Board on a yearly basis and accordingly recommend to the Board for the induction of new Directors;
3. To review:
   A. the composition of the existing Committees of the Board and to examine annually whether there is any need to have a special committee of directors to meet the business requirements of the Bank and accordingly recommend to the Board for formation of a special committee.
   B. Review the Terms of Reference of the Board Level Committees and recommend the changes therein, if any, to the Board;
4. To 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 criteria for evaluation of performance of independent directors and the board of directors;
7. To carry out evaluation of every director's performance;
8. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
9. To validate 'fit and proper' status of all Directors on the Board of the Bank in terms of the Guidelines issued by the RBI or other regulatory authorities;
10. To develop and recommend to the Board Corporate Governance guidelines applicable to the Bank for incorporating best practices;
11. To implement policies and processes relating to Corporate Governance principles;

12. To formulate the criteria for determining qualifications, positive attributes and independence of a director;
13. To devise a Policy on Board diversity;
14. To recommend to the Board a policy relating to, the remuneration for the directors, key managerial personnel and other employees including performance/achievement bonus, perquisites, retirals, 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;
16. To ensure the following while formulating the policy on the aforesaid matters:
    (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the company successfully;
    (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    (c) remuneration to Whole time directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long- term performance objectives appropriate to the working of the company and its goals.
    (d) Recommend to the board all remuneration, in whatever form, payable to senior management
17. To consider grant of Stock Options to employees including employees of subsidiaries and administer and supervise the Employee Stock Option Plans;
18. To function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 and is authorized to allot shares pursuant to exercise of Stock Options by employees;
19. To review the Human Capital Capacity Planning on annual basis;
20. To review the list of risk takers on annual basis;
21. To review the HCM Policies and provide suitable guidance for additions/ modification/ deletions, if any;
22. To review the Succession Planning; and
23. To perform any other functions or duties as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

a. *Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy-*

The Bank has framed Compensation and Benefits Policy based on the guidelines contained in the RBI circular DBOD No. BC.72/29.67.001/2011-12 dated January 13, 2012 which was approved by the Nomination and Remuneration Committee on January 7, 2013. The remuneration of MD&CEO/Wholetime Directors is in accordance with the above mentioned circular and shall be reviewed basis RBI guidelines issued from time to time and approved by N&RC before obtaining Regulatory approvals.

The compensation philosophy of the Bank is aligned to the organizational values aimed at encouraging Professional Entrepreneurship and reinforcing a strong culture promoting meritocracy, performance, potential and prudent risk taking.

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

Human Capital Management shall review the policy annually or as required, based on changes in statutory, regulatory requirements and industry practices pertaining to Compensation and Benefits.

b. *Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks*

The broad factors taken into account for the Annual Review /revision of Fixed Compensation (TCC) & Performance Bonus are:

1. Individual performance based on the Annual Performance Review (APR) process of the Bank.
2. Business Unit performance in terms of financial outcomes, productivity, etc.
3. Consideration of all types of risk factors and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk.
4. Profitability of the Bank.
5. Industry Benchmarking and consideration towards cost of living adjustment/inflation

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

The sum-of-parts compensation comprises:

Fixed Compensation
Variable Compensation in the form of Performance Bonus
Employee Stock Option Plans (ESOP)

The Board of Directors of the Bank through its Nomination and Remuneration Committee (N&RC) shall exercise oversight & effective governance over the framing and implementing of the Compensation policy. Human Capital Management under the guidance of MD & CEO shall administer the Compensation and Benefits structure in line with Industry practices and statutory requirements as applicable from time to time.

c. *Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.*

The Bank ensures that the compensation remains adjusted for all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk. Further, the compensation in all forms will be consistent with the risk alignment.

One of the key factors to be considered for the Annual Review /revision of Fixed Compensation (TCC) & Performance Bonus includes individual performance based on the Annual Performance Review (APR) process of the Bank. The evaluation on risk management parameters is an integral part of the Annual Performance Review process, forming part of Key Result Areas of the executives with suitable weightage. The inputs for assessment on these parameters will be independently provided by the Risk Management function of the Bank.

For the services pertaining to a given financial year, where variable pay is 50% or more, 40-60% of the variable pay shall be deferred over minimum period of 3 years. In the event of a negative contribution, deferred compensation shall be subject to appropriate malus/claw back arrangements as decided by the Board Remuneration Committee. Guaranteed bonus shall not be a part of the compensation plan.

The compensation for executives in Risk Control and Compliance functions shall be independent of the business areas they oversee.

The Bank shall not provide any facility or funds or permit employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement.

d. *Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms.*

The Bank subscribes to a 'Sum-of-Parts' compensation methodology, which is reflective of the commitment and philosophy of creating and sharing value with the employee partners. The sum-of-parts compensation for executives comprises:

**Fixed Compensation (Total Cost to Company-TCC)** - Includes value of perquisites.

**Variable compensation in the form of Performance /Deferred Bonus** – Variable pay shall be in the form of Performance Bonus which will be calculated as a percentage of Fixed Pay. The evaluation on risk management parameters is an integral part of the Annual Performance Review process, forming part of Key Result Areas of the executives with suitable weightage. The inputs for assessment on these parameters will be independently provided by the Risk Management function of the Bank.

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**Employee Stock Options Plans** - These are formulated on a mid to long term basis by the Bank in accordance with SEBI and other Regulatory guidelines. The grant of ESOP shall be under approval from MD & CEO, which shall be subsequently ratified by the Board Remuneration Committee.

e. *Quantitative Disclosures on Remuneration for MD & CEO and other risk takers*

There were 14 meetings of the N&RC held during the year ended March 31, 2020. The Bank had paid a remuneration of ₹3.35 *million* to the members of the N&RC for attending the meetings of the N&RC.,

| | | | *No of employee* | For the year ended March 31, 2020 | *No of employees* | For the year ended March 31, 2019 | *No of employees* | For the year ended March 31, 2018 |
|---|---|---|---|---|---|---|---|---|
| a. | (i) | Number of employees having received a variable remuneration award during the financial year. (refer Note below) | 10 | 40.29 | 5 | 35.35 | 8 | 78.50 |
| | (ii) | Number and total amount of sign-on awards made during the financial year. | 1 | 5.00 | - | - | - | - |
| | (iii) | Details of guaranteed bonus, if any, paid as joining / sign on bonus | - | - | - | - | - | - |
| | (iv) | Details of severance pay, in addition to accrued benefits, if any. | - | - | - | - | - | - |
| *b.* | (i) | Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.(refer Note below ) | 1 | 2.45 | 1 | 4.90 | 2 | 18.33 |
| *c.* | | Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred | | | | | | |
| | | Total remuneration award | 12 | 397.45 | 7 | 245.2 | 9 | 374.33 |
| | | Of which Fixed Component | 12 | 341.28 | 7 | 204.01 | 8 | 295.83 |
| | | Of which Variable Component | 10 | 56.17 | 4 | 41.19 | 8 | 78.50 |
| | | *Deferred* | *10* | *19.67* | *1* | *4.90* | - | - |
| | | *Paid* | *10* | *36.50* | *4* | *36.29* | *8* | *78.50* |
| *d.* | (i) | Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.(refer Note below ) | 1 | 2.45 | 1 | 4.90 | 2 | 18.33 |
| | (ii) | Total amount of reductions during the financial year due to ex- post explicit adjustments. .(refer Note below ) | - | - | 1 | 15.00 | - | - |
| | (iii) | Total amount of reductions during the financial year due to ex- post implicit adjustments. (change in variable payout due to change in Market Conditions) .(refer Note below) | - | - | - | - | - | - |

*Note:*

1. *Amounts disclosed represent variable pay paid during the year ended March 31, 2020 and March 31, 2019 for services rendered by the risk takers during the year March 31, 2019 and March 31, 2018 respectively. As the bonus pool for the year ended March 31, 2020 has not yet been allocated and accordingly, the deferred component for the risk takers is yet to be determined.*
2. *Compensation for MD & CEO is as approved by the RBI and paid by the Bank to the MD & CEO. Compensation for other risk takers is as approved by the Bank.*
3. *For the Financial Year ended March 31, 2020, 2,995,000 ESOP were issued to 11 risk takers (previous year 5,150,000 ESOPs to 4 risk taker and FY 2018 previous year 6,50,000 ESOPs to 6 risk taker)*

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**18.6.54** ***Movement in Floating Provisions***

The Bank has not created or utilized any floating provisions during the financial year ended March 31, 2020, March 31, 2019 and March 31, 2018. The floating provision as at March 31, 2020 was ₹ Nil (Previous year: ₹ Nil, FY 2018: ₹ Nil).

18.6.55 *Drawdown from Reserves*

During the financial year ended March 31, 2020, the Bank has not drawn down any reserve. (Previous year: ₹ Nil, FY 2018: ₹ Nil).

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### 18.6.56 *Liquidity Coverage Ratio (LCR)*

The following table sets forth, the daily average of unweighted and weighted values for all the quarters in FY2019-20.

(₹ in million)

| | Particulars | Quarter ended March 31, 2020 | | Quarter ended December 31, 2019 | | Quarter ended September 30, 2019 | | Quarter ended June 30, 2019 | |
|---|---|---|---|---|---|---|---|---|---|
| | | Total Unweighted Value | Total Weighted Value | Total Unweighted Value | Total Weighted Value | Total Unweighted Value | Total Weighted Value | Total Unweighted Value | Total Weighted Value |
| **High Quality Liquid Assets** | | | | | | | | | |
| 1 | Total High Quality Liquid Assets (HQLA) | | **197,052.73** | | **310,855.05** | | **536,598.92** | | 589,102.55 |
| **Cash Outflows** | | | | | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 612,338.09 | 58,687.66 | 673,981.30 | 64,779.68 | 808,350.86 | 78,114.89 | 811,455.15 | 78,594.99 |
| (i) | Stable deposits | 50,922.98 | 2,546.15 | 52,368.91 | 2,618.45 | 54,404.02 | 2,720.20 | 51,010.43 | 2,550.52 |
| (ii) | Less stable deposits | 561,415.11 | 56,141.51 | 621,612.39 | 62,161.24 | 753,946.84 | 75,394.68 | 760,444.72 | 76,044.47 |
| 3 | Unsecured wholesale funding, of which: | 537,278.73 | 255,617.70 | **638,242.08** | **288,380.46** | **855,505.17** | **391,361.04** | 935,232.42 | 425,537.90 |
| (i) | Operational deposits (all counterparties) | 54,954.39 | 13,738.60 | 62,633.98 | 15,658.50 | 81,535.53 | 20,383.88 | 87,194.53 | 21,798.63 |
| (ii) | Non-operational deposits (all counterparties) | 482,324.34 | 241,879.10 | 575,608.10 | 272,721.96 | 773,969.64 | 370,977.16 | 848,037.89 | 403,739.27 |
| (iii) | Unsecured debt | - | - | - | - | - | - | - | - |
| 4 | Secured wholesale funding | 147,470.36 | - | 150,267.90 | - | 17,871.00 | - | 19,029.67 | - |
| 5 | **Additional requirements, of which** | **30,728.06** | **20,356.46** | **24,316.89** | **20,672.59** | **24,058.11** | **22,360.83** | **23,728.58** | **21,894.41** |
| (i) | Outflows related to derivative exposures and other collateral requirements | 18,791.97 | 18,791.97 | 20,267.67 | 20,267.67 | 22,032.49 | 22,032.49 | 21,098.30 | 21,098.30 |
| (ii) | Outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - |
| (iii) | Credit and liquidity facilities | 11,936.09 | 1,564.49 | 4,049.22 | 404.92 | 2,025.62 | 328.33 | 2,630.28 | 796.11 |
| 6 | Other contractual funding obligations | 189,338.31 | 189,338.31 | 131,648.28 | 131,648.28 | 65,249.28 | 65,249.28 | 60,707.53 | 60,707.53 |
| 7 | Other contingent funding obligations | 1,321,202.23 | 50,913.41 | 1,473,027.24 | 56,771.11 | 1,563,980.18 | 59,941.46 | 1,593,489.65 | 60,991.41 |
| 8 | **Total Cash Outflows** | 2,838,355.78 | 574,913.54 | **3,091,483.68** | **562,252.12** | **3,335,014.60** | **617,027.49** | **3,443,643.01** | **647,726.25** |
| **Cash Inflows** | | | | | | | | | |
| 9 | Secured lending (e.g. reverse repos) | 11,285.53 | - | 10,547.72 | - | 39,742.11 | - | 49,205.38 | - |
| 10 | Inflows from fully performing exposures | 52,957.89 | 16,145.54 | 87,552.10 | 45,041.06 | 134,279.13 | 78,506.19 | 159,323.36 | 97,121.11 |
| 11 | Other cash inflows | 66,080.49 | 66,080.49 | 100,555.64 | 100,555.64 | 67,129.37 | 67,129.37 | 48,348.73 | 48,348.73 |
| 12 | **Total Cash Inflows** | **130,323.90** | **82,226.02** | **198,655.46** | **145,596.69** | **241,150.61** | **145,635.56** | **256,877.47** | **145,469.84** |
| 21 | **TOTAL HQLA** | | 197,052.73 | | 310,855.05 | | 536,598.92 | | 589,102.55 |
| 22 | **Total Net Cash Outflows** | | 492,687.51 | | 416,655.43 | | 471,391.93 | | 502,256.41 |
| 23 | **Liquidity Coverage Ratio (%)** | | 40.0% | | 74.6% | | 113.8% | | 117.3% |

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Restated Standalone Financial Statements for the year ended March 31, 2020

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(₹ in million)

The following table sets forth, the daily average of unweighted and weighted values for all the quarters in FY2018-19.

| | Particulars | Quarter ended March 31, 2019 | | Quarter ended December 31, 2018 | | Quarter ended September 30, 2018 | | Quarter ended June 30, 2018 | |
|---|---|---|---|---|---|---|---|---|---|
| | | 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) | | 587,604.68 | | 524,390.54 | | 522,841.33 | | 505,991.52 |
| **Cash Outflows** | | | | | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 754,532.46 | 73,206.52 | 714,628.47 | 69,379.68 | 695,299.10 | 67,552.46 | 644,728.31 | 62,635.32 |
| (i) | Stable deposits | 44,934.58 | 2,246.73 | 41,663.30 | 2,083.16 | 39,549.03 | 1,977.45 | 36,750.33 | 1,837.52 |
| (ii) | Less stable deposits | 709,597.88 | 70,959.79 | 672,965.17 | 67,296.52 | 655,750.06 | 65,575.01 | 607,977.99 | 60,797.80 |
| 3 | Unsecured wholesale funding, of which: | 945,332.24 | 426,691.60 | 908,437.95 | 405,633.84 | 896,161.86 | 398,871.02 | 875,248.44 | 405,079.68 |
| (i) | Operational deposits (all counterparties) | 108,142.54 | 27,035.63 | 110,509.61 | 27,627.40 | 85,144.66 | 21,286.16 | 82,678.05 | 20,669.51 |
| (ii) | Non-operational deposits (all counterparties) | 837,189.70 | 399,655.96 | 797,928.34 | 378,006.44 | 811,017.20 | 377,584.85 | 792,570.39 | 384,410.16 |
| (iii) | Unsecured debt | - | - | - | - | - | - | | |
| 4 | Secured wholesale funding | 11,087.13 | - | 16,735.07 | - | 25,956.45 | - | 8,307.06 | - |
| 5 | Additional requirements, of which | 29,347.92 | 27,021.26 | 34,042.99 | 32,157.68 | 19,060.87 | 18,295.87 | 13,854.69 | 12,413.18 |
| (i) | Outflows related to derivative exposures and other collateral requirements | 26,439.73 | 26,439.73 | 31,354.21 | 31,354.21 | 17,871.51 | 17,871.51 | 12,238.09 | 12,238.09 |
| (ii) | Outflows related to loss of funding on debt products | - | - | - | - | - | - | | - |
| (iii) | Credit and liquidity facilities | 2,908.19 | 581.53 | 2,688.78 | 803.47 | 1,189.36 | 424.36 | 1,616.60 | 175.08 |
| 6 | Other contractual funding obligations | 67,776.73 | 67,776.73 | 67,506.03 | 67,506.03 | 73,958.43 | 73,958.43 | 60,043.54 | 60,043.54 |
| 7 | Other contingent funding obligations | 1,608,657.39 | 61,347.59 | 1,631,159.58 | 61,822.54 | 1,544,650.89 | 59,016.48 | 1,426,813.72 | 54,544.20 |
| 8 | **Total Cash Outflows** | 3,416,733.87 | 656,043.70 | 3,372,510.08 | 636,499.77 | 3,255,087.59 | 617,694.26 | 3,028,995.77 | 594,715.91 |
| **Cash Inflows** | | | | | | | | | |
| 9 | Secured lending (e.g. reverse repos) | 71,144.40 | - | 18,093.98 | - | 28,251.28 | - | 98,890.44 | - |
| 10 | Inflows from fully performing exposures | 109,662.81 | 63,142.29 | 104,065.59 | 59,376.40 | 87,411.97 | 36,023.66 | 94,366.98 | 51,626.20 |
| 11 | Other cash inflows | 63,126.23 | 63,126.23 | 64,319.15 | 64,319.15 | 55,814.10 | 55,814.10 | 42,290.02 | 42,290.02 |
| 12 | **Total Cash Inflows** | 243,933.45 | 126,268.52 | 186,478.72 | 123,695.54 | 171,477.36 | 91,837.77 | 235,547.44 | 93,916.22 |
| 21 | TOTAL HQLA | | 587,604.68 | | 524,390.54 | | 522,841.33 | | 505,991.52 |
| 22 | **Total Net Cash Outflows** | | 529,775.18 | | 512,804.23 | | 525,856.49 | | 500,799.69 |
| 23 | **Liquidity Coverage Ratio (%)** | | 110.9% | | 102.3% | | 99.4% | | 101.0% |

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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The following table sets forth, the daily average of unweighted and weighted values for all the quarters in FY2017-18.

| | | Previous Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Particulars | | Quarter ended March 31, 2018 * | | Quarter ended December 31, 2017 * | | Quarter ended September 30, 2017 * | | Quarter ended June 30, 2017 * | |
| | | 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) | | **468,477.25** | | **420,824.31** | | **376,294.19** | | 350,581.77 |
| **Cash Outflows** | | | | | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | **590,780.00** | **55,606.81** | **552,467.44** | **51,839.55** | **515,565.30** | **48,344.81** | 486,671.00 | **45,624.69** |
| (i) | Stable deposits | 69,423.82 | 3,471.19 | 68,143.92 | 3,407.20 | 64,234.38 | 3,211.72 | 60,848.12 | 3,042.41 |
| (ii) | Less stable deposits | 521,356.17 | 52,135.62 | 484,323.52 | 48,432.35 | 451,330.92 | 45,133.09 | 425,822.88 | 42,582.29 |
| 3 | Unsecured wholesale funding, of which: | **808,950.66** | **362,569.64** | **707,639.46** | **340,451.08** | **682,228.78** | **333,869.15** | **642,052.75** | **320,329.86** |
| (i) | Operational deposits (all counterparties) | 76,099.31 | 19,024.83 | - | - | - | - | | - |
| (ii) | Non-operational deposits (all counterparties) | 732,851.35 | 343,544.81 | 707,639.46 | 340,451.08 | 682,228.78 | 333,869.15 | 642,052.75 | 320,329.86 |
| (iii) | Unsecured debt | - | - | - | - | - | - | - | - |
| 4 | Secured wholesale funding | 12,096.76 | - | 16,876.56 | - | 5,709.79 | - | 9,487.66 | - |
| 5 | Additional requirements, of which | **17,928.43** | **16,949.04** | **18,393.86** | **16,192.89** | **16,527.70** | **13,208.66** | **22,093.13** | **14,831.27** |
| (i) | Outflows related to derivative exposures and other collateral requirements | 16,840.22 | 16,840.22 | 15,948.33 | 15,948.33 | 12,839.88 | 12,839.88 | 14,024.40 | 14,024.40 |
| (ii) | Outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - |
| (iii) | Credit and liquidity facilities | 1,088.21 | 108.82 | 2,445.53 | 244.55 | 3,687.82 | 368.78 | 8,068.73 | 806.87 |
| 6 | Other contractual funding obligations | 54,076.79 | 54,076.79 | 48,498.59 | 48,498.59 | 30,497.92 | 30,497.92 | 31,363.15 | 31,363.15 |
| 7 | Other contingent funding obligations | 1,315,133.32 | 50,399.92 | 1,199,059.34 | 46,225.14 | 1,166,913.98 | 44,734.58 | 1,087,179.77 | 41,228.28 |
| 8 | **Total Cash Outflows** | **2,798,965.95** | **539,602.19** | **2,542,935.25** | **503,207.24** | **2,417,443.47** | **470,655.12** | **2,278,847.47** | **453,377.26** |
| **Cash Inflows** | | | | | | | | | |
| 9 | Secured lending (e.g. reverse repos) | 64,696.90 | - | 47,089.37 | - | 87,865.41 | - | 110,993.16 | - |
| 10 | Inflows from fully performing exposures | 81,518.76 | 37,900.50 | 59,509.80 | 25,876.11 | 56,335.38 | 17,963.84 | 57,198.63 | 20,827.27 |
| 11 | Other cash inflows | 42,835.91 | 42,835.91 | 40,445.29 | 40,445.29 | 37,219.86 | 37,219.86 | 35,621.31 | 35,621.31 |
| 12 | **Total Cash Inflows** | **189,051.56** | **80,736.41** | **147,044.46** | **66,321.39** | **181,420.65** | **55,183.70** | **203,813.10** | **56,448.58** |
| 21 | **TOTAL HQLA** | | 468,477.25 | | 420,824.31 | | 376,294.19 | | 350,581.77 |
| 22 | **Total Net Cash Outflows** | | 458,865.78 | | 436,885.85 | | 415,471.42 | | 396,928.68 |
| 23 | **Liquidity Coverage Ratio (%)** | | 102.1% | | 96.3% | | 90.6% | | 88.3% |

* For all the quarters in the current 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.

- The Bank endeavors to meet the LCR requirement on an ongoing basis. The adequacy in the LCR maintenance remains a conscious strategy of the Bank towards complying with LCR mandate.
- The Board of Directors of the Bank have empowered ALCO (Top Management Executive Committee) to monitor and strategize the Balance Sheet profile of the Bank. In line with the business strategy, ALCO forms an Interest Rate/Liquidity view for the bank with the help of the economic analysis provided by the in-house economic research team of the bank. ALCO of the Bank channelizes various business segments of the Bank to target good quality asset and liability profile to meet the Bank's profitability as well as Liquidity requirements with the help of robust MIS and Risk Limit architecture of the Bank.
- Funding strategies are formulated by the ALCO of the Bank. The objective of the funding strategy is to achieve an optimal funding mix which is consistent with prudent liquidity, diversity of sources and servicing costs. Accordingly, BSMG (Balance Sheet Management Group) of the Bank estimates daily liquidity requirement of the various business segments and manages the same on consolidated basis under ALCO guidance. With the help of Liquidity Statement prepared by the Bank, BSMG evaluates liquidity requirement and takes necessary action. Periodical reports are also placed before the ALCO for perusal and review.
- The Bank's HQLA comprises of Excess CRR, Excess SLR, eligible foreign sovereign investments, Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) as permitted under prudential guidance and eligible Level 2 investments. The Bank has a very limited exposure to liquidity risk on account of its Derivatives portfolio. Further, the Bank believes that all inflows and outflows which might have a material impact under the liquidity stress scenario have been considered for the purpose of LCR. Further, SLR investments as well as Corporate Bond portfolio of the Bank considered for HQLA is also well diversified across various instruments and Liquid Asset Type Mix and should provide the Bank with adequate and timely liquidity.
- The daily average LCR for quarter ending March 31, 2020 is 40.0% which is below the prudential requirement. The LCR for the Bank had fallen below the regulatory limits on account of payment /prepayment of deposits and borrowings on account of various internal and external events including moratorium, multi notch rating downgrades, aftermath of cooperative bank failure etc.
- Accordingly, the Bank utilized the stock of HQLA to meet the commitments on account of these liabilities resulting in LCR dropping below the prudential limit.
- The bank endeavors to restore the LCR on an urgent basis and is working towards the same by garnering deposits and long term borrowings along with through asset advances at the earliest.

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### 18.6.57 *Intra-Group Exposures to Subsidiaries*

The Bank has three subsidiary viz. "YES Securities (India) Limited, Yes Asset Management (India) Limited and Yes Trustee Limited ". Below mentioned are details of Intra-Group Exposure as of March 31, 2020, March 31, 2019 and March 31, 2018.

(₹ in million)

| Particulars | As of March 31, 2020 | As of March 31, 2019 | As of March 31, 2018 |
|---|---|---|---|
| Total amount of intra-group exposures | 1,375.00 | 7,500.00 | 2,150.00 |
| Total amount of top-20 intra-group exposures | 1,375.00 | 7,500.00 | 2,150.00 |
| Percentage of intra-group exposures to total exposure of the bank on borrowers / customers (%) | 0.03% | 0.15% | 0.05% |

During the year ended March 31, 2020, March 31, 2019 and March 31, 2018, the intra-group exposures were within the limits specified by RBI.

### 18.6.58 *Transfers to Depositor Education and Awareness Fund (DEAF)*

(₹ in million)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| Opening balance of the amount transferred to DEAF | 32.83 | 13.53 | 4.70 |
| Add: Amounts transferred to DEAF during the year | 24.46 | 20.06 | 8.83 |
| Less: Amounts reimbursed by DEAF towards claims | 3.61 | 0.75 | - |
| Closing balance of amounts transferred to DEAF | 53.68 | 32.83 | 13.53 |

### 18.6.59 *Investor Education and Protection Fund*

The unclaimed dividend amount due to be transferred to the Investor Education and Protection Fund (IEPF) during the year ended March 31, 2020, March 31, 2019 and March 31, 2018 has been transferred without any delay.

### 18.6.60 *Unhedged Foreign Currency Exposure of Bank's Customer*

The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency product portfolio and encouraging them to hedge the unhedged portion. In line with the policy, assessment of unhedged foreign currency exposure is a part of assessment of borrowers and is undertaken while proposing limits or at the review stage. Additionally, at the time of sanctioning limits for all clients, the Bank stipulates a limit on the unhedged foreign currency exposure of the client (as a % of total foreign currency exposure sanctioned by the Bank) after considering factors such as internal rating of the borrower, size, possibility of natural hedging, sophistication of borrower and maturity of borrower's financial systems, relative size of unhedged foreign currency exposure with respect to total borrowings of the client, etc. Further, the Bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank also maintains incremental provision and capital towards the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines.

The Bank has maintained provision of ₹ 777.93 million (previous year of ₹ 537.52 million and FY 2018 ₹ 560.49 million) and additional capital of ₹ 2,304.16 million (previous year of ₹ 1,297.78 million and FY 2018 ₹ 1,710.94 million) on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2020.

18.6.61 *Provisioning pertaining to Fraud Accounts*

The Bank has reported 75 cases of fraud in the financial year ended March 31, 2020 amounting to ₹ 65,931.87 million (Previous Year: 107 cases amounting to ₹ 1,939.69 million and FY 2018 91 cases amounting to ₹ 9.51 million). The Bank has expensed off/ provided for the expected loss arising from these frauds and does not have any unamortized provision.

18.6.62 *Disclosure of complaints*

A. *Customer Complaints*

| | | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|---|
| i) | No. of Complaints pending at the beginning of the year | 3,271 | 2,681 | 2,617 |
| ii) | No. of Complaints received during the year | 111,764 | 110,301 | 84,580 |
| iii) | No. of Complaints redressed during the year | 112,442 | 109,711 | 84,516 |
| iv) | No. of Complaints pending at the end of the year | 2,593 | 3,271 | 2,681 |

*Auditors have relied upon the information presented by management as above.*

B. *Awards passed by the Banking Ombudsman*

| | | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|---|
| i) | No. of unimplemented Awards at the beginning of the year | Nil | Nil | Nil |
| ii) | No. of Awards passed by the Banking Ombudsman during the year | Nil | Nil | Nil |
| iii) | No. of Awards implemented during the year | Nil | Nil | Nil |
| iv) | No. of unimplemented Awards at the end of the year | Nil | Nil | Nil |

The above is based on the information available with the Bank which has been relied upon by the auditors.

18.6.63 *Dues to Micro and Small Enterprises*

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been ₹ 655.70 million (previous year ₹ 437.40 million) worth bills which were paid with delays to micro and small enterprises. There have been ₹ 19.72 million worth bills remained unpaid as at March 31, 2020. 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.

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 no reported cases of interest payments for FY 2018 due to delays in such payments to Micro, Small and Medium enterprises.

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### 18.6.64 *Securitization Transactions*

The Bank has not done any securitization transactions during the year ended March 31, 2020, March 31, 2019 and March 31, 2018. The Bank has assigned retail loans amounting to ₹ 27,511.49 million (90% of portfolio) during the financial year ended March 31, 2020.

### 18.6.65 *Letter of comfort*

The Bank has not issued any letter of comfort which is not recorded as contingent liability during the year ended March 31, 2020, March 31, 2019 and March 31, 2018.

### 18.6.66 *Software Capitalized under Fixed Assets*

The Bank has capitalized software under Fixed Asset amounting to ₹ 951.56 million, ₹ 1,578.12 million and ₹1,418.30 million during the financial year ended March 31, 2020, March 31, 2019 and March 31, 2018 respectively.

(₹ in million)

| **Particulars** | **As at March 31, 2020** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|
| At cost at March 31st of preceding year | 5,296.77 | 3,722.63 | 2,488.26 |
| Additions during the year | 951.56 | 1,578.12 | 1,418.30 |
| Deductions during the year | - | (3.99) | (183.93) |
| Depreciation to date | (4,148.74) | (2,974.02) | (1,939.86) |
| **Net block** | **2,099.59** | **2,322.74** | **1,782.77** |

### 18.6.67 *Provision for Long Term contracts*

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the restated financial statements.

### 18.6.68 *PSLCs sold and purchased during the ended March 31, 2020*

(₹ in million)

| | **2019-20** | | **2018-19** | | **2017-18** | |
|---|---|---|---|---|---|---|
| **Particulars** | **Purchased** | **Sold** | **Purchased** | **Sold** | **Purchased** | **Sold** |
| PSLC - Agriculture | - | - | - | - | - | - |
| PSLC - SF/MF | 105,000.00 | - | 96,000.00 | - | 58,000.00 | - |
| PSLC - Micro Enterprises | - | - | - | - | - | - |
| PSLC – General | - | - | 68,000.00 | - | 12,800.00 | - |

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18.6.69 *Disclosure on Complaints-*

The Bank became aware in September 2018 through communications from stock exchanges of anonymous whistleblower complaints alleging irregularities in the Bank's operations, potential conflict of interest of the founder and former MD & CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which was carried out by management and supervised by the Board of Directors. The enquiry resulted in a report that was reviewed by the Board in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. In April 2019, the Bank had received the phase 1 report from the external firm and based on further review/ deliberations had directed a phase 2 investigation from the said firm. Further, during the quarter ended December 31, 2019, the Bank received forensic reports on certain borrower groups commissioned by other consortium bankers, which gave more information regarding the above mentioned allegations. The Bank at the direction of its Nomination and Remuneration Committee (NRC) obtained an independent legal opinion with respect to these matters. In February 2020, the Bank has received the final phase 2 report from the said external firm. Meanwhile, in March 2020, the Enforcement Directorate has launched an investigation into some aspects of transactions of the founder and former MD & CEO and alleged links with certain borrower groups. The ED is investigating allegations of money laundering, fraud and nexus between the founder and former MD & CEO and certain loan transactions. The Bank is in the process of evaluating all of the above reports and concluding if any of the findings have a material impact on financial statements/ processes and require further investigation. The Bank has taken this report to the newly constituted Audit Committee and Board and will progress further action basis the guidance and recommendations.

During the year ended March 31, 2020, the Bank had received various whistleblower complaints against the Banks management, former MD & CEO and certain members of the Board of Directors prior to being superseded by RBI. The NRC, basis investigations conducted by the management has, post its review, concluded that they have no material impact on financial statements.

In January 2020, the then Chairman of the Audit Committee of the Bank highlighted certain concerns around corporate governance and other operational matters at the Bank. The then Board decided to get this investigated by an independent external firm. A preliminary report has been received by the Board. While most of the allegations are unsubstantiated, the Board has requested the external firm for detailed recommendations highlighting areas where corporate governance can be further strengthened.

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*18.6.70 Description of contingent liabilities*

| *Sr. No.* | *Contingent Liabilities* | *Brief* |
|---|---|---|
| *1.* | Claims against the Bank not acknowledged as debts | The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows. |
| *2.* | Liability on account of forward exchange and derivative contracts. | The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly. |
| *3.* | Guarantees given on behalf of constituents, acceptances, endorsements and other obligations | As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations. |
| *4.* | Other items for which the Bank is contingently liable | Purchase of securities pending settlement, capital commitments, amount deposited with RBI under Depositor Education Awareness Fund (DEAF), bill re-discounting, Foreign Exchange Contracts (Tom & Spot) |
| *5* | PF Liability | In February 2019, the honorable Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Bank has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Due to imperative challenges, the Bank has not disclosed contingent liability amount for past liability. |

*Refer Schedule 12 for amounts relating to contingent liability*

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Prior period comparatives

Previous year's figures have been regrouped where necessary to conform to current year classification.

| For B S R & Co. LLP<br>*Chartered Accountants*<br>**Firm's Registration No: 101248W/W-100022** | For and on behalf of the Board of Directors<br>YES BANK Limited | | |
|---|---|---|---|
| **Venkataramanan Vishwanath** | **Prashant Kumar** | **Anurag Adlakha** | **Shivanand R hettigar** |
| **Partner** | *Managing Director & CEO* | *Group Chief Financial Officer* | *Group Company Secretary* |
| Membership No: 113156 | *(DIN: 07562475)* | | |

Mumbai
July 03, 2020