

June 7, 2018

Mr. Khushro A. Bulsara –  
Senior General Manager  
Listing Compliance & Legal Regulatory  
**BSE Limited**  
P.J. Towers, Dalal Street  
Mumbai – 400 001  
**BSE Scrip Code: 532648**

Mr. Avinash Kharkar,  
AVP – Listing Department  
**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**

Dear Sir,

**Sub: Response from YES Bank Limited (the "Bank") to reports issued by certain Proxy Advisory Firm(s) on Resolution Nos. 12 & 13 proposed to be passed at the ensuing Annual General Meeting to be held on June 12, 2018**

The Bank would like to submit that certain Proxy Advisory Firm(s) have recommended to vote against Resolution Nos. 12 & 13 relating to ESOS, which is proposed to be passed at the ensuing Annual General Meeting to be held on June 12, 2018 ('AGM') on the following grounds:

- *The company could be considered a mature company, and the limit under the proposed scheme and other existing schemes is 5.96 percent of the company's issued capital; and*
- *Performance conditions have not been disclosed.*

The Bank has carefully reviewed the Reports of the Proxy Advisory Firm(s) and would like to clarify its position as follows:

1. The Bank would like to bring to the notice of Shareholders that the maximum possible dilution due to the current proposal of 75 Mn Stock Options is to the extent of 3.26% only, which is well below the 5% benchmarking of Proxy Advisory Firm(s).

The current proposal, if added to the existing pool of granted (*but not exercised*) Stock Options (2.70%), would lead to a maximum potential full dilution of 5.62% and maximum potential basic dilution of 5.96%. This is marginally in excess of the 5% threshold prescribed by the Proxy Advisory Firm(s) for matured businesses. Out of the existing granted Stock Options of 2.70%, any Options which do not vest and surrendered due to separation of the awardees/employees would lapse leading to even lower dilution to that extent.



Page 1 of 2

**YES BANK Limited, YES BANK Tower, IFC 2, 23rd Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai 400 013, India**

Tel: +91(22) 3366 9000 Fax: +91(22) 2421 4500

Regd. & Corporate Office: Nehru Centre, 9th Floor, Discovery of India, Dr. A.B. Road, Worli, Mumbai 400 018, India.

Tel: +91(22) 6669 9000 Fax: +91(22) 6669 9060

Website: [www.yesbank.in](http://www.yesbank.in) Email: [communications@yesbank.in](mailto:communications@yesbank.in) CIN - L65190MH2003PLC143249


2. The Bank would also like to highlight that till date, Net Stock Options granted (net of cancellations / lapses) aggregated to ~72% of the approved limits. Considering this past record, the Bank wish to submit that the proposed 75 Mn Stock Options may not result into full dilution of 5.96%. Further, the dilution will take place over a longer period of time, i.e., upto 5-10 years. Over the past five years, the average yearly dilution on account of exercise of Stock Options has been ~0.74%, clearly indicating the well staggered dilution pattern.
3. The Bank has also proposed that no further grants will be made under the existing Schemes, once the approval of Shareholders is received on the proposed Scheme at the ensuing AGM. In addition to this, any Options granted but not vested, will also lapse in case of surrender of such rights due to separation events.
4. The Bank would also like to humbly submit that YES Bank is one of the fastest growing Banks in the country with expanding newer businesses, viz., Securities and Asset Management. Given this, Stock Options will remain an important tool to attract and retain talent and as a consequence, the Bank is seeking the approval for the limit proposed. Issuance of Stock Options in existing and newer businesses would be in line with the Bank's philosophy of Owner-Manager-Partner model.
5. With respect to performance conditions, the eligibility criteria for grants of Stock Options under the Employee Stock Option Scheme would be decided by the Nomination and Remuneration Committee (*a committee comprising majority of Independent Directors of the Board*) which parameters includes management band, performance of an employee depending on the profile, role, function, potential, tenure of service of the employee and other parameters. It is important to appreciate that the performance indicators are not static and may change according to the profile/ function of an eligible employee.

We request you to take note of the above points of view.

Thanking you,

Yours faithfully,

For YES BANK LIMITED

  
✓ Shivanand R. Shettigar  
Company Secretary

