

February 19, 2019

Listing Compliance
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(s),

Sub.: Yes Bank-Clarification - 'Regarding Risk Assessment Report ("RAR") for the year ended March 31, 2018'

Please refer to your e-mail dated February 18, 2019 seeking clarification on the captioned subject. In this regard, please find herein below our replies in seriatim:

Query 1: As per the announcement which states that 'The RAR also identifies several other lapses and regulatory breaches in various areas of the Bank's functioning and the disclosure of just one part of the RAR is viewed by RBI as a deliberate attempt to mislead the public.' Request the Bank to provide full details of 'the several other lapses and regulatory breaches in various areas of the Bank's functioning' that RBI has pointed out.

Response to Query 1: It is humbly submitted that Risk Assessment Report ("RAR") has been marked as "Confidential" by Reserve Bank of India ("RBI") and hence, the Bank is not in a position to provide any further details of the same to the Stock Exchange(s), unless allowed by RBI. Further, RBI has mandated that no part of RAR and information contained therein, except for the information on "Divergence" as prescribed in RBI Notification dated April 18, 2017 and SEBI Circular dated July 18, 2017, can be made public.

It is clarified that RBI *vide* its Notification dated April 18, 2017 on 'Disclosure in the "Notes to Accounts" to the Financial Statements- Divergence in the asset classification and provisioning' and SEBI *vide* its circular dated July 18, 2017 on 'Disclosure of divergence in the asset classification and provisioning by banks' has specifically mandated listed banks to disclose information pertaining to 'Divergence' only and it does not prescribe that other matters contained in 'RAR' are required to be disclosed to the public. This clearly reflects the intention of the regulators that only information with regard to 'Divergence' is to be disclosed.

Amongst other regulations/ guidance received from the regulators, the Bank is also required to comply with the SEBI (Prohibition on Insider Trading) Regulations, 2015 ["SEBI (PIT) Regulations"] on an ongoing basis. SEBI (PIT) Regulations, *inter alia*, defines Unpublished Price Sensitive Information ("UPSI"). NSE and BSE *vide* their Circulars dated July 06, 2018 ("NSE & BSE Circulars"), have mandated listed companies to disseminate UPSI without any delay and

to ensure information symmetry amongst all market participants. The Bank in its assessment was of the view that the disclosure pertaining to divergence was a UPSI and required prompt dissemination to the Stock Exchanges in order to ensure compliance with SEBI (PIT) Regulations and the NSE & BSE Circulars.

Further, in terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the listed companies are required to make timely disclosures with respect to material price sensitive information. The Bank further submits that given our past disclosures on divergence, the Bank was receiving queries from various stakeholders on the compliance of the Bank with the RBI Income Recognition and Asset Classification Guidelines for the period ending March 31, 2018.

Thus, immediately on receipt of the RAR report, to mitigate and to avoid any further speculation, misuse or leakage of the UPSI, it was decided to disseminate the information regarding "Divergence" to the stock exchanges, so as to ensure information parity, instead of withholding this information till finalization of the Annual Results.

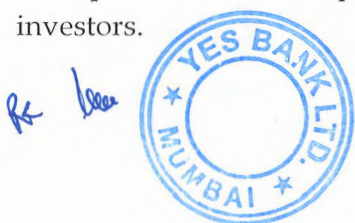
We would also like to submit that few of the peer banks have also submitted the information pertaining to "Divergence" to the stock exchanges along with their quarterly results i.e. much ahead of finalization of their Annual Results.

We humbly submit that the Press Release dated February 13, 2019 was made with a *bonafide* intention to be fully compliant with the SEBI (PIT) Regulations, especially since the divergence related information was considered as an UPSI.

Query 2: In this regard, please also clarify how did the Bank comply with Regulation 4(1)(c) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. the listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading?

Query 3: Further as per Regulation 4(1)(h) of the said Regulations i.e. the listed entity is required to make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders, we seek an explanation of how did the bank comply with said Regulation.

Response to Query (2) and (3): As indicated above, the Bank was of the view that the information received under RAR regarding "Divergence" was an UPSI and which is likely to be misused / leaked. Hence, it was deemed expedient to share this information through the Stock Exchanges to all market participants and not to withhold the same till finalisation of the Annual Results. Thus, it is respectfully submitted that the Bank has not indulged in any sort of misrepresentation or in providing any misleading information to the Stock Exchanges and the investors.




We would like to clarify that the intention of the Bank was never to cause any prejudice to anyone and since the information regarding "Divergence" was considered as an UPSI, it was thought necessary that the said information is made available to all market participants in a timely manner.

The Bank has not made any undue advantage or benefit by disseminating the UPSI. Hence, we humbly submit that the Bank has not misrepresented or mislead the stock exchanges/ investors in terms of Regulation 4(1)(c) of Listing Regulations.

The information disclosed in the Press Release dated February 13, 2019 was disseminated keeping in mind the interest of all stakeholders and to ensure timely disclosures with respect to UPSI/ material price sensitive information to comply with SEBI (PIT) Regulations. Accordingly, we humbly submit that the information disseminated by the Bank in respect of 'Divergence' was accurate and therefore, the Press Release made by the Bank was in due compliance with the principles governing disclosures and obligations of listed entities and that the Bank has followed/ complied with the law/regulations in letter and spirit after taking into consideration the interest of all stakeholders.

The above is for your kind information and record.

Thanking you,
For YES BANK LIMITED


for Shivanand R. Shettigar
Company Secretary



CC:
Listing Compliance & Legal Regulatory
BSE Limited
Corporate Relations Department
P.J. Towers, Dalal Street
Mumbai - 400 001
BSE Scrip Code: 532648