

## YES BANK LIMITED

### DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK - PILLAR III (BASEL II)

#### 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, 2010, 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, 2010 is as below:

(₹ in thousands)	
A. Tier I Capital	Amount
i. Paid up Share Capital	3,452,460
ii. Reserves	31,372,726
iii. Innovative Perpetual Debt Instruments*	4,824,400
iv. Amounts deducted from Tier I capital (Illiquidity adjustment and other deductions)	(881,532)
<b>Tier I Capital</b>	<b>38,768,054</b>
<i>* includes USD 5,000,000 converted at foreign exchange rate on date of borrowing 1\$ = Rs. 42.88</i>	
<b>B. Tier II Capital</b>	<b>29,394,955</b>
<b>C. Debt capital instruments eligible for inclusion in Upper Tier II Capital</b>	
i. Total amount outstanding	16,684,033

ii. Of which amount raised during the half year ended September 30, 2010	6,400,000
iii. Amount eligible to be reckoned as capital funds	16,684,033
<i>The total amount outstanding and the amount eligible to be reckoned as capital funds includes (a) Includes Issue of USD 80,000,000; converted at foreign exchange rate on date of borrowing . 1\$ = Rs. 42.88  (b) Issue has been made of EURO 13,250,000 converted at foreign exchange rate on date of borrowing 1 Euro = Rs. 70.01</i>	
<b>D. Subordinated Debt eligible for inclusion in Lower Tier II Capital</b>	
i. Total amount outstanding	12,013,000
ii. Of which amount raised during the half year ended September 30,2010	3,064,000
iii. Amount eligible to be reckoned as capital funds	11,413,000
<b>E. Other deductions from capital</b>	-
<b>F. Total eligible Capital (A + B)</b>	<b>68,163,009</b>

### 3. Capital Adequacy as at September 30, 2010

(₹ in thousands)

<b>Capital Adequacy</b>	
<b>A. Capital requirements for credit risk</b>	
i. Portfolios subject to standardized approach	28,503,505
ii. Securitization exposures	
<b>B. Capital requirements for market risk</b>	<b>1,871,358</b>
Standardized duration approach	
Interest rate risk	1,603,389
Foreign exchange risk ( including gold)	150,000
Equity risk	117,969
<b>C. Capital requirements for operational risk</b>	
Basic Indicator approach	1,390,461
<b>D. Capital Adequacy ratio</b>	
Tier I Capital Adequacy ratio	11.05%
Total Capital Adequacy ratio	19.43%

#### 4. Credit Risk

#### Total Gross Credit Risk Exposure including Geographic Distribution of Exposure\* as on September 30, 2010

(₹ in thousands)

Type of exposure	Domestic		
	Domestic Exposure	Exposure netted by FD lien	Exposure backed by Eligible Guarantees
Fund Based	324,226,669	7,618,591	1,747,476
Non Fund Based**	135,466,381	32,035,703	3,007,546
<b>Total</b>	<b>459,693,050</b>	<b>39,654,294</b>	<b>4,755,023</b>

\*Represents book value as at September 30, 2010

The Bank has no gross credit exposure overseas (Fund or Non fund\*\*) as at September 30, 2010.

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

#### Industry type distribution of Exposure\* as on September 30, 2010

(₹ in thousands)

Industry	Fund based Exposure	Non Fund Based Exposure**
Coal	1,427,562	2,370,087
Mining	2,208,486	31,257
Iron & Steel	6,761,639	4,456,096
Other Metal & Metal Products	10,724,568	1,661,654
All Engg	10,388,849	9,242,851
- Of which Electronics	2,997,604	592,368
Electricity	17,147,915	1,661,006
Cotton Textiles	536,585	321,971
Other Textiles	2,747,146	127,845
Sugar	7,949,432	690,184
Tea	837,492	135,937
Food Processing	1,642,550	68,293
Vegetable Oils	1,771,284	2,417,996
Rubber & Rubber Products	354,513	170,253
Chemicals, Dyes & Paints*	18,149,308	4,876,095
- Of which Fertilisers	9,892,576	1,912,679
- Of which Drugs & Pharmaceuticals	4,479,454	515,570
- Of which Petro-Chemicals	1,221,335	324,989
Cement	9,998,750	442,223
Gems & Jewellery	2,375,339	8,440,674

Industry	Fund based Exposure	Non Fund Based Exposure**
Construction*	17,075,071	12,855,155
Petroleum	1,282,543	4,283,933
Automobiles including trucks	9,095,018	1,755,261
Infrastructure*	67,816,904	33,780,697
- Of which Roads & Ports	3,293,136	3,114,041
- Of which Telecom	52,686,822	11,500,305
- Of which Power	5,110,219	12,748,630
Computer Software	474,760	1,386,006
NBFC	20,588,034	39,420
Trading	5,395,896	17,886,879
Leather and Leather Products	73,341	9,054
Paper & Paper Products	4,229,787	950,631
Other Industries	99,101,547	24,221,333
Residual Advances	4,072,348	1,183,591
<b>Grand Total</b>	<b>324,226,667</b>	<b>135,466,381</b>

\*exceeds 5% of the gross credit exposure (before on and off balance sheet exposure)

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

#### Residual Contractual maturity breakdown of assets as on September 30, 2010

(₹ in thousands)

Maturity Bucket	Cash, Balances with RBI and other banks	Advances	Investments	Other assets including Fixed assets
1 day	434,504	4,746,642	-	33,085
2 days to 7 days	2,889,933	3,435,396	-	124,044
8 days to 14 days	3,315,912	5,548,711	-	81,657
15 days to 28 days	3,057,004	2,939,342	3,055,725	2,193,436
29 days to 3 months	10,576,938	22,348,267	6,179,208	394,770
Over 3 to 6 months	8,777,936	42,931,462	6,243,484	361,830
Over 6 to 12 months	11,034,883	77,764,290	11,176,857	659,588
Over 1 year to 3 years	6,559,754	86,012,846	15,427,137	9,982,085
Over 3 years to 5 years	942,847	26,761,555	22,961,779	471,595
Over 5 years	3,912,522	30,992,439	79,502,112	4,131,851
<b>Total</b>	<b>51,502,233</b>	<b>303,480,949</b>	<b>144,546,301</b>	<b>18,433,940</b>

**Movement of NPA (Gross) and Provision for NPAs - September 30, 2010\***

(₹ in thousands)

<b>Particulars</b>	<b>Amount</b>
<b>A. Amount of NPAs (Gross)</b>	<b>677,246</b>
Substandard	626,533
Doubtful 1	50,713
Doubtful 2	-
Doubtful 3	-
Loss	-
<b>B. Net NPAs</b>	<b>171,547</b>
<b>C. NPA Ratios</b>	
i. Gross NPAs to Gross Advances	0.22%
ii. Net NPAs to Net Advances	0.06%
<b>D. Movement of NPAs (Gross)</b>	
Opening Balance as at April 1, 2010	602,020
Additions during the half year ended September 30, 2010	269,725
Reductions during the half year ended September 30, 2010	194,500
Closing Balance as at September 30, 2010	677,245
<b>E. Movement of Provisions for NPAs</b>	
Opening Balance as at April 1, 2010	472,142
Provisions made during the half year	199,400
Write-offs of NPA provision during the half year	52,172
Write backs of excess provisions during the half year	113,671
Closing Balance as at September 30, 2010	505,699

\*Figures pertain to non performing advances

**NPI (Gross), Provision for NPI and Movement in Provision for Depreciation on investments - September 30, 2010**

(₹ in thousands)

<b>Particulars</b>	<b>Amount</b>
A. Amount of Non - Performing Investment (NPI)	-
B. Amount of provisions held for NPI	-
<b>C. Movement of provisions for depreciation on investments</b>	
Opening Balance as at April 1, 2010	<b>192,245</b>
Add/(Less): Provisions made during the half year ended September 30, 2010	(103,745)
<b>Closing Balance as at September 30, 2010</b>	<b>88,500</b>

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

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

(₹ in thousands)	
Risk Weight Bands	Total exposure
Below 100% risk weight	173,681,005
100% risk weight	270,895,925
Above 100% risk weight	15,116,070
Deducted	-
<b>Total</b>	<b>459,693,050</b>

\*Represents book value as at September 30, 2010

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

### 5. Credit Risk Mitigation- Disclosures for standardized Approaches

As at September 30, 2010, the total exposure (after, where applicable on or off balance sheet netting) that is covered by eligible financial collateral is ₹ 39,654,294 thousand.

### 6. Securitization: Disclosure for Standardized Approach

#### Banking Book- Securitization Exposures

The Bank has not securitized any loan assets (Corporate) during the half year ended September 30, 2010. There was no unamortized gain as at September 30, 2010 or loss recognized with respect to exposures securitized by the Bank during the current year.

The Bank does not have any off balance sheet securitization exposure in its Banking book as at September 30, 2010.

#### Trading Book- Securitization Exposures

In its Trading Book, the Bank has no retained exposures for exposures securitized by the Bank as at September 30, 2010. The details of on-balance sheet and off balance sheet securitization exposures purchased and outstanding as on September 30, 2010 is:-

(₹ in thousands)		
Particulars	Amount of on balance sheet securitization exposure*	Amount of off balance sheet securitization exposure
Housing finance	736,735	-
Auto Finance	769,674	-
Micro Finance	-	-
Corporate	-	-
<b>Total</b>	<b>1,506,409</b>	<b>-</b>

\* The entire exposure falls in the below 100% risk weight category.

The capital requirements for the securitization exposures (Specific + General Market Risk charge) broken down into different risk weight bands is shown below.

(₹ in thousands)

Particulars	Housing Finance	Auto Finance	Micro Finance	Corporate
Below 100% risk weight	36,983	19,796	-	-
100% risk weight	-	-	-	-
Above 100% risk weight	-	-	-	-
Deducted	-	-	-	-
<b>Total</b>	<b>36,983</b>	<b>19,796</b>	-	-

#### 7. Market Risk in Trading Book

(₹ in thousands)

Amount of Capital required for Market Risk as at Sep 30, 2010	Amount
Interest rate risk	1,603,389
Equity position risk	117,969
Foreign Exchange risk	150,000
<b>Total capital required for Market Risk</b>	<b>1,871,358</b>

#### 8. Interest rate risk in the Banking Book (IRRBB)

1. Impact on Net Interest Income (with 1% change in interest rates for both assets and liabilities) ₹ 96,441 thousands.
2. Impact on Economic value of Equity (EVE) (with 1% change in interest rates for both assets and liabilities) ₹ 2,932,788 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 (bank's balance sheet size) in the Banking Book. The impact on EVE includes the Bank's exposure in INR, USD, JPY, CHF, GBP and EURO.