

CONFIDENTIAL

September 28, 2018

Subhash Purohit
Assistant Manager
Listing Compliance
BSE Limited, 24th Floor, P J Towers,
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Tel.: 2272 8013/8015/8058/8307
BSE Scrip Code: 532648

Dear Sirs,

Sub.: Response to your queries raised vide e-mail dated September 28, 2018

We refer to your e-mail dated September 28, 2018 wherein you have referred about the media reports titled as "Yes Bank denies window dressing of corporate accounts to hide NPAs" and "YES Bank denies dealing with firm of Rana Kapoor's daughter" appearing in Business Standard dated September 27, 2018 and September 28, 2018.

In this regard, please note that we had received queries from NSE vide its e-mail dated September 24, 2018, which were duly responded by us vide our letter dated September 26, 2018. The copy of letter submitted to NSE is attached herewith, which is self-explanatory. Further, response submitted by us was uploaded by NSE on its website. It appears that the above newspaper articles were arising from the above.

We would like to submit that the above information was not required to be reported under Regulation 30 of SEBI LODR Regulations.

We trust that aforesaid elucidations addresses your concerns.

Thanking you,

Yours faithfully,

For YES BANK LIMITED


Shivanand R Shettigar
Company Secretary



CC:

National Stock Exchange of India Limited
Exchange Plaza
Plot no. C/1, G Block,
Bandra - Kurla Complex,
Bandra (E), Mumbai - 400 051,
Tel.: 2659 8235 / 8236/8458.
NSE Symbol: YESBANK

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CONFIDENTIAL

September 26, 2018

Mr. Sandeep Dhamal
Deputy Manager - 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 Sirs,

Sub.: Reply on queries raised vide e-mail dated September 24, 2018

We refer to your e-mail dated September 24, 2018 wherein you have mentioned that you have received a complaint (*though a copy of the said copy has not been shared with the Bank*) alleging certain irregularities in the functioning of Yes Bank Limited ('the Bank'). Accordingly, please find our responses in seriatim as under:

Query 1: As per Regulation 4(f)(ii)(3) of SEBI (LODR), 2015 one of the key functions of the Board of Directors is "Selecting, compensating, monitoring and when necessary, replacing key managerial personnel and overseeing succession planning". We request you to kindly clarify how did the Bank comply with this Regulation, in relation to succession plan for Mr. Rana Kapoor.

Response 1: The Board of Directors of the Bank basis the recommendation of Nomination & Remuneration Committee ('N&RC') of the Board has formulated and approved the "Policy on Board Diversity and Fit & Proper Criteria and Succession Planning" ("Policy") for the Directors of the Bank including the Managing Director & CEO ("MD&CEO"), (Promoter / Founder). The Policy has been prepared in compliance with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Banking Regulation Act, 1949. The Policy encompasses the provisions for the succession plan for the MD&CEO.

Accordingly, we would like to submit that in terms of the Policy of the Bank, N&RC and the Board are entrusted with the powers to take necessary steps for selecting, compensating, monitoring, replacing and overseeing the succession plan for Directors including the MD&CEO.

In light of the above, we confirm that the Bank is in compliance with Regulation 4(f)(ii)(3) of SEBI (LODR), 2015.



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Query 2: It is been observed that the NPAs of the Bank are increasing. Kindly clarify whether any specific observation or review been done or noted by the Audit Committee of the Bank under 'evaluation of internal financial controls and risk management systems.' as stated under Schedule II- Corporate Governance of SEBI (LODR), 2015.

Response 2: The Gross NPAs in the Indian banking system has been rising over the past few years. In fact, the RBI in its June report had highlighted that the Gross NPA ratio of banks is likely to rise from 11.6 per cent in March 2018 to 12.2 per cent by the end of the current financial year FY '19. Further, in its Financial Stability Report (FSR), the RBI said stress in the banking sector is likely to continue as gross non-performing advances (GNPA) ratio rises further. As against this, the Bank has reported a Gross and Net NPA of 1.31% and 0.59% respectively as on June 30, 2018, which is amongst the finest in the Indian Banking industry.

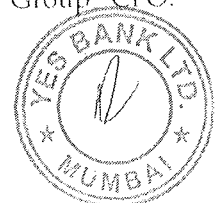
Internal control over Financial Reporting is audited by our independent statutory auditor, BSR & Co. (KPMG), as part of their annual audit exercise and as per the latest audited Audit Report of 31st March 2018, they have given un-qualified opinion on the Internal control on reporting and Financial Statements. The same is captured in Annexure A to the Audit Report in detail, which is published as part of Bank's Annual Report for FY18 (Page no 205 to 209). The same was also reviewed by the Audit Committee of the Board and by the Board, as part of approval of annual accounts during their respective meetings in April'18 in the presence of statutory auditors.

In addition to that, every quarter, during the review of quarterly results, the controls on Financial Reporting are reviewed by the Audit Committee and the Board of the Bank, supported by an internal certification co-signed by CEO and CFO, addressed to the Board of the bank. The Statutory auditors are also present in these meetings and assert the independent opinion on the controls through the Audit Committee presentation on the financial results and controls. The last of such review was done for the quarterly results of Jun'18, in the meetings held in Jul'18 and documented as part of minutes accordingly.

Thus in light of the above, we confirm that we are compliant with Schedule II- Corporate Governance of SEBI (LODR), 2015.

Query 3: As per Press Release dated April 03, 2018, given by the Bank it had announced Appointment of Mr. Raj Ahuja as Group Chief Financial Officer. Further it stated that Mr. Rajat Monga, has been the CFO of Yes Bank and will now drive the execution of critical Digital Banking and Technology functions of the Bank. It has been noted that no specific disclosure been made for cessation of Mr. Rajat Monga CFO of the Company as required under Schedule III Part A of Regulation 30 of SEBI (LODR), 2015.

Response 3: The Board of Directors of the Bank at its meeting held on April 03, 2018 appointed Mr. Raj Ahuja as Chief Financial Officer of the Bank and Group CFO to succeed Mr. Rajat Monga who would continue with other significant business & support functions responsibilities in the Bank. Accordingly, the Bank has made disclosure along with press release on April 03, 2018 on appointment of Mr. Raj Ahuja as Chief Financial Officer of the Bank and Group CFO.



It was further informed that the appointment of Mr. Ahuja was in compliance with the Reserve Bank of India circular dated May 18, 2017 which stipulates minimum qualification of a C.A for a Bank CFO.

It may be noted that in the same press release, the disclosure was made that Mr. Rajat Monga has been the CFO of YES BANK in addition to managing other significant business & support functions in the bank and he will continue to lead other important functions. The use of phrase "has been" in general parlance means that something started in the past and has continued up until now which clearly shows that Mr. Monga's function as CFO were replaced by Mr. Raj Ahuja.

Furthermore, we would like to submit that the disclosure made also depicts that the Bank has appointed Mr. Raj Ahuja as CFO of the Bank to replace Mr. Monga who will continue with the Bank with other important functions of the Bank, in compliance with aforementioned RBI Circular. Therefore, the disclosure made by the Bank is self-explanatory demonstrating appointment of Mr. Raj Ahuja as CFO and implies vacation of office of CFO by Mr. Rajat Monga.

https://www.nseindia.com/corporates/corporateHome.html?id=cqCorpAnnouncements&radio_btn=company¶m=YESBANK

Query 4: Non-compliant facilities have been sanctioned by camouflaging end use e.g. transactions done for Nirma, Monnet, Binani etc.

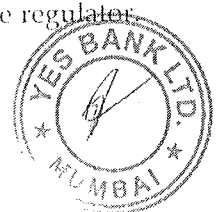
Response 4: The Bank has been fully compliant with respect to the purpose of facilities in line with guidelines of RBI, with bona-fide end uses. However, as a matter of policy, the Bank is not in a position to share customer specific information, as it would be in violation of the Customer Confidentiality Covenants in our lending documents.

Query 5: Parallel lending/investing business are being run by Mr. Kapoor's family office compromising the interest of Yes Bank.

Response 5: YES BANK has no dealings with the Three Sisters Family Office.

Query 6: Window dressing of Corporate accounts to conceal actual NPAs by way of ever greening of loans.

Response 6: The Bank has been regularly making disclosures in terms of SEBI Circular on "Disclosure of divergence in the asset classification and provisioning by banks" dated July 18, 2017. Further, the Bank has not entered into any transactions with the intent to do any window dressing of corporate accounts to conceal NPA status. The Bank is subjected to annual Risk Based Supervision exercise by the Reserve Bank of India which entails a comprehensive review of all aspects of bank's functioning. As mandated and required under regulations, the Bank has been making all disclosures to stakeholders on NPA divergence related findings made by the regulator. This is validated by our Statutory Auditors BSR & Co. on a quarterly basis.



The Bank therefore denies any window dressing of Corporate accounts to conceal actual NPAs as has been indicated in the query.

Query 7: Influencing market participants to artificially inflate/support Bank's share price before key events like equity raise/QIP etc.

Response 7: The Bank states that it has been fully compliant with LODR Clause 49 disclosure requirements, specifically with respect to Unpublished Price Sensitive Information. In this context it is also important to note that YES Bank has emerged as a Universal Commercial Bank, with increasing market share across all segments, robust earnings delivery and importantly well performing on asset quality parameters and is also a member of the NSE Nifty, BSE Sensex, MSCI Emerging markets index and other ESG linked global indices resulting in higher volumes, and investor interest in the scrip.

Further, prior to specific Capital Raising event in Sept-16, the Bank's shareholding was positively impacted by it's inclusion in the MSCI EM Index (*inclusion in May 2016 and increase in weight from ~0.5% to ~1.8% in August 2016*). In the last week of August 2016, when the MSCI EM index was rebalanced to reflect higher weight on YES Bank, Blackrock's holding increased by 194BPS in one week.

Further, post the September 2016 QIP deferral, the Bank had *suo-moto* written (*vide letter dated September 22, 2016*) to the exchanges to investigate into the volatility in its stock price and possibility of any price manipulations by vested interests.

Query 8: There is a reference to the family office of Mr. Rana Kapoor and to an entity called "Three Sisters" which are used as a conduit to undue benefits for credit exposure, including real estate exposures.

Response 8: YES BANK has no dealings with the Three Sisters Family Office.

We trust that aforesaid elucidations addresses your concerns.

Thanking you,

Yours faithfully,
For YES BANK LIMITED


Shivanand R Shettigar
Company Secretary

