

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, 2011, 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, 2011 is as below:

A. Tier I Capital	₹ in Thousands
i. Paid up Share Capital	3,510,459
ii. Reserves	39,396,492
iii. Innovative Perpetual Debt Instruments*	4,824,400
iv. Amounts deducted from Tier I capital (Illiquidity adjustment and other deductions)	-1,400,200
Tier I Capital	46,331,151
<i>* includes USD 5,000,000 converted at foreign exchange rate on date of borrowing 1\$ = ₹ 42.88</i>	
B. Tier II Capital	32,270,381
C. Debt capital instruments eligible for inclusion in Upper Tier II Capital	
i. Total amount outstanding	16,684,033
ii. Of which amount raised during the current half year	-
iii. Amount eligible to be reckoned as capital funds	16,684,033
<p><i>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 on date of borrowing . 1\$ = ₹42.88</i></p> <p><i>(b) Issue of EURO 13,250,000 converted at foreign exchange rate on date of borrowing 1 Euro = ₹70.01</i></p>	

D. Subordinated Debt eligible for inclusion in Lower Tier II Capital	
i. Total amount outstanding	15,228,000
ii. Of which amount raised during the current half year	3,215,000
iii. Amount eligible to be reckoned as capital funds	14,068,000
E. Other deductions from capital	-
F. Total eligible Capital (A + B)	78,601,532

3. Capital Adequacy as at September 30, 2011

Capital adequacy	₹ in Thousands
A. Capital requirements for credit risk	
i. Portfolio subject to standardised approach	42,114,725
ii. Securitisation exposures	-
B. Capital requirements for market risk	
Standardised duration approach	4,880,160
Interest rate risk	4,681,838
Foreign exchange risk (including gold)	48,322
Equity risk	150,000
C. Capital requirements for operational risk	
Basic Indicator approach	2,207,722
D. Total and Tier I Capital Adequacy ratio	
Tier I Capital Adequacy ratio	9.42%
Total Capital Adequacy ratio	15.98%

4. Credit Risk

Total Gross Credit Risk Exposure including Geographic Distribution of Exposure* as on September 30, 2011

₹ in Thousands

Type of exposure	Domestic		
	Exposure*	Exposure netted by FD lien	Exposure backed by Eligible Guarantees
Fund Based	556,310,141	9,840,107	432,980
Non Fund Based**	203,227,697	39,767,154	3,292,181
Total	759,537,838	49,607,261	3,725,161

*Represents book value as at September 30, 2011

The Bank has no overseas gross credit exposure overseas (Fund or Non fund**) as at September 30, 2011.

**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, 2011

Industry	Fund Based Exposure	Lien marked FDs for Advances	Amount of advances covered by Eligible Guarantees	Non Fund Based Exposure	Lien marked FDs for Non Fund Based	Amount of NFB covered by Eligible Guarantees	Total Exposure
Coal	4,815,614	-	-	2,185,078	597,486	-	7,000,692
Mining	578,943	-	-	446,470	16,436	-	1,025,413
Iron & Steel	13,633,607	-	218,989	12,324,460	86,530	-	25,958,067
Other Metal & Metal Products	1,297,834	100,091	-	3,828,659	1,734,918	-	5,126,493
All Engineering	15,819,827	2,849	139,098	14,743,068	608,581	-	30,562,895
of which Electronics	30,000	-	-	8,767	1,315	-	38,767
Electricity	11,243,098	333,425	-	7,212,545	-	-	18,455,643
Cotton Textiles	2,449,255	1,128	-	1,408,136	98,473	-	3,857,391
Other Textiles	345,943	2,732	-	148,201	29,811	-	494,144
Sugar	4,179,640	243,000	-	17,659	-	-	4,197,299
Tea	767,123	-	-	120,684	79	-	887,807
Food Processing	14,294,307	41,259	-	959,703	177,097	-	15,254,010
Vegetable Oils	1,312,520	-	-	10,779,132	8,445,936	-	12,091,652
Rubber & Rubber Products	-	-	-	-	-	-	-
Chemicals, Dyes & Paints	5,541,194	804,899	-	3,400,269	112,136	-	8,941,463
of which Fertilisers	6,775,160	-	-	1,986,960	11,574	-	8,762,120
of which Drugs & Pharmaceuticals	6,039,035	1,188,714	-	1,065,271	62,847	-	7,104,306
of which Petro-Chemicals	23,649	-	-	-	-	-	23,649
Cement	12,354,754	7,128	-	1,119,841	-	-	13,474,595
Gems & Jewellery	4,710,667	1,413,787	-	14,346,891	12,064,604	-	19,057,558
Construction#	18,051,845	892,312	-	33,940,759	1,298,369	-	51,992,604
Petroleum	2,437,531	500,336	-	9,423,310	2,144,836	-	11,860,841
Automobiles including trucks	11,840,611	9,948	-	5,886,193	63,892	-	17,726,804

Computer Software	4,342,422	11,609	54,943	1,465,258	1,096,203	-	5,807,680
Infrastructure	15,201,045	422	-	8,747,702	604,067	-	23,948,747
Power	16,744,534	300,000	-	14,084,476	1,103,969	-	30,829,010
Telecom	25,427,631	96,298	-	11,575,461	253,269	-	37,003,092
Roads & Ports	9,144,828	-	-	3,678,693	75,017	-	12,823,521
NBFC#	45,727,592	200,000	-	194,640	14,851	-	45,922,232
Trading	4,837,950	139,632	19,950	3,040,316	1,643,163	-	7,878,266
Paper & Paper Products	2,633,942	-	-	210,658	963	-	2,844,600
Leather & Leather Products	216,064	-	-	71,478	2,338	-	287,542
Other Industries	162,972,087	3,251,710	-	34,794,216	7,411,849	3,292,181	197,766,303
Residual	130,519,889	298,828	-	12,743	6,545	-	130,532,632
Grand Total	556,310,141	9,840,107	432,980	203,227,697	39,767,154	3,292,181	759,537,838

*Represents book value as at September 31, 2011

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

#exceeds 5% of the gross credit exposure (before FD lien netting)

Residual Contractual maturity breakdown of assets as on September 30, 2011

₹ in Thousands

Maturity Bucket	Cash, Balances with RBI and other banks	Investments	Advances	Other assets including Fixed Assets
1 day	264,853	-	9,879,522	78,029
2 days to 7 days	2,705,367	-	3,683,986	444,966
8 days to 14 days	1,090,432	-	4,659,375	118,134
15 days to 28 days	1,239,263	-	7,247,351	5,936,965
29 days to 3 months	4,213,193	2,938,861	45,189,972	397,326
Over 3 to 6 months	5,240,027	8,881,463	24,505,883	342,575
Over 6 to 12 months	8,918,622	21,930,600	50,769,671	1,204,690
Over 1 year to 3 years	1,612,633	22,883,509	114,163,845	2,498,299
Over 3 years to 5 years	1,834,785	51,894,445	43,283,747	1,007,745
Over 5 years	1,865,865	105,840,038	38,557,872	30,194,427
Total	28,985,040	214,368,916	341,941,224	42,223,156

Movement of NPA (Gross) and Provision for NPAs - September 30, 2011*

Particulars	₹ in Thousands
A. Amount of NPAs (Gross)	688,285
Substandard	234,165
Doubtful 1	454,120
Doubtful 2	-
Doubtful 3	-
Loss	-
B. Net NPAs	136,448
C. NPA Ratios	
i. Gross NPAs to Gross Advances	0.20%
ii. Net NPAs to Net Advances	0.04%
D. Movement of NPAs (Gross)	
Opening Balance as at April 1, 2011	805,243
Additions during the half year	365,965
Reductions during the half year	482,923
Closing Balance as at September 30, 2011	688,285
E. Movement of Provisions for NPAs	
Opening Balance as at April 1, 2011	713,706
Provisions made during the half year	224,783
Write- offs of NPA provision	56,299
Write backs of excess provisions	330,352
Closing Balance as at September 30, 2011	551,837

*Figures pertain to non performing advances

NPI (Gross), Provision for NPI and Movement in Provision for Depreciation on investments – September 30, 2011

Particulars	₹ 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, 2011	120,353
Add/(Less): Provisions made during the year	38,945
Closing Balance as at September 30, 2011	159,298

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	Fund Based Exposure	Non Fund Based**	Total exposure	Exposure netted by FD lien	Total other eligible financial collateral used as credit risk mitigants	Total amount of exposure (Fund +Non Fund) covered by Eligible Guarantees
Below 100% risk weight	294,101,273	58,672,779	352,774,052	4,408,570	-	3,725,161
100% risk weight	235,475,568	138,075,776	373,551,344	42,777,347	-	-
Above 100% risk weight	26,733,300	6,479,142	33,212,442	2,421,344	-	-
Deducted	-	-	-	-	-	-
Total	556,310,141	203,227,697	759,537,838	49,607,261	-	3,725,161

*Represents book value as at September 30, 2011

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

5. Credit Risk Mitigation- Disclosures for standardized Approaches

As at September 30, 2011, the total exposure (after, where applicable on or off balance sheet netting) that is covered by eligible financial collateral is ₹49,607,261 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, 2011. There was no unamortized gain as at September 30, 2011 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, 2011.

Trading Book- Securitization Exposures

In its Trading Book, the Bank has not retained exposures for exposures securitized by the Bank as at September 30, 2011. The details of on-balance sheet securitization exposures purchased and outstanding along with three major risk buckets as on September 30, 2011 is:-

Particulars	₹ in Thousands				
	Housing Finance	Auto Finance	Micro Finance	Corporate	Reconstruction Fund
Below 100% risk weight	510,200	227,121	-	6,350,000	-
100% risk weight	-	-	-	-	-
Above 100% risk weight	-	-	-	-	215,171
Deducted	-	-	-	-	-
Total	510,200	227,121	-	6,350,000	215,171

The Bank does not have any off balance sheet securitization exposure in its Trading book as at September 30, 2011.

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

Particulars	₹ in Thousands				
	Housing finance	Auto Finance	Micro Finance	Corporate	Reconstruction Fund
Below 100% risk weight	31,422	11,098	-	396,048	-
100% risk weight	-	-	-	-	-
Above 100% risk weight	-	-	-	-	29,089
Deducted	-	-	-	-	-
Total	31,422	11,098	-	396,048	29,089

7. Market Risk in Trading Book

Amount of Capital required for Market Risk as at September 30, 2011	₹ in Thousands
Interest rate risk	4,681,838
Equity position risk	48,322
Foreign Exchange risk	150,000
Total capital required for Market Risk	4,880,160

8. Impact of Interest rate Risk

1. Impact on Net Interest Income (with 1% change in interest rates for assets and liabilities pertaining to solely Banking Book) ₹ 208,193 thousands.

2. Impact on Economic value of Equity (EVE) (with 1% change in interest rates for assets and liabilities) ₹ 5,853,869 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.