

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, 2012, 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, 2012 is as below:

A. Tier I Capital	₹ in Thousands
i. Paid up Share Capital	3,561,109
ii. Reserves	49,573,248
iii. Innovative Perpetual Debt Instruments*	7,724,400
iv. Amounts deducted from Tier I capital (Illiquidity adjustment and other deductions)	-1,757,970
Tier I Capital	59,100,787
<i>* includes USD 5,000,000 converted at foreign exchange rate on date of borrowing 1\$ = ₹ 42.88</i>	
B. Tier II Capital	49,839,149
C. Debt capital instruments eligible for inclusion in Upper Tier II Capital	
i. Total amount outstanding	24,024,461
ii. Of which amount raised during the current year	2,600,000
iii. Amount eligible to be reckoned as capital funds**	23,099,658
<i>** includes</i> <i>(a) Issue of USD 80,000,000; converted at foreign exchange rate on date of borrowing . 1\$ = ₹ 42.88</i> <i>(b) Issue of EURO 13,250,000 converted at foreign exchange rate on date of borrowing 1 Euro = ₹70.01</i> <i>(c) Issue of USD 75,000,000; converted at foreign exchange rate on date of borrowing 1\$ = ₹ 50.875</i>	

D. Subordinated Debt eligible for inclusion in Lower Tier II Capital	
i. Total amount outstanding	26,658,000
ii. Of which amount raised during the current year	6,000,000
iii. Amount eligible to be reckoned as capital funds	24,828,200
E. Other deductions from capital	-
F. Total eligible Capital (A + B)	108,939,936

3. **Capital Adequacy as at September 30, 2012**

Capital adequacy	₹ in Thousands
A. Capital requirements for credit risk	
i. Portfolios subject to standardised approach	50,831,276
ii. Securitisation exposures	-
B. Capital requirements for market risk	8,298,440
Standardised duration approach	
Interest rate risk	8,103,971
Foreign exchange risk (including gold)	150,000
Equity risk	44,469
C. Capital requirements for operational risk	
Basic Indicator approach	3,102,360
D. Total and Tier I Capital Adequacy ratio	
Tier I Capital Adequacy ratio	9.50%
Total Capital Adequacy ratio	17.51%

4. Credit Risk

Total Gross Credit Risk Exposure including Geographic Distribution of Exposure* as on September 30, 2012

₹ in Thousands

Type of exposure	Domestic		
	Exposure*	Lien Marked Term Deposits against Exposures	Exposure backed by Eligible Guarantees
Fund Based	737,742,350	13,860,641	748,971
Non Fund Based**	228,673,523	27,344,181	-
Total	966,415,873	41,204,822	748,971

*Represents book value as at September 30, 2012

The Bank has no overseas gross credit exposure overseas (Fund or Non fund**) as at September 30, 2012.

**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, 2012

Industry	Sub Industry	Fund Based Exposure	Lien marked Term Deposits against Exposures	Fund Based Exposure backed by Eligible Guarantee	Non Fund Based** Exposure	Lien marked Term Deposits against Exposures	Non Fund Based Exposure backed by Eligible Guarantee	Total Exposure
All Engineering	Electronics	1,584,885	6,284	-	3,253,914	89,234	-	4,838,799
	Others (All Engineering)	8,338,541	154,256	93,595	15,154,212	821,836	-	23,492,753
Basic Metal and Metal Products	Iron & Steel	29,619,310	266	-	13,882,856	620,435	-	43,502,166
	Other Metal & Metal Products	19,096,200	238,978	-	13,628,156	795,985	-	32,724,356
Beverages (excluding Tea & Coffee) and Tobacco	Beverages (excluding Tea & Coffee) and Tobacco	5,186,251	85,900	-	273,266	6,685	-	5,459,517
Cement & Cement Products	Cement & Cement Products	5,433,589	60,975	-	3,178,022	70,212	-	8,611,611
Chemicals and Chemical Products (Dyes, Paints, etc.)	Drugs & Pharmaceuticals	3,771,414	5,381	-	3,543,315	112,774	-	7,314,729
	Fertilizers	5,367,634	35,898	-	4,094,788	11,369	-	9,462,422
	Others (Chemical & Chemical Products)	4,321,967	262,613	-	3,478,829	715,384	-	7,800,796
	Petro-chemicals (excluding under Infrastructure)	326,756	-	-	1,215,166	456,369	-	1,541,922
Construction	Construction#	20,097,768	1,070,262	-	34,023,334	707,849	-	54,121,102

Industry	Sub Industry	Fund Based Exposure	Lien marked Term Deposits against Exposures	Fund Based Exposure backed by Eligible Guarantee	Non Fund Based** Exposure	Lien marked Term Deposits against Exposures	Non Fund Based Exposure backed by Eligible Guarantee	Total Exposure
Food Processing	Coffee	918,128	-	-	34,369	-	-	952,497
	Edible Oils and Vanaspati	1,204,866	161,378	-	11,246,558	8,025,765	-	12,451,424
	Others (Food Processing)	10,823,996	49,927	-	1,180,018	35,088	-	12,004,014
	Sugar	5,955,908	117,000	-	362,774	9,882	-	6,318,682
	Tea	3,703,327	-	-	134,245	79	-	3,837,572
Gems and Jewellery	Gems and Jewellery	4,186,250	10,941	-	1,239,017	183,531	-	5,425,267
Glass & Glassware	Glass & Glassware	1,534,904	-	-	377,467	2,139	-	1,912,371
Infrastructure	Aviation (Airports)	7,512,263	4,712,163	-	495,056	63,270	-	8,007,319
	Electricity (generation-transportation and distribution)#	28,566,726	227,225	-	22,266,465	2,798,476	-	50,833,191
	Gas/LNG (storage and pipeline)	2,944,333	-	-	557,000	55,700	-	3,501,333
	Other Infrastructure	8,930,155	50,000	-	2,202,038	148,910	-	11,132,193
	Railways	3,939,926	-	-	314,443	11,633	-	4,254,369
	Roadways	7,213,505	-	-	371,073	5,307	-	7,584,578
	Social & Commercial Infrastructure	17,875,065	132,696	-	5,329,496	73,550	-	23,204,561

Industry	Sub Industry	Fund Based Exposure	Lien marked Term Deposits against Exposures	Fund Based Exposure backed by Eligible Guarantee	Non Fund Based** Exposure	Lien marked Term Deposits against Exposures	Non Fund Based Exposure backed by Eligible Guarantee	Total Exposure
	Telecommunication	21,019,034	99,117	-	8,833,266	284,198	-	29,852,300
	Water Sanitation	553	-	-	735,320	-	-	735,873
	Waterways	3,427,338	672,841	-	1,245,769	118,839	-	4,673,107
Leather & Leather Products	Leather & Leather Products	398,611	-	-	33,511	200	-	432,122
Mining & Quarrying	Coal (Mining & Quarrying)	1,506,848	-	-	474,528	24,789	-	1,981,376
	Others (Mining & Quarrying)	3,706,912	113,981	-	3,326,535	32,146	-	7,033,447
Other Industries	Other Industries	248,530,859	3,082,143	655,376	48,017,278	7,017,588	-	296,548,137
Paper & Paper Products	Paper & Paper Products	4,880,131	48,144	-	1,122,030	27,931	-	6,002,161
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	Coal Products (non-mining)	1,409,070	48,012	-	831,239	75,501	-	2,240,309
	Petroleum (non-infra) and Nuclear Fuels	2,101,977	2,683	-	9,367,708	1,709,828	-	11,469,685
Plastics & Plastic Products	Plastics & Plastic Products	17	-	-	-	-	-	17
Rubber, Plastic and their Products	Plastics & Plastic Products	2,659,396	9,015	-	967,850	122,065	-	3,627,246

Industry	Sub Industry	Fund Based Exposure	Lien marked Term Deposits against Exposures	Fund Based Exposure backed by Eligible Guarantee	Non Fund Based** Exposure	Lien marked Term Deposits against Exposures	Non Fund Based Exposure backed by Eligible Guarantee	Total Exposure
	Rubber & Rubber Products	113,355	-	-	257,308	42,324	-	370,663
Textiles	Cotton	562,635	-	-	28,413	-	-	591,048
	Jute	9,220	-	-	121,044	12,038	-	130,264
	Other Textiles	2,356,243	60,819	-	1,618,778	384,485	-	3,975,021
	Silk	205,612	38	-	61,199	7,952	-	266,811
	Woolen	8,482	-	-	-	-	-	8,482
Vehicles, Vehicle Parts and Transport Equipments	Vehicles, Vehicle Parts and Transport Equipments	9,187,266	9,127	-	8,086,255	678,412	-	17,273,521
Wood and Wood Products	Wood and Wood Products	49,917	-	-	291,494	125	-	341,411
Residuary	Residuary	227,155,207	2,332,578	-	1,418,121	984,298	-	228,573,328
		737,742,350	13,860,641	748,971	228,673,523	27,344,181	-	966,415,873

*Represents book value as at September 30, 2012

**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, 2012

₹ in Thousands

Maturity Bucket	Cash, Balances with RBI and other banks	Investments	Advances	Other assets
1 day	3,631,331	-	3,019,704	110,210
2 days to 7 days	1,409,844	3,137,711	8,998,583	752,528
8 days to 14 days	1,517,391	500,000	8,056,118	1,313,913
15 days to 28 days	2,929,132	952,861	8,745,537	2,930,409
29 days to 3 months	5,734,502	6,678,239	59,374,863	5,893,899
Over 3 to 6 months	6,727,176	8,477,416	40,495,615	2,116,531
Over 6 to 12 months	8,809,276	21,530,368	43,867,507	2,113,575
Over 1 year to 3 years	2,190,611	48,877,074	160,734,296	2,783,120
Over 3 years to 5 years	4,035,160	65,166,070	49,186,141	16,411
Over 5 years	3,285,979	162,230,084	37,714,163	33,702,379
Total	40,270,401	317,549,823	420,192,527	51,732,976

Movement of NPA (Gross) and Provision for NPAs - September 30, 2012*

Particulars	₹ in Thousands
A. Amount of NPAs (Gross)	1,028,351
Substandard	653,546
Doubtful 1	275,900
Doubtful 2	2,963
Doubtful 3	-
Loss	95,942
B. Net NPAs	201,317
C. NPA Ratios	
i. Gross NPAs to Gross Advances	0.24%
ii. Net NPAs to Net Advances	0.05%
D. Movement of NPAs (Gross)	
Opening Balance as at April 1, 2012	838,589
Additions during half year	866,974
Reductions during the half year	677,212
Closing Balance as at September 30, 2012	1,028,351

E. Movement of Provisions for NPAs	
Opening Balance as at April 1, 2012	663,989
Provisions made during the half year	371,296
Write- offs of NPA provision	28,226
Write backs of excess provisions	180,025
Closing Balance as at September 30, 2012	827,034

*Figures pertain to non performing advances

NPI (Gross), Provision for NPI and Movement in Provision for Depreciation on investments - September 30, 2012

Particulars	₹ in thousands
A. Amount of Non - Performing Investment (NPI)	86,694
B. Amount of provisions held for NPI	86,694
C. Movement of provisions for depreciation on investments	
Opening Balance as at April 1, 2012	280,505
Add/(Less): Provisions made during the year	(102,009)
Closing Balance as at September 30, 2012	178,496

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	Lien marked Term Deposits against Exposure	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	393,042,426	106,939,193	499,981,619	8,445,740	-	748,971
100% risk weight	300,759,730	109,509,245	410,268,975	28,473,419	-	-
Above 100% risk weight	43,940,194	12,225,085	56,165,279	4,285,663	-	-
Deducted	-	-	-	-	-	-
Total	737,742,350	228,673,523	966,415,873	41,204,822	-	748,971

*Represents book value as at September 30, 2012

**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, 2012, the total exposure (after, where applicable on or off balance sheet netting) that is covered by eligible financial collateral is ₹41,204,822 thousand.

6. **Securitization: Disclosure for Standardized Approach**

Banking Book- Securitization Exposures

During the half year ended September 30, 2012, the Bank did not undertake any securitization transaction in its Banking Book.

The Bank does not have any securitization exposure (retained or purchased) in its Banking book as at September 30, 2012.

Trading Book- Securitization Exposures

In its Trading Book, the Bank has no retained exposures for exposures securitized by the Bank as at September 30, 2012.

The details of on- balance sheet securitization exposures purchased and outstanding as at September 30, 2012 is given below.

Particulars	₹ in Thousands				
	Housing Finance	Auto Finance	Micro Finance	Corporate	Reconstruction Fund
Below 100% risk weight	909,935	10,058,045	-	7,350,000	-
100% risk weight	-	-	-	-	-
Above 100% risk weight	-	-	-	-	213,448
Deducted	-	-	-	-	-
Total	909,935	10,058,045	-	7,350,000	213,448

The Bank does not have any off balance sheet securitization exposure in its Trading book as at September 30, 2012.

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	23,691	238,342	-	367,500	-
100% risk weight	-	-	-	-	-
Above 100% risk weight	-	-	-	-	24,792
Deducted	-	-	-	-	-
Total	23,691	238,342	-	367,500	24,792

7. Market Risk in Trading Book

Amount of Capital required for Market Risk as at September 30, 2012	₹ in Thousands
Interest rate risk	8,103,971
Foreign exchange risk (including gold)	150,000
Equity risk	44,469
Total capital required for Market Risk	8,298,440

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) ₹ 576,966 thousands.

2. Impact on Economic value of Equity (EVE) (with 1% change in interest rates for assets and liabilities) ₹ 1,308,758 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.