

YES BANK LIMITED

DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK - PILLAR III (BASEL II) 30th SEPTEMBER 2009

1. Scope of Application

YES BANK Limited is a publicly held bank; which 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. As at September 30, 2009, Yes Bank does not have any subsidiaries.

The Bank does not have any interest in any insurance entity.

2. Capital Structure

Capital Funds

The composition of Capital funds of the Bank as at September 30, 2009 is as below:

A. Tier I Capital	Rs in thousands
i. Paid up Share Capital	2,981,703
ii. Reserves	15,460,781
iii. Innovative Perpetual Debt Instruments*	1,754,400
iv. Amounts deducted from Tier I capital	
Intangible assets (including Deferred Tax assets)	(627,069)
Tier I Capital	19,569,815
<i>* includes USD 5,000,000 converted at foreign exchange rate of 1\$ = Rs. 42.88</i>	
B. Tier II Capital	16,511,545
C. Debt capital instruments eligible for inclusion in Upper Tier II Capital	
i. Total amount outstanding (Refer note below)	10,284,033
ii. Of which amount raised during the six month period**	927,633

iii. Amount eligible to be reckoned as capital funds (Refer note below)	10,284,033
<p>Note: The total amount outstanding and the amount eligible to be reckoned as capital funds includes: (a) Issue of USD 80,000,000; converted at foreign exchange rate i.e. 1\$ = Rs. 42.88 (b)** Issue of EURO 13.25 million converted at foreign exchange rate i.e. 1 Euro = Rs. 70.01</p>	
D. Subordinated Debt eligible for inclusion in Lower Tier II Capital	
i. Total amount outstanding	5,949,000
ii. Of which amount raised during the six month period	2,600,000
iii. Amount eligible to be reckoned as capital funds	5,549,000
E. Other deductions from capital	
	-
F. Total eligible Capital (A + B)	
	36,081,360

3. Capital Adequacy

Capital requirements	Rs in thousands
A. Capital requirements for credit risk	
i. Portfolios subject to standardised approach	16,889,758
ii. Securitisation exposures	-
B. Capital requirements for market risk	
Standardised duration approach	
Interest rate risk	838,077
Foreign exchange risk (including gold)	126,000
Equity risk	52,870
C. Capital requirements for operational risk	
Basic Indicator approach	920,286
D. Total and Tier I Capital Adequacy ratio	
Tier I Capital Adequacy ratio	9.4%
Total Capital Adequacy ratio	17.3%

4. Credit Risk

Total Gross Credit Risk Exposure* Including Geographic Distribution of Exposure*

Rs in thousands

Particulars	Domestic	Overseas	Total
Fund Based	174,113,346	-	174,113,346
Non Fund Based**	74,542,199	-	74,542,199
Total	248,655,545	-	248,655,545

**Non-fund based exposures are guarantees given on behalf of the constituents and acceptances and endorsements.

Industry type distribution of Exposure*

Rs in thousands

Industry	Fund Based	Non Fund Based
Coal	1,143,906	1,051,806
Mining	260,356	186,045
Iron & Steel	5,639,910	2,296,094
Other Metal & Metal Products	2,240,698	1,820,685
All Engineering	14,005,502	9,374,722
- Of which Electronics	975,163	449,333
Electricity	248,000	3,449,568
Cotton Textiles	672,070	292,316
Other Textiles	1,518,361	71,975
Sugar	1,520,000	18,183
Tea	760,355	132,600
Food Processing	4,195,012	179,352
Vegetable Oils and Vanaspati	1,182,785	612,379
Rubber & Rubber Products	825,028	408,451
Chemicals, Dyes & Paints	11,503,388	2,942,878
- Of which Fertilisers	765,010	1,824,766
- Of which Drugs & Pharmaceuticals	8,044,772	304,719
- Of which Petro-Chemicals	256,244	409
Cement	1,470,000	979,588
Gems & Jewellery	531,188	2,066,154
Construction	7,275,312	4,760,182
Petroleum	1,560,093	1,084,238
Automobiles including trucks	1,591,563	398,429
Computer Software	2,135,366	1,156,591
Infrastructure	36,015,334	19,519,611

Industry	Fund Based	Non Fund Based
- <i>Of which Power</i>	10,466,092	4,283,544
- <i>Of which Telecommunications</i>	17,997,021	7,811,932
- <i>Of which Roads & Ports</i>	1,007,767	1,766,141
NBFC	11,999,307	35,571
Trading	4,714,250	5,367,805
Paper & Paper Products	578,568	242,298
Other Industries	59,510,655	15,139,035
Residuary Other Advances	1,016,339	955,643
Grand Total	174,113,346	74,542,199

Industries where the Bank's Exposure* was more than 5% of the total gross credit Exposure* as at September 30, 2009

Industry	Percentage to total gross credit exposure
Infrastructure	22%
All Engineering	9%
Chemicals, Dyes & Paints	6%

**represents book value as at September 30, 2009*

Residual Contractual maturity breakdown of assets

Rs in thousands

Maturity Bucket	Cash, Balances with RBI and other banks	Investments	Advances	Other assets including Fixed assets
1 day	8,580,570	2,643,244	2,968,021	1,036,770
2 to 7 days	183,503	1,002,270	4,028,999	210,177
8 to 14 days	262,394	1,433,159	3,744,469	110,421
15 to 28 days	425,732	2,345,161	5,668,902	834,529
29 days to 3 Months	1,435,973	8,799,555	27,723,916	1,272,214
Over 3 to 6 Months	2,148,938	12,737,199	21,207,850	377,951
Over 6 to 12 Months	2,716,463	21,229,792	39,872,875	14,427
Over 1 year to 3 years	1,144,221	8,468,203	45,814,584	5,223,298
Over 3 years to 5 years	56,502	4,514,454	8,560,046	276,164
Over 5 years	537,781	6,641,043	3,353,078	4,096,162
Total	17,492,077	69,814,080	162,942,740	13,452,113

Movement of NPA (Gross) and Provision for NPAs - September 30, 2009

Particulars	Rs in thousands
A. Amount of NPAs (Gross)	500,249
Substandard	277,787
Doubtful 1	222,462
Doubtful 2	-
Doubtful 3	-
Loss	-
B. Net NPAs	125,610
C. NPA Ratios	
i. Gross NPAs to Gross Advances	0.31%
ii. Net NPAs to Net Advances	0.08%
D. Movement of NPAs (Gross)	
Opening Balance as at April 1,2009	849,254
Additions during the six month period	716,182
Reductions during the six month period	1,065,187
Closing Balance as at September 30, 2009	500,249
E. Movement of Provisions for NPAs	
Opening Balance as at April 1,2009	437,684
Provisions made during the six month period	651,247
Write- offs of NPA provision	487,239
Write back of excess provisions	227,054
Closing Balance as at September 30, 2009	374,638

NPI (Gross), Provision for NPI and Movement in Provision for Depreciation on investments - September 30, 2009

	Rs in thousands
A. Amount of Non - Performing Investment (NPI)	-
B. Amount of provisions held for NPI	-
C. Movement of provisions for depreciation on investments	
Opening Balance as at April 1,2009	38,142
Add\Less: Provision during the six month period	29,482
Closing Balance as at September 30, 2009	67,624

5. Credit Risk: Portfolios subject to the Standardized approach

Details of credit exposures*(funded and non funded) classified by risk buckets

The table below provides the break-up of the Bank's outstanding (rated and unrated) into three major risk buckets.

Particulars	Rs in thousands
Below 100% risk weight	88,024,993
100% risk weight	153,506,645
More than 100% risk weight	7,123,908
Deducted	-
Total	248,655,546

*Represents book value as at September 30, 2009

6. Credit Risk Mitigation- Disclosures for standardized Approaches

Under the standardized approach, the total credit exposure that was covered by eligible financial collateral; after application of haircuts was Rs. 13,176,622 thousands as at September 30, 2009.

7. Securitisation: Disclosure for Standardised Approach

Exposures securitized by the Bank and subjected to securitization framework

During the half year ended September 30, 2009, with respect to all securitization transactions originated by the Bank, the transfers of assets have been effected on "true sale" basis and the Bank has no retained exposure as at September 30, 2009. The Bank has securitized Rs. 500,000 thousands of loan assets (Corporate) during the half year ended September 30, 2009.

Particulars	Rs in thousands
i. Amount of impaired / past due assets securitised during half year ended September 30 ,2009	-
ii. Losses recognised by the Bank during half year ended September 30 ,2009	-

Aggregate amount of outstanding securitization exposure (retained or purchased) as at September 30, 2009

Particulars	Rs in thousands
i. Retained	-
ii. Securities Purchased	2,498,754
Housing Finance	891,342
Auto Finance	1,538,882
Micro Finance	68,530

Risk weight-wise break up of outstanding Securitised exposures (retained or purchased) as at September 30, 2009

Risk weights	Rs in thousands
Below 100% Risk weight	2,498,754
100% Risk weight	-
More than 100% Risk weight	-
Deductions	-

Summary of portfolios securitized by the Bank is given below:

Particulars	Rs in thousands	
	Half Year ended September 30, 2009	Half Year ended September 30, 2008
Total number of transactions	1	40
Book value of loan assets (Corporate) securitized	500,000	65,240,000
Sale consideration received for the securitized assets	501,445	65,351,242
Net Gain / (loss) on sale on account of securitization	1,445	111,242
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Form and quantum (outstanding value) of services provided by way of post-securitization asset servicing, etc.	Form: Collection /Payout Agent. Value of Service charges maximum of Rs. 25,000	Form: Collection /Payout Agent. Value of Service charges maximum of Rs. 25,000

8. Market Risk in Trading Book

Amount of Capital required	Rs in thousands
Interest rate risk	838,077
Equity position risk	52,870
Foreign Exchange risk	126,000
Total capital required for Market Risk	1,016,947

9. Interest rate risk in the Banking Book (IRRBB)

Impact of Interest rate Risk

1. Impact on Net Interest Income for half year ended September 30, 2009 (with 1% change in interest rates for both assets and liabilities) Rs. 52,712 thousands.
2. Impact on Market value of Equity (MVE) as at September 30, 2009 (with 1% change in interest rates for both assets and liabilities) Rs. 2,281,394 thousands.

Note:

(i) The above impact is for 100 bps parallel shift in the interest rates for both assets and liabilities.

(ii) The Bank's turnover in any foreign currency is not more than 5% of the total turnover in the Banking Book. The impact on MVE includes the Bank's exposure in INR, USD, JPY, CHF, GBP and EURO.